

INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & 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.

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

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 3770 Cities in 175 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.	CHALLENGES OF INTERNAL AUDITING IN THE PUBLIC SECTOR ORGANISATIONS AND THEIR EFFECT ON INTERNAL AUDITORS JOB SATISFACTION: A CASE STUDY OF PUBLIC INSTITUTIONS IN CHINGOLA DISTRICT, ZAMBIA <i>DR. B. NGWENYA & R. KAKUNDA</i>	1
2.	FACTORS INFLUENCING THE EFFECTIVENESS OF INNOVATIVE RETAIL BANKING PRODUCTS AND SERVICES IN INDIA <i>LALITHA.B.S. & DR. C.S.RAMANARAYANAN</i>	4
3.	EFFECTS OF PACKAGES THROUGH SIDCUL IN ENTREPRENEURIAL DEVELOPMENT OF UTTARAKHAND <i>AMIT DUMKA, DR. VINAY DEVLAL & DR. P. K. GARG</i>	10
4.	CHANDLERS OVERCOMING CHALLENGES (COC) <i>K.DURGADEVI</i>	16
5.	A CONCEPTUAL FRAMEWORK FOR CUSTOMER EXPERIENCE CREATION PROCESS AND ITS IMPACT ON CONSUMER BEHAVIOUR <i>HARLEEN SAHNI, DR. BILAL MUSTAFA KHAN & DR. KISHOR BARAD</i>	20
6.	A STUDY ON MOST INFLUENTIAL FACTORS OF CONSUMER'S BUYING PATTERN TOWARDS MEN'S WEAR WITH SPECIAL REFERENCE TO ERODE CITY <i>BISWARANJAN GHOSH, A.J. MURALIDHARAN, NCUTE COORDINATOR & M. SARAVANAN</i>	26
7.	WOMEN ENTREPRENEURIAL DEVELOPMENT AND MSME's <i>T. PONSINDHU & DR. S.NIRMALA</i>	32
8.	IMPACT OF FDI IN INDIAN RETAIL SECTOR: A SWOT ANALYSIS <i>DR. J. S. YADAV & SANTPAL</i>	36
9.	PRIVATIZATION AND LIBERALIZATION IN HIGHER EDUCATION SYSTEM IN INDIA: NEED IMPROVEMENT IN CURRENT SCENARIO <i>DR. SANGITA MAHESHWARI & DR. APARNA BANIK</i>	41
10.	A STUDY ON THE GROWTH OF MEDICAL TOURISM IN INDIA <i>S. KALIST RAJA CROSS</i>	44
11.	ELECTRONIC COLLABORATING FRAMEWORK FOR DIGITAL SAARC CAMPAIGN <i>KAPIL GOYAL</i>	47
12.	E-COMMERCE IN INDIA: CURRENT DEVELOPMENT <i>BISWAJIT SAHA</i>	49
13.	KING MAKERS OF BUSINESS <i>DR. JEYASREE RAMANATHAN</i>	54
14.	HIGH FREQUENCY TRADING: A NEW CHALLENGE FOR THE MARKET REGULATORS <i>ABHAY KUMAR</i>	56
15.	FINANCING OF INDIA'S GROWTH ENGINE: MICRO, SMALL AND MEDIUM ENTERPRISE <i>BHAMINI GARG</i>	59
16.	A STUDY OF UNORGANISED SECTOR IN INDIA: UNORGANISED RETAIL PRESPECTIVE <i>KANWALJEET</i>	63
17.	DATAMINING METHODOLOGIES AND ITS APPLIED APPLICATIONS <i>M.DHANAMALAR</i>	66
18.	A STUDY ON WORKERS PARTICIPATION IN MANAGERIAL DECISION MAKING WITH REFERENCE TO PEARL GLOBAL INDUSTRIES LIMITED, CHENNAI <i>G. V. SOBHA</i>	69
19.	THE EFFECTS OF ELECTRONIC PAYMENT CHANNELS ON GROWTH OF DEPOSIT BASE OF NIGERIAN DEPOSIT MONEY BANKS <i>AHMADU ABUBAKAR</i>	77
20.	ROLE OF FOREIGN DIRECT INVESTMENT DETERMINANT ON INDIAN ECONOMY <i>Y. SATGURU ROSHAN</i>	82
	REQUEST FOR FEEDBACK & DISCLAIMER	88

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

CO-ORDINATOR

DR. SAMBHAV GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

PROF. M. S. SENAM RAJU

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

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

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. PARVEEN KUMAR

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, U. P.

PROF. H. R. SHARMA

Director, Chhatrapati Shivaji Institute of Technology, Durg, C.G.

PROF. MANOHAR LAL

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

PROF. ANIL K. SAINI

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

PROF. R. K. CHOUDHARY

Director, Asia Pacific Institute of Information Technology, Panipat

DR. ASHWANI KUSH

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

DR. BHARAT BHUSHAN

Head, Department of Computer Science & Applications, Guru Nanak Khalsa College, Yamunanagar

DR. VIJAYPAL SINGH DHAKA

Dean (Academics), Rajasthan Institute of Engineering & Technology, Jaipur

DR. SAMBHAVNA

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

DR. MOHINDER CHAND

Associate Professor, Kurukshetra University, Kurukshetra

DR. MOHENDER KUMAR GUPTA

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

DR. SAMBHAV GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

DR. SHIVAKUMAR DEENE

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

DR. BHAVET

Faculty, Shree Ram Institute of Business & Management, Urjani

ASSOCIATE EDITORS

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PROF. NAWAB ALI KHAN

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

ASHISH CHOPRA

Sr. Lecturer, Doon Valley Institute of Engineering & Technology, Karnal

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 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/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled ' _____ ' for possible publication in your journals.

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

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of 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 required to be below **500 KB**.
- e) Abstract alone 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 and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **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 stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

INTRODUCTION**REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **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.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **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 are supposed to follow **Harvard Style of Referencing**. 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 italics. 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 parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

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, 19-22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- 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 Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

CHALLENGES OF INTERNAL AUDITING IN THE PUBLIC SECTOR ORGANISATIONS AND THEIR EFFECT ON INTERNAL AUDITORS JOB SATISFACTION: A CASE STUDY OF PUBLIC INSTITUTIONS IN CHINGOLA DISTRICT, ZAMBIA

DR. B. NGWENYA
DEAN
FACULTY OF BUSINESS
SOLUSI UNIVERSITY
ZIMBABWE

R. KAKUNDA
STUDENT
SOLUSI UNIVERSITY
ZIMBABWE

ABSTRACT

The relevance of internal audit to the challenges they face in their execution of duties in public sector organization in Zambia deserves attention. Today's internal audit activity is a critical consideration in determining the quality of an organization's internal control and if its development has made great contribution to modern audit practice. Thus, this research is an attempt to providing an insight to the structure of internal auditor's challenges existing in public institutions and how they affect the job satisfaction and also recommend steps to be taken in reducing these challenges. The three significant challenges public sector internal auditor's face in their execution of duties include, reporting structure and profession independence, career development and training and non-availability of audit manuals. These challenges really affect their job satisfaction level, that is to say, the higher the challenges faced by internal auditors, the more they are dissatisfied with their jobs. There are strong relationships in the challenges which are faced by internal and their job satisfaction.

KEYWORDS

Internal auditing, job satisfaction, professional independence, internal controls, public sector, internal auditing challenges.

INTRODUCTION

In March 2000, the Government of the Republic of Zambia (GRZ) launched the National Capacity Building Program for Good Governance in Zambia. Through this program, the GRZ aimed to enhance good governance in Zambia by strengthening institutional linkages and building institutional capacity, and also to identify clear policy guidelines to promote good governance. To coordinate the National Capacity Building Program for Good Governance in Zambia, the GRZ established the Governance Development Unit (GDU) in the Ministry of Justice. The GDU is responsible for coordinating, monitoring, and evaluating the Governance Program in Zambia. The transparency and accountability are two keys of strategic objectives of the National Capacity Building Program for Good Governance in Zambia. Under these joint objectives, the GRZ had acknowledged that corruption, internal audit inefficiencies and poor public service delivery were governance problems affecting economic and social development in Zambia (Khan, 2006).

LITERATURE REVIEW

The job satisfaction, as described by Aldridge et al. (2004) refers to the positive feelings and opinions that one holds in response to the appraisal of one's job or job experiences. If the individual's appraisal of internal audit job leads to a low level of satisfaction (i.e., job dissatisfaction) then a process may begin which can eventually result in the challenges internal auditors face in their execution of duties. Studies of internal auditors in public sector organisation, consistently reports the presence of an inverse relationship between job satisfaction and the challenges (Shahnawaz & Jafri, 2009). In the case where the attitudes of internal auditors were specifically examined, Barrier M, reports that there is a significant direct inverse relationship between job satisfaction and internal auditor's challenges. Perceived satisfaction on the internal auditor's job is reflected by the need of sense of fulfilment and expectation for the job to be interesting, challenging, and personally satisfying. Job satisfaction is also an achievement indicator in career developmental tasks and is associated with the psychological (AICPA, 2013) and individual well-being (Chang, 2006). Low job satisfaction can be an important indicator of counterproductive employee behaviour and can result in behaviour such as absenteeism (Chilonga, 2008) and pose a challenge (Chilonga, 2008). Job satisfaction can also partially mediate the relationship of psychosocial work factors to deviant work behaviours. Therefore, maintaining and enhancing job satisfaction is important in order to establish quality workers, work place, and work itself. This means there is need to find a way to go round the challenges internal auditors face in their execution of duties in order to be satisfied in their jobs. The research previously done on job satisfaction of internal auditors is mixed. Asare (2008) compared internal auditors employed in public and private sector and concluded that overall satisfaction was both high and low. Nevertheless, private sector internal auditors were most satisfied, followed by those public sectors (government) and other industries. Butterly (2006) compared internal auditors employed in public practice and industry, and found no significant difference in levels of job satisfaction which, overall, were high. However, a later study by the same authors found higher levels of satisfaction among industrial auditors than those in public practice as a results high remuneration, adequacy of resources, and availability of audit manuals. The possibility that low job satisfaction and inadequate remuneration exist for internal auditors is suggested by two studies of internal auditors. Osmond (2009) reports that internal auditors express lower levels of job satisfaction than do middle-level managers in general. A high level of inadequate remuneration among internal auditors are suggested by Mahdi et al. (2012) in a study involving over 1,200 internal audit staff members. That study indicates that 75% of the internal auditors questioned did not get the reward as expected in internal auditing career and of that group 61% planned to leave internal auditing within three years. The high internal auditor inadequacy of remuneration reported by Aldridge et al. (2004) may be due to the use of internal audits as a "training ground" for other organizational units. If this is the case, then high inadequacy of remuneration reduced the role of the internal auditors in relation to the independent audit which should be considered as unavoidable costs of that training. On the other hand, if the desire to leave the internal audit function is being driven by personal characteristics or attributes that are strictly under the control of the individual, then low remuneration may be considered an unavoidable cost of employing those particular individuals. However, if high levels remuneration is being driven by structural elements of the organization which promote discontent and which contribute to the desire to leave the internal audit function, then some of the cost associated may be avoidable by affecting those structural elements favourably to increase chances of job satisfaction.

STATEMENT OF THE PROBLEM

Internal audit is an integral part of the finance structure of public sector organizations. A constant complaint in the public sector is that the internal audit departments are usually too understaffed and under resourced generally to be fully effective. There exist a lot of arrears of work due to inadequate staffing of

internal audit departments. Most public sectors do not provide adequate audit manuals because of limited financial resources. Staff of the internal audit departments is not well remunerated and it makes them lack interest in their work. Internal auditors, being employees in the public sector do not have the freedom to exercise the unbiased and independent attitude that is necessary to an auditor. The concerns for the challenges of internal auditors in public institutions have been perceived to be cardinal to public sector activities and its effect on internal audit job satisfaction. These challenges are not only a symptom of bad governance but also a practical root cause of unsound financial management practices which have now assumed dangerous proportions amongst most of the public sector organisations.

OBJECTIVES OF THE STUDY

1. To examine the challenges that internal auditor’s face in their execution of duties in public institutions in the Chingola district of Zambia.
2. To examine the impact of these challenges on the internal auditor’s job satisfaction.

HYPOTHESIS

H₁: There is no significant relationship between the identified challenges and internal auditor’s job satisfaction.

METHODOLOGY

The researchers used descriptive quantitative method to assess the challenges of internal auditor’s faced in their execution of duties and how they affect in job satisfaction. The data for the study were collected through a well-structured questionnaire which was administered to 120 internal auditors in Chingola. The sample population of study was 120 respondents which are accounted for 100% of the total population. These were 25 schools, 2 hospitals, 5 clinics; the agriculture office, the District education office, the District labour office, the District Commissioners office, Chingola municipal council, Mulonga Water and Sewerage Company, Zambia Electricity Supply Corporation, Zambia Revenue Authority and National Pension Funds office were involved in the study. The data was analysed using a software package for social sciences SPSS version 16.

SCOPE OF THE STUDY

The scope of the study is limited to the public sector organisations in the Chingola district of Zambia.

ANALYSIS OF THE STUDY

TABLE 1: REGRESSION ANALYSIS ON THE EFFECT OF INTERNAL AUDITORS CHALLENGES ON JOB (Satisfaction)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1.Reporting structure	.887 ^a	.786	.784	.45390	.786	433.771	1	118	.000
2.Career development	.926 ^b	.857	.855	.37232	.071	58.369	1	117	.000
3.Audit manuals	.933 ^c	.871	.868	.35547	.014	12.355	1	116	.001

TABLE 2: REGRESSION ANALYSIS FOR JOB SATISFACTION COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
	B	Std. Error				Beta	Zero-order	Partial
	3 (Constant)	.031	.118		.261	.795		
Reporting structure average	.439	.055	.468	7.912	.000	.887	.592	.264
Career development average	.356	.061	.372	5.797	.000	.880	.474	.193
Audit manuals average	.169	.048	.172	3.515	.001	.751	.310	.117

DEPENDENT VARIABLE: INTERNAL AUDITOR’S JOB SATISFACTION

Table 1 and 2 shows the regression analysis for job satisfaction. The significant challenges on internal auditor’s job satisfaction include, reporting structure, and profession independence, career development and training, and availability of audit manuals. The regression coefficient ‘B’ represents the amount of job satisfaction changing if one of the challenges changes by one unit. The beta coefficient of reporting structure and profession independence is 0.439. This means that on average, the variable job satisfaction will increase with an increase of 0.439 of reporting structure and profession independence. The beta coefficient of career development and training is 0.356. This means that on average, the variable of job satisfaction will increase with an increase 0.356 of career development and training. The beta coefficient of audit manuals is 0.169. This means that on average, the variable job satisfaction will increase with an increase of 0.169 in the production of audit manuals. This research recorded strong positive betas meaning that the correlation of challenges of public sector internal auditors in Chingola district and job satisfaction is high. That is to say that, the higher the value of R square, 78.6% for example, the higher the level of the challenge of reporting structure and independence and higher level of job dissatisfaction of internal auditors. This simply implies that the more challenges internal auditors face in their execution of duties, the more dissatisfied they are with their jobs. Studies of internal auditors in both public and private sector, consistently reports the presence of a direct relationship between job satisfaction and the challenges (Shahnawaz & Jafri, 2009). In the case where the attitudes of internal auditors were specifically examined, Barrier M, reports that there is a significant direct relationship between job satisfaction and internal auditor’s challenges. Table 1 shows that there is a significant relationship between the challenges internal auditors face in their execution of duties and their job satisfaction (Reporting structure: Sig = 0.000; Career development: Sig = 0.000 and Audit manuals: Sig = 0.001). This is evidenced from the significant F value change of variables which are less than 0.05 the standard for hypothesis testing. Consequently, the hypothesis, “there is no significant relationship between the identified challenges and internal auditor’s job satisfaction” is rejected.

FINDINGS AND SUGGESTIONS

The above findings suggest that the identified challenges faced by public sector internal auditors in the execution of duties in the Chingola District of Zambia affects their job satisfaction levels.

Suggestion1: The challenges of internal auditors are; lack of availability of audit manuals, lack of adequate management support, frequent management override of internal controls, limited resources, not clearly defined reporting structure and professional independence, and career development and training affects the internal auditor’s job satisfaction significantly.

Suggestion 2: It has been observed that the challenges of reporting structure and independence account for the strongest positive relationship of 78.6%, career development and profession training account for 7.1% and non-availability of audit manuals accounts for 1.4% effect on the internal auditor’s job satisfaction levels.

Suggestion 3: There is a direct relationship among the three variables and job satisfaction. The higher the challenge of reporting structures, for example, the higher level of job dissatisfaction.

REFERENCES

1. AICPA Monograph Management Override of Internal Controls: The Achilles' Heel of Fraud Prevention and AICPA Auditing Standard. 2013
2. Aldridge C. Richard, and Janet L. Colbert (2004). "Management's Report on Internal Control, and the Accountant's Response". *Managerial Auditing Journal*, vol.9, No. 7.2004.
3. Asare, T. A Study of the Role of Internal Auditing in the Public Sector of Ghana: Governance and Accountability, unpublished Dissertation, Birmingham City University Business School, Birmingham, United Kingdom. 2008.
4. Barrier, M. Turnover: "The ebb and flow". *Internal Auditor*, vol.58, No. 5, 2001.
5. Butterly R & Simpson K Internal Audit in the Public Sector. England: Wood head Faulkner LTD, 2006.
6. Chang, C., Chou, H. and Wang M. "Characterizing the Corporate Governance of UK Listed Construction Companies", *Construction Management and Economics*, vol.24, No. 56. (2006).
7. Chilonga, B. Selected Leadership Gems from the late Dr Levy Mwanawasa. Lusaka: Government printers, (2008).
8. Kaela. "National Governance Baseline Survey "Report. Department of Political and Administrative Studies, University of Zambia. 2004.
9. Khan, M. A. "Role of Audit in Fighting corruption, Paper prepared for ad hoc Group Meeting on Ethics, Integrity, and Accountability in the Public Sector: Re-building Public Trust in Government through the Implementation of the UN Conventional against Corruption". St. Petersburg: Russia. 2006.
10. Mahdi S et al A Study of Job Satisfaction between External and Internal Auditors: Iran: Noor University Press. 2012.
11. Osmond, V, "What Is Management Override on Internal Controls". *Business Management Journal*, 2009.
12. Shahnawaz, M. G., & Jafri, H. "Job Attitudes As Predictor Of Employee Turnover Among Stayers And Leavers/Hoppers". *Journal of Management Research*, vol. 9, No. 3 2009.



FACTORS INFLUENCING THE EFFECTIVENESS OF INNOVATIVE RETAIL BANKING PRODUCTS AND SERVICES IN INDIA

LALITHA.B.S.
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
UNIVERSITY OF MYSORE
MYSORE

DR. C.S.RAMANARAYANAN
PRINCIPAL
UNIVERSITY EVENING COLLEGE
UNIVERSITY OF MYSORE
MYSORE

ABSTRACT

Innovation is a continuous process and is considered essential to remain competitive. Indian Banking industry is not an exception for this. Various technological products have been introduced by the Indian banks. The present study focuses on identifying the key factors that have influenced the effective usage of innovative banking products provided by public and private sector banks. But all the innovative banking products are not accepted in the same way by the customers. For the study primary data was collected using likert based questionnaire. This questionnaire was developed after review of literature and discussions with bank managers and experts. Collected data was analyzed using using percentage analysis, chi-square analysis, One way Anova and t-test. Cost reduction, security of information, continued usage, error free services, service quality are some of the important factors influencing the adoption of innovative banking products. Age and profession of the customers have a considerable power on the acceptance of the innovative banking products. Overall results signify that bankers should consider the above mentioned factors and enhance the service quality of innovative banking products for better customer adoption. Increased adoption of innovative banking products by customers indicates the effectiveness of the products.

JEL CODE

O31,G21, M30, L80.

KEYWORDS

Innovative banking products, Effectiveness, Customer adoption, customer satisfaction.

1. INTRODUCTION

Banking technology is presently catching up with a high level of development around the world. Indian banking is the lifeline of the nation and the people. Indian banking has helped in development of the vital sectors of the economy and usher in a new dawn of progress in the Indian horizon. (Shakira Irfana, A.Raghurama) The gap between the Indian Banks and its private counterparts has reduced. The past decades due to an increasingly competitive, dynamic business environment retail banks in many countries have adopted customer oriented business policies to address the changing needs and preferences of the customers. Indian banking industry has witnessed sufficient investment towards information technology and this has a significant impact on customer satisfaction and loyalty. Even though the basic functions of banking have remained the same but the manner in which banking services are offered are altered (Dr.C.Rangarajan). Core banking solutions enables banks to extend the full benefits of the ATM, Internet Banking, Mobile Banking and other multiple delivery channels to all customers supporting both retail as well as corporate activities on a 24*7 basis. These channels have created a propounding impact on the delivery channels of banking services. Technological advancements is accompanied by cost reduction in the production process. The two major advantages of technology adoption in banks are :

- a) Reduction in banks operational costs
- b) Facilitating more efficient transactions among customers

Today both public sector and private sector banks have been offering online banking services. This process started around two decades ago and an effort to provide anywhere banking was thought of. Private banks were a step ahead than the public sector banks. These private banks bypassed the conventional banks through electronic channels, offering banking services without the support of the network of physical branches. This whole exercise was adopted to reduce the cost and improve customer convenience (Francesca Arnaboldi, Peter Claeys). Customer satisfaction is a ambiguous concept and varies from person to person, product to product, service to service . The quality of service is one of the important determinants of customer satisfaction, which can be enhanced using information technology to improve. Previous research in American and European countries has proved that usage of technology positively affects customer satisfaction in the banking industry. But technology alone cannot create satisfaction for all the customer's need. This creates a gap between customer's needs and actual service perception in information technology based banking service which leads to customer dissatisfaction. This further leads to reduced usage of innovative banking products/services proving that the product/service is less effective. So, there is a need to assess the impact of innovative banking products/services on customer satisfaction and the problems associated with it.

1.1 EFFECTIVENESS: According to Oxford Dictionary" The degree to which something is successful in producing a desired result/success".

1.2 INNOVATION: Innovation helps in the economic development of a country. Innovation is one of the main source of competitive advantage and essential for a company's growth (Nebojša Zakić, et.al, 2008). Innovation is about finding a better way of doing something. Innovation is viewed as the application of better solutions that meet new requirements, inarticulate needs or existing market needs. This can be accomplished through more effective products, processes, services, technologies or ideas that are readily available. An innovation must add value to customers to motivate them to purchase or use the product or service or perceive an improvement. The important point is ensuring that the innovation adequately fulfills prospective customer's needs. The better the innovation fulfills customer's needs, the more likely customers are ready to adopt it. Various factors encourage an organization to innovate. Each of these drivers create a sense of urgency around the need to create new organizational goals and generate new ideas. These drivers can be summarized as follows:

- a) Emerging technologies
- b) Competitor actions
- c) New ideas from customers, strategic partners and employees
- d) Emerging changes in the external environment.

Another major driver of service innovation comes from the possibilities afforded by new information technology platforms, particularly the Internet. The Internet is a valuable resource on which new service relationships between organizations and their customers are being developed every day.

2. REVIEW OF LITERATURE

Larger numbers of banks are relying on innovative products for delivering their services to their customers. South Africa is a developing economy, but its banking environment is considered as sophisticated as the provision of banking for the unbanked still remains a challenge. Banks need to take into account customer's adoption of the product while doing product development and investing resources to increase customer satisfaction. Customers are seeking a balance between personal contact and technology. From the study the author has found out that majority of South African customers are not technologically ready to adopt the innovative banking products. Statements based on the Technology Readiness Index (TRI) developed by Parasuraman has been used to find the customer opinion related to banking technological readiness. (Berndt, et, al). Banks are using Information Technology (IT) related products to enhance their banking service quality. These products are introduced as it brings convenience, customer centricity, cost effectiveness ultimately leading to customer satisfaction. It has been examined that there is a gap between the perceived service quality of the product and the customer satisfaction. From the research, the author has found that factors like Responsiveness, cost effectiveness, Security, Problem handling and compensation have significant impact on perceived value of a product. So, banker should bear this in mind and be accommodative to the customer's expectations when the need arises. (Vijay, 2011).

Bank manager and the staff must be professional, well trained, knowledgeable about the various products /services provided by the bank. Customer acceptance of E-banking will be completely dependent upon on their perceptions of its effectiveness in terms of benefits and costs. The major causes for non acceptance of e-banking according to the banker are lack of specific laws, lack of dispute resolution jurisdiction, procedures, security concerns, trust, complexity and technological problems, reputation of service provider, risk of fraud (Lalitha, 2012). Customers are also facing problems like longer wait period for login, delay in services, rechecking of forms filled online, disruption of information access. So, bankers have emphasized on the confidentiality of customer's data. Service Quality is the difference between customer expectation of the service expected and received. Customer loyalty will increase only if the banks attain a higher value than from competitors and banks can also gain more profits and place themselves in a better position in the market. The author has examined in this article that the banker is not providing complete support to the customer. The bank staff are also lacking in terms of hospitality, settling grievances, levy of excessive service charges and fines. So, there is an urgent need to correct all these problems in the branch to retain customers. (Md. Abdul Mueyed, 2012).

3. NEED /IMPORTANCE OF THE STUDY

In the present scenario, banks are investing heavily on information technology and introducing innovative banking products. If the customers are not satisfied with the usage of the products or if they do not rely on technology for their banking needs then the return on investment will be less for the banks. So, there is an urgent need to know the effective usage of the innovative banking products and hence this study.

4. STATEMENT OF PROBLEM

Even though banks are continuously introducing innovative banking products, still the customers throng in the branches. This may be due to lack of customer education in usage of these innovative banking products, negligence or distrust on technology. This study aims to find out how many customers are using these innovative products. If the number of customers adopting these products is more, then the product can be considered as effective else non effective. So investment in technology will be just an additional burden on the banks when it is not utilized to the maximum extent. Customers expect error free services at a lower cost per transaction from these innovative banking products. But according to the survey conducted it has been found that the innovative banking products have not been able to create a mark in the minds of the customers.

5. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To identify the major products/services accepted by the customers.
2. To identify the major factors that influence customer satisfaction on usage of innovative banking products/services.
3. To identify the major factors hindering the growth of these innovative products

6. HYPOTHESIS OF THE STUDY

The hypothesis of the study is as follows:

- H1- There is no significant relationship between demographic factors and effective usage of innovative banking products
H2- There is no significant relationship between effective usage of innovative banking products and customer satisfaction.

7. RESEARCH METHODOLOGY

The study was undertaken from April 2014 to July 2014. The present study is based on primary data sources, collected through the survey of 200 respondents. Primary data was collected through a structured questionnaire and short interviews of bank customers who were users of these innovative banking products/services. The survey questionnaire was based on review of literature framed through discussions with experts. The survey was conducted in Bangalore City and the respondents were selected using convenience sampling method due to lack of information and time. The banks chosen for the study are ICICI Bank, Axis Bank, SBM and SBI. Innovative products like ATM, Internet Banking, Mobile Banking, ECS, Phone Banking and SMS Alerts are opted for the study. All the responses was analyzed using percentage analysis, chi-square analysis, One way Anova and t-test.

8. RESULTS & DISCUSSION

H1- There is no significant relationship between demographic factors and effective usage of innovative banking products.

TABLE 8.1 : TABLE SHOWING DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Characteristic	Distribution	Percentage
Age	Less than 25 years	72%
	26-35 years	71%
	36-45 years	38%
	Above 45 years	19%
Gender	Male	160%
	Female	40%
Education	SSLC	20%
	Graduate	124%
	Master Degree	45%
	Professional	11%
Profession	Government employee	44%
	Private Employee	81%
	Self employed	38%
	Student	32%
	Housewife	5%
	Others	0%
Number of years of using the account	Less than 1 year	16%
	1-5 years	71%
	5-10 years	73%
	Above 10 years	40%

Source: Primary Data, 2014

Inference: From the above data we can infer that majority of the respondents are within in the age group of 45 years. Male respondents (160%) are more than the female respondents. Majority of the respondents are graduates (124%) and 45% are master degree holders. 81% are employed in the private sector and 44% are working in the Government sector. Respondents are using the account maximum between 1-10 years.

TABLE 8.2: MEAN SCORE AND STANDARD DEVIATION OF DEMOGRAPHIC CHARACTERISTICS WITH USAGE OF INNOVATIVE BANKING PRODUCTS

Sl.No.	Factors	Mean	Standard deviation
1.	Age does not have significant impact on usage of innovative banking products	50	26.01
2.	Education does not have significant impact on usage of innovative banking products	50	51.38
3.	Profession does not have significant impact on usage of innovative banking products	40	27.34
4.	Length of usage of bank account does not have significant impact on usage of innovative banking products	50	27.23

Source: Primary Data, 2014

TABLE 8.3: TABLE SHOWING THE RELATIONSHIP BETWEEN GENDER AND DEMOGRAPHIC FACTORS

Factors	Chi-square value	Df	Tab value
Age	1.25	3	7.815
Education	6.21	3	7.815
Profession	22.18	4	9.488
Usage of Bank Account	3.669	3	7.815

Source: Primary Data, 2014

Inference: From table 8.3, we can observe that age, education, usage of bank account does not have any significant influence on the usage of innovative banking products. So null hypothesis is accepted here. Only profession is having a significant impact on the usage of innovative banking products. Null hypothesis is rejected in this case as the chi square value is greater than the tabulated value. Hence we can say that **there is no significant relationship between demographic factors (except profession) and effective usage of innovative banking products.**

H2- There is no significant relationship between effective usage of innovative banking products and customer satisfaction.

TABLE 8.4: TABLE SHOWING CUSTOMER'S BANK PREFERENCE FOR ALL FUTURE TRANSACTIONS

Opinion	Sample Size
Yes	7
No	16
Cannot Say	177
Total	200

Source: Primary Data, 2014

Inference: From the above table we can observe that 177 respondents have opined that they cannot guarantee for using the same bank for all their transactions, while 16% of them have declined definitely that they wont use the same bank and only 7% of them have agreed to use the same account for all future transactions. It was understood from the survey that customers have multiple bank accounts for their transactions.

TABLE 8.5: TABLE SHOWING WHETHER THE BANK IS COMPLETELY PROVIDING AUTOMATED/COMPUTERIZED FACILITY

Opinion	Sample Size
Yes	19
No	27
Cannot Say	154
Total	200

Source: Primary Data, 2014

Inference: From the above table, we can infer that majority(77%) of the respondents have opined that they cannot come to a definite conclusion that all the banks under the study are automated or having computerized facility, while 27 respondents have rejected that bank branches are not completely automated. Customers prefer branches as their major mode of transacting as they fear using innovative banking channels due to lack of knowledge to operate, security reasons or prominence to face to face banking .

TABLE 8.6: TABLE SHOWING THE PRODUCT IDENTIFIED BY BANK CUSTOMERS

Innovative Product/Service	Yes	No
ATM	196	4
Online Banking using NEFT /RTGS	119	81
Mobile Banking	133	67
Electronic Clearance Services(ECS)	53	147
Phone banking	96	104
SMS alerts	183	17

Source: Primary Data, 2014

Inference: According to the survey it was found that majority of the respondents identify ATM, Mobile Banking and Internet Banking. Customers prefer to receive SMS alerts for all their banking transactions. Even though 119 respondents have opted for internet banking, 81 respondents do not want to use internet banking as they suspect frauds. Internet banking is mainly used for transfer of funds. Rather they prefer mobile banking as it is any bank any where banking. This brings more people under the financial inclusion fold.

TABLE 8.7: TABLE SHOWING WHETHER ALL INNOVATIVE PRODUCTS WERE OPERATIONAL IN USE

Opinion	Sample Size
Yes	18
No	20
Cannot Say	162
Total	200

Source: Primary Data, 2014

Inference: Majority (81%) of the respondents were unable to give a definite opinion whether these innovative products were operational when they wanted to use. Each innovative product had a problem one time or the other. So 10% of the respondents definitely rejected the usage of these innovative products. Only 9% of the respondents have accepted these innovative products and were operational when they wanted to use it.

TABLE 8.8: TABLE SHOWING THE NUMBER OF TIMES INNOVATIVE PRODUCTS ARE USED DURING A MONTH

Innovative Product/Service	1-5 times	6-10 times	Above 10 times	Not using
ATM	17	34	149	0
Online Banking using NEFT /RTGS	23	61	46	70
Mobile Banking	63	91	0	46
Electronic Clearance Services(ECS)	40	12	25	123
Phone banking	52	3	37	58

Source: Primary Data, 2014

Inference: From the survey it was found that majority of the customers are using ATM to the maximum extent while other products are not being used to a larger extent or not being used at all.

TABLE 8.9: TABLE SHOWING FOR WHICH TRANSACTIONS CUSTOMERS USE e-BANKING SERVICES

Transactions for which customers use e-banking services	Yes	No
Balance Enquiry	193	7
Account details	146	54
Cheque request	68	132
Demand Draft request	70	130
Investment (RD / FD)	44	156
Bill Payment	113	87
Money Transfer	129	71
Repayment of Loan	70	130
Any other(specify)	10	190

Source: Primary Data, 2014

Inference: Majority of the respondents are using e-banking services for balance enquiry, for checking account details, payment of bills, transfer of money. Only some of the respondents are using for cheque book request, demand draft request, investment in RD/FD, repayment of loans.

TABLE 8.10 : TABLE SHOWING THE RELATIONSHIP BETWEEN THE TRANSACTION COMPLETION WITHIN THE STIPULATED TIME AND CONTINUED USAGE OF INNOVATIVE PRODUCTS IN THE BANK

	Transaction completion within stipulated time	Continued usage of innovative products of banks
Mean	4.070707	2.535
Variance	0.705635	0.621884
Observations	198	200
Hypothesized Mean Difference	0	
Df	394	
t Stat	18.79923	
P(T<=t) one-tail	4.85E-57	
t Critical one-tail	1.64873	
P(T<=t) two-tail	9.7E-57	
t Critical two-tail	1.966003	

Source: Primary Data, 2014

Inference: From the above test we can observe that the t-stat value is greater than the t-critical value. Hence we can say that there is a significant relationship between the completion of transactions within the stipulated time and continued usage of account in the same bank. An innovative product when used, if it is complicated or transactions are incomplete due to various reasons, or takes a longer duration keeps the customers away from the usage. Even if it is used it maybe only for balance checking purpose. So there is an urgent need that bankers should encourage the customers to use these innovative products and remove the reasons which hinder the adoption of these products. Day by day if the number of customers adopting these products reduces then it is considered that these products are not effective to what had been anticipated by the banker in the past.

TABLE 8.11: TABLE SHOWING THE T-TEST BETWEEN COST REDUCTION FOR TRANSACTIONS AND THE SERVICE TIME TAKEN FOR COMPLETION OF TRANSACTION USING INNOVATIVE BANKING PRODUCTS

	Cost reduction for transactions	Service time taken for completion of transaction
Mean	3.90404	2.245
Variance	0.777547	0.728618
Observations	198	200
Hypothesized Mean Difference	0	
Df	395	
t Stat	19.06805	
P(T<=t) one-tail	3.07E-58	
t Critical one-tail	1.64872	
P(T<=t) two-tail	6.14E-58	
t Critical two-tail	1.965988	

Source: Primary Data, 2014

Inference: From the above test we can observe that the t-stat value is greater than the t-critical value. Hence we can say that there is a significant relationship between cost reduction for transactions and the service time taken for completion of transaction using innovative banking products. If the cost per transaction on using innovative products is relatively high when compared to branch transaction customers will prefer the branches as they get an opportunity to have face to face banking.

TABLE 8.12: TABLE SHOWING ONE WAY ANOVA BETWEEN ERROR FREE SERVICES AND COMPLAINT REDRESSAL SYSTEM IN THE BANKS

SUMMARY						
Groups	Count	Sum	Average	Variance		
Error free services	5	200	40	1427.5		
Complaint redressal	3	200	66.66667	2736.333		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1333.333	1	1333.333	0.715393	0.430093	5.987378
Within Groups	11182.67	6	1863.778			
Total	12516	7				

Source: Primary Data, 2014

Inference: From the above Anova table we can infer that there is no significant relationship between error free services and complaint redressal in the banks as the F-tabulated value is less than the t-critical value.

TABLE 8.13: TABLE SHOWING THE T-TEST BETWEEN ERROR FREE SERVICES AND THE SERVICE QUALITY FOR COMPLETION OF TRANSACTION USING INNOVATIVE BANKING PRODUCTS

	Error free services	Service quality for completion of transaction using innovative banking products
Mean	4.010101	1.075
Variance	0.822232	0.069724
Observations	198	200
Hypothesized Mean Difference	0	
Df	230	
t Stat	43.74755	
P(T<=t) one-tail	9E-114	
t Critical one-tail	1.651506	
P(T<=t) two-tail	1.8E-113	
t Critical two-tail	1.970332	

Source: Primary Data, 2014

Inference: From the above test we can observe that the t-stat value is greater than the t-critical value. Hence we can say that there is a significant relationship between error free services and the service quality for completion of transaction using innovative banking products. Null hypothesis (Hypothesis: 2) has been rejected and we can conclude that there is a significant relationship between **effective usage of innovative banking and customer satisfaction**.

9. FINDINGS OF THE STUDY

- Majority of the respondents are between the age of 26-35 years.
- Majority of the respondents are graduates, belonging to the male category and are employed in the private sector.
- Customers are using the bank account between one and ten years.
- Profession of the customers has a significant impact on the usage of innovative banking products.
- Customers have multiple accounts and use it based on their need and facilities offered by banks.
- Customers still prefer branches as their major mode of transacting as they fear using innovative banking channels or prominence to face to face banking still exists.
- ATM is the most accepted product when compared to all other products
- Innovative banking services are mainly used for balance enquiry, for checking account details, payment of bills, transfer of money.
- Lack of knowledge, dysfunction of innovative banking products during use, security reasons, functional errors have hindered the growth of innovative banking services.

10. RECOMMENDATIONS/SUGGESTIONS

The suggestions for this study are as follows:

- Customers must be educated in the usage of innovative banking products.
- Innovative banking products must be used by customers for not only checking balances but also for other transactions also to reduce the burden of the branches.
- Banks must try to reduce the cost per transaction else it will keep the customers away from usage of innovative banking products.
- Error free services must be provided to the customers, in case of an error it must be immediately attended to by the bank staff.

11. CONCLUSION

Retail banking is the buzzword today in the banking sphere. The year 1991 has brought in a plethora of changes in the Indian banking industry. Many innovative banking products/services has been introduced by the banks but all the products are not accepted equally by the customers. Through this study, the author has tried to evaluate the effectiveness of these innovative products. Age and profession has got a considerable influence on the adoption of these innovative products. Brand value of the bank, service quality and perceived value of the innovative products has a considerable influence on customer satisfaction. Efficiency, Cost reduction, security of information, continued usage, brand perception, ease of use, operational when in use, error free services, complaint redressal system, service quality are some of the important factors influencing the adoption of innovative banking products. Hence banker should consider these facts and enhance service quality of innovative banking products in order to increase customer satisfaction and adoption of innovative banking products.

12. LIMITATIONS OF THE STUDY

The present study has certain inevitable limitations:

1. The study is limited to a sample of 200 respondents using innovative products/services in Bangalore City.
2. The answers given by the respondents' maybe biased.
3. Only some of the innovative banking products have been taken to the study.

13. SCOPE FOR FURTHER RESEARCH

This study is limited only to certain innovative products like ATM, Internet Banking, Mobile Banking, Phone Banking, ECS and SMS Alerts. Further in depth studies in each of these products can be taken up by researchers. Other products like bank insurance, mutual funds, ASBA(Application Supported by Backed Amount), purchase and sale of securities through banks can also be studied by researchers.

REFERENCES

1. A.D. Berndt, S.G. Saunders & D.J. Petzer(2010) "Readiness of banking technologies in developing countries"- Southern African Business Review Vol.14, No.3 pp.47-76
2. Francesca Arnaboldi, Peter Claeys(2010)" Innovation and the performance of European Banks adopting Internet" , Working Paper 04/10, Cass Business School, City University London.
3. Kultar Singh,(2007) Quantitative Social Research Methods, Sage Publications
4. Lalitha, MurthyH.S.(2012) Various Issues and challenges faced by Indian Banks due to recent innovations-MSRIM,Vol.4, Issue 1, Jan-June 2012, pp. 12-20
5. Nebojša Zakić, Ana Jovanović, Milan Stamatović(2008) "External And Internal Factors Affecting The Product And Business Process Innovation" Facta Universitatis Series: Economics And Organization Vol. 5, No 1, Pp. 17 – 29
6. Rangarajan.C.Dr.(2011) " Role of Technology in Development of Banking" –IDRBT Foundation Lecture 2011
7. Shakira Irfana, A.Raghurama(2013)-" Innovation in Indian Banking : Extent of precautions taken by the customers while e-banking"- Astitva International Journal of Commerce Management and Social Sciences-Vol.2, No.1.Available at <http://ssrn.com/abstract=2236372>-accessed on 01/09/2014
8. Vijay.M.Kumbhar (2011)"Factors affecting the customer satisfaction in e-banking : Some evidences from Indian Banks" MANAGEMENT RESEARCH AND PRACTICE VOL. 3 ISSUE 4 PP: 1-14
9. Vijayaraghavan Iyengar (2011)-"Introduction to Banking" Excel Publications, New Delhi



EFFECTS OF PACKAGES THROUGH SIDCUL IN ENTREPRENEURIAL DEVELOPMENT OF UTTARAKHAND

AMIT DUMKA
DY. MANAGER (ET)
GOVERNMENT MEDICAL COLLEGE
HALDWANI

DR. VINAY DEVLAL
ASST. PROFESSOR
FACULTY OF COMMERCE
GOVERNMENT DEGREE COLLEGE
SATPULI

DR. P. K. GARG
READER
FACULTY OF COMMERCE
GOVERNMENT RAZA P.G.COLLEGE
RAMPUR

ABSTRACT

Uttarakhand was formed on the 9th November 2000 as the 27th State of India, when it was carved out of northern Uttar Pradesh. Located at the foothills of the Himalayan mountain ranges, it is largely a hilly State. With levels of literacy higher than the national average, the State has abundant availability of quality human resources. Uttarakhand has emerged as a significant destination for investments in manufacturing industry, tourism and infrastructure. Emphasis is on stimulating all three sectors of its economy, to their fullest potential in tandem with the geographic profile of the state. Entrepreneurs are the driving force behind the creation of any new venture and their actions, create jobs stimulate economic growth and are frequently the source of technological and management innovation. The process of entrepreneurial activity can be analyzed and understood and as a consequence individuals who choose an entrepreneurial career can significantly increase the probability of success. This may finally lead to the socio- economic development of the area where such process of activities are being dwelling hence can be called as Entrepreneurial Development of the particular area. Entrepreneurial developments at a specific area finally lead to the sustainable development of that particular area/region. The examples are the development activities being established / initiated in the Industrial Estates or along the surrounding of these individual Estates in the State of Uttarakhand. This can be exemplifying the issues as a development that meets the needs of the present without comprising the ability of future generation to meet their own needs.

KEYWORDS

Entrepreneurial Development, SIDCUL, CCISS-2003, Entrepreneurship and Uttarakhand.

INTRODUCTION

Uttarakhand – The abode of God (Dev Bhoomi) became the 27th state of India on Nov. 9th, 2000. Uttarakhand name is derived from Sanskrit word uttara (North) & Khand (part of country). It borders TIBET on North, NEPAL on East, UTTAR PRADESH on south, HARYANA on west & HIMACHAL PRADESH on North-West. In January 2007, the name of the state was officially changed from Uttaranchal, its interim name, to Uttarakhand. The provisional capital of Uttarakhand is Dehradun which is also a rail-head and the largest city in the region. Uttarakhand is a young state which has been carved out of 13 hilly districts of Uttar Pradesh. It is one of the five states in India to be announced as world heritage biodiversity sites of UNESCO.

On the flipside, with a remarkable development in the field of agriculture, power, biotech, IT, and industry, Uttarakhand has now accomplished a significant status in the Indian country. BHEL (Haridwar), Surya Lighting , Tata Moters, HUL, ITC, Bajaj Moters, Wipro, HP, HCL, Voltas, Hero Motocop, Mahindra & Mahindra, Britania, Parle and LG Electronics are some of the companies operating in the state from sometime. The state occupies an area of 53,483 sq km and has a population of 8.5 million. Its GSDP at current prices in 2005-2006 stood at US\$ 6,331.1 million, while the NSDP at current prices in 2005-2006 stood at US\$ 5,508 million. Also, its annual per capita income at current prices in 2005-06 has been US\$ 691.17.

INTRODUCTION TO ENTREPRENEURIAL DEVELOPMENT AND ENTREPRENEURIAL DEVELOPMENTS IN UTTARAKHAND

Entrepreneurship Development is a human resource development task, a process which deals with human motivation, skills, competencies, social and economic risks and investment of technical and physical resources of the individual and the state.

It is complex process of change. The development of entrepreneurs through systematic entrepreneurship development programmes has emerged as an important strategy for development of human resource for promoting small/medium business enterprises.

Entrepreneurs are the driving force behind the creation of any new venture and their actions, create jobs stimulate economic growth and are frequently the source of technological and management innovation. The process of entrepreneurial activity can be analyzed and understood and as a consequence individuals who choose an entrepreneurial career can significantly increase the probability of success. This may finally lead to the socio- economic development of the area where such process of activities are being dwelling hence can be called as Entrepreneurial Development of the particular area.

Pattern of entrepreneurial development activities in Uttarakhand has undergone a drastic change in the last eight years, more towards the end of 2005. It was identified that to pull the state out of the vicious cycle of broken economy it had fallen into as a newly formed state, the only way was rapid industrialization of the economy to generate revenue. Development of the industrial sector would "TRICKLE DOWN" to the other sectors and finally brings about total all-round development and finally alleviates Uttarakhand's economy. The first attempt in this regard was the Industrial Policy 2001. This policy envisaged the role of the government as a pioneer in entrepreneurial activities in Uttarakhand. The government provided a model Industrial Estates development schemes as to encourage the local entrepreneurs and to invite the entrepreneurs so as to result in the accomplishment of the goals and the outcome of the goals leads to the Entrepreneurial Development of the State.

To support and encourage the Entrepreneur, emphasis on stimulating development in all three sectors of the economy "Agriculture, Industry and Services" to their fullest potential in tandem with the geographic profile of the state was laid while designing the model. With the establishments of nations leading industries in the state having foothold in the manufacturing and service sectors, entrepreneurial development's potential has been increased as these industries encouraged the ancillary/subsidiary industries at local level and finally lead the local entrepreneur to take the advantages of the available opportunities. The

major reasons for the introduction of advantage regarding entrepreneurial developments in State of uttarakhand are the development of Infrastructure facilities, favorable industrial policies, a tented pool of human development and simplified administration process and procedures.

NEED OF THE STUDY

Entrepreneurs are the driving force behind the creation of any new venture and their actions, create jobs stimulate economic growth and are frequently the source of technological and management innovation. The process of entrepreneurial activity can be analyzed and understood and as a consequence individuals who choose an entrepreneurial career can significantly increase the probability of success. This may finally lead to the socio- economic development of the area where such process of activities are being dwelling hence can be called as Entrepreneurial Development of the particular area.

After the formation of Uttarakhand, we still cannot escape being confronted with social, environmental, political and economic problems on a scale that seems overwhelming about precludes innovative action because of exceed bounded rationality and induced arousal of dysfunctional levels. Entrepreneurial development goes beyond merely trying to achieve the industrialization Development goals. It is about creating and discovering the many conditions necessary for the achievement of goals as an outcome. Entrepreneurial developments at a specific area finally lead to the sustainable development of that particular area/region. The examples are the development activities being established / initiated in the Industrial Estates or along the surrounding of these individual Estates in the State of Uttarakhand. This can be exemplifying the issues as a development that meets the needs of the present without comprising the ability of future generation to meet their own needs.

Since this study is a piece of case study work, and State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIDCUL) was selected as a case to be studied. The government of Uttarakhand had established a enterprise in order to promote the industrial and entrepreneurial developments in the state, providing financial assistance, develop infrastructure and assist private initiative in industry and infrastructure and manage projects and provide specialized promotional activities to encourage entrepreneurial development. With the study of the case of the SIDCUL how the government policies for the promotion of the industrial and entrepreneurial growth was conclude.

Hence the study is restricted only up to the SIDCUL and policies / benefits / assistance being provided to entrepreneurs to establish tiny/small/medium enterprises in the industrial estates developed by SIDCUL in state of Uttarakhand and entrepreneurial activities taken-up in their surroundings up-to the year 2008. Recent developments and effects are covered, analyzed and summarized in further ongoing study.

OBJECTIVES OF THE STUDY

Since this study is a piece of case study work, and State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIDCUL) was selected as a case to be studied. The government of Uttarakhand had established an enterprise in order to promote the industrial and entrepreneurial developments in the state of Uttarakhand, providing financial assistance, develop infrastructure and assist private initiative in industry and infrastructure and manage projects and provide specialized promotional activities to encourage entrepreneurial development. With the study of the case of the SIDCUL how the government policies for the promotion through industrial packages of the industrial and entrepreneurial growth was concluded.

RESEARCH METHODOLOGY ADOPTED

The methodology applied in this study can be observed in figure:

FIG. 1

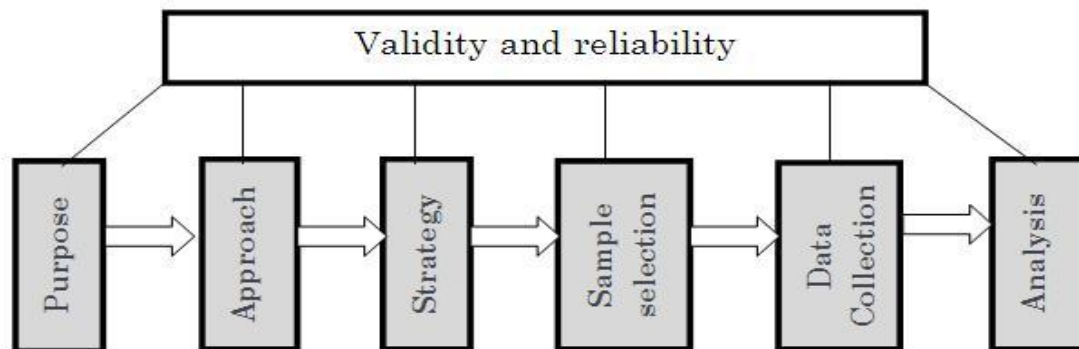


Fig. 1. Method Structure

{SOURCE: - Adopted From Foster, 1998}

INTRODUCTION TO ENTREPRENEURIAL DEVELOPMENTS

Entrepreneurship Development is a human resource development task, a process which deals with human motivation, skills, competencies, social and economic risks and investment of technical and physical resources of the individual and the state.

It is complex process of change. The development of entrepreneurs through systematic entrepreneurship development programmes has emerged as an important strategy for development of human resource for promoting small/medium business enterprises.

ENTREPRENEURIAL DEVELOPMENTS IN CONTEXT TO UTTARAKHAND

Pattern of entrepreneurial development activities in Uttarakhand has undergone a drastic change in the last eight years, more towards the end of 2005. It was identified that to pull the state out of the vicious cycle of broken economy it had fallen into as a newly formed state, the only way was rapid industrialization of the economy to generate revenue. Development of the industrial sector would "TRICKLE DOWN" to the other sectors and finally brings about total all-round development and finally alleviates Uttarakhand's economy. The first attempt in this regard was the Industrial Policy 2001. This policy envisaged the role of the government as a pioneer in entrepreneurial activities in Uttarakhand. The government provided a model Industrial Estates development schemes as to encourage the local entrepreneurs and to invite the entrepreneurs so as to result in the accomplishment of the goals and the outcome of the goals leads to the Entrepreneurial Development of the State.

To support and encourage the Entrepreneur, emphasis on stimulating development in all three sectors of the economy "Agriculture, Industry and Services" to their fullest potential in tandem with the geographic profile of the state was laid while designing the model. With the establishments of nations leading industries in the state having foothold in the manufacturing and service sectors, entrepreneurial development's potential has been increased as these industries encouraged the ancillary/subsidiary industries at local level and finally lead the local entrepreneur to take the advantages of the available opportunities. The major reasons for the introduction of advantage regarding entrepreneurial developments in State of uttarakhand are the development of Infrastructure facilities, favorable industrial policies, a tented pool of human development and simplified administration process and procedures.

The advantages for the entrepreneurial developments are:

- Proactive state government and efficient administrative system
- Industrial Policies offers wide range of fiscal and non-fiscal incentives apart from the offered concession package
- well connected through good transportation infrastructure
- Agro-climatic zone in the state oppress various possibilities in sectors like floriculture and horticulture
- Home to rare medicinal herbs, with over 175 species found in the state.
- Rich mineral deposits of limestone, soapstone, magnesite
- Immense potential for hydropower
- Simplified and rational labor laws
- Industrial Estates established at Pantnagar, Sitarganj, Dehradun, Haridwar, and Selaqui with all necessary infrastructure facilities.

FIG. 2

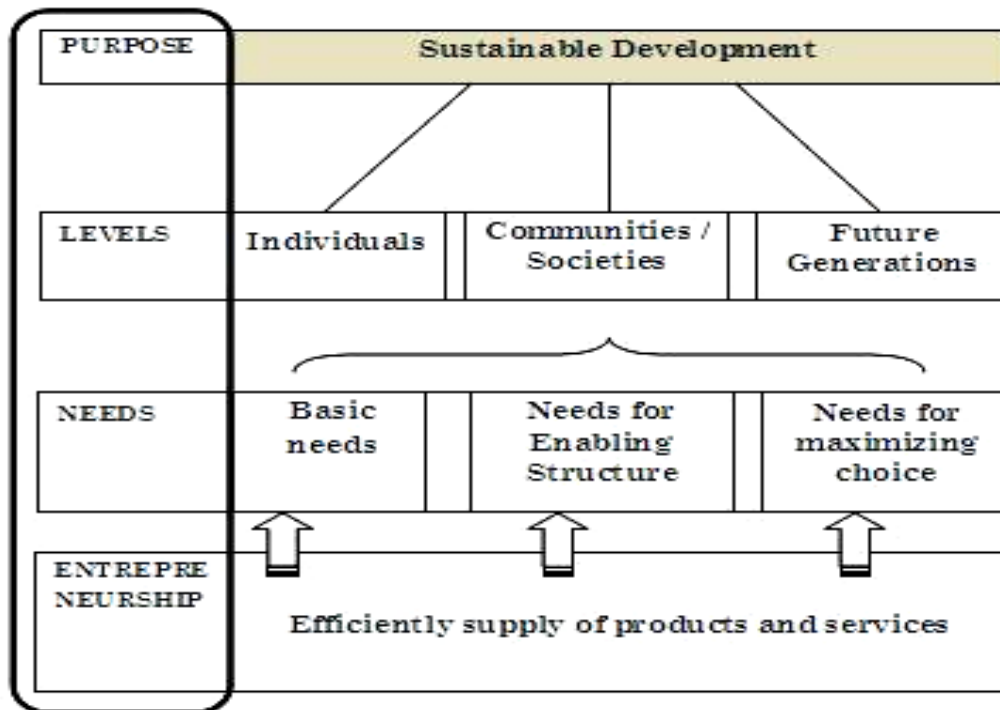


Fig. 2. An operational model of contribution of Entrepreneurial Developments (ED) To Sustainable Development (SD)

SWOT ANALYSIS OF UTTARAKHAND IN TERMS OF ENTREPRENEURIAL DEVELOPMENT

In this work a brief study regarding the Uttarakhand was done. It was very important so as to understand the historical, physical, psycho-social, cultural, demographical, industrial, economical, and commercial competencies of the state. On the basic of these databank and the policies of government of Uttarakhand regarding the industrialization in the state to encourage entrepreneurial developments a SWOT analysis (Table 1) was done to find out the key points to favour the entrepreneurs and to encourage the entrepreneurial developments and also to plot the factors / indicators which may be the impediments to the entrepreneurial developments, beside these this also helps to find the factors which when may act as retarders to this growth phase and may inhibit the overall developments.

TABLE 1: SWOT WINDOW

<p>STRENGTHS</p> <ul style="list-style-type: none"> ➤ Abundance of natural resources ➤ Favorable policies and incentives ➤ Advantage of location ➤ High literacy rates and developing skills ➤ Expanding industrial infrastructure ➤ Proactive government 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ➤ Industrial Estates ➤ Under the Central Government Industrial Package, concessions including 100% Excise Exemption for 10 years, 100% income tax exemption for first 5 years and thereafter 30% for companies and 25% for others, Central investment subsidy @ 15% with maximum of Rs. 30 lakhs on plant and machinery, Central Transport subsidy schemes extended upto 2007. ➤ State Interest Incentive @ 3% per annum with maximum of Rs. 2 Lakhs for new SSIs and modernization and expansion of existing SSIs. ➤ State Interest Incentive @ 3% per annum with maximum of Rs. 2 Lakhs for rehabilitation/revival of SSIs. ➤ Entertainment Tax Exemption for Multiplexes for three years & for Ropeways & Amusement Parks for five years. ➤ Exemption from Entry Tax on plant and machinery. ➤ Land use conversion charges to be rationalized.
<p>WEAKNESS</p> <ul style="list-style-type: none"> ➤ Newly formed state ➤ Non abundance of financial backups. ➤ Main source of power Hydro power. ➤ Limited area can be industrialized and with limited type of industries. ➤ Service sector industries yet to be tapped. 	<p>THREATS</p> <ul style="list-style-type: none"> ➤ Heavy industries cannot be established 67 % of the state is forest covered. ➤ Training institutes to impart training for entrepreneurs are not sufficient, so as to encourage the individuals. ➤ Unavailability of industrial estates in hilly terrain of the state. ➤ Basic infrastructure in hilly areas under the phase of development.

EFFECTS OF PACKAGES THROUGH SIDCUL IN ENTREPRENEURIAL DEVELOPMENT

Before moving to give a gist of the effects, let us summarize what exactly is been provided by SIDCUL to the entrepreneurs:-

- The facilities in Integrated Industrial Estates established by SIDCUL include
 - Dedicated 220 KV Substation with a string of feeder substations,
 - Common Effluent Treatment Plants, 60 mt. roads,
 - All modes of connectivity, Logistic centres, Zonal distribution of Industries, residential and commercial areas
 - Maintenance of these Estates by reputed O & M Contractors.
- Specialized Theme Parks are also contemplated within these Estates so as to garner all benefits of a cluster based development.
- The Corporation would play a stellar role in the promotion of industries, providing adequate and timely finance, developing the required infrastructure, ensuring development,
- Technology up-gradation and setting up of high technology pollution free industries.
- SIDCUL ensures the speediest clearances to enable the shortest lead time in setting up industrial projects.
- The Corporation would be administering all promotional schemes of the government for Industries and administer the Single Window System.

TABLE 2

CONCESSIONS / PACKAGE	EFFECT ON ENTREPRENEURIAL DEVELOPMENT
100% Central Excise exemption 100% Income Tax exemption	An open fiscal motivation to the entrepreneurs to set up their enterprise.
CST @1% for 5 years Capital Investment Subsidy Central Transport Subsidy	The enterprise can be set up in designated industrial areas of SIDCUL, where infrastructure facilities are available and is near to the market identified. It can also be set up in any other area depending upon nature of activity and local municipal rules.
Exemption from entry tax on Plant & Machinery Rationalization of Land use conversion and development charges Stamp duty concession Interest incentive for modernization and substantial expansion, For revival/rehabilitation of sick SSI units, interest incentive	Through SIDCUL, various incentives like income tax exemption, excise exemption and Capital Investment Subsidy to New Industrial units and existing industrial units on their substantial expansion in the identified locations have been provided to the entrepreneurs for required Entrepreneurial Developments in the state. As a result, as per Government of Uttarakhand, the industrial growth rate which was 1.9% in 2001-2002 has increased to 18%. 7627 SSI units were established during last two years and in the year 2006 with an investment of Rs.1773.00 crore and 44000 persons have been employed. Besides, 2460 industrial units with an investment of Rs.21,500.00 crore are in various stages of implementation, in which employment to about 1,50,000 persons would get generated. Rs.24.91 crore has been released in this regard by the central government for the State of Uttaranchal (Uttarakhand) since 2002-03.
100% exemption on Entertainment tax will be allowed for Multiplex project, all new amusement parks and ropeways	Establishment of the amusement parks, multiplexes are under process. In year 2002 no such activities were available in Uttarakhand, but in present days entrepreneurs are willing to set up such enterprises in the state. Many proposals are under process in this category out of which some had already commissioned.
75% of the Total Expenditure subject to a maximum of Rs. 2 Lakhs incurred in obtaining national/internationally approved quality marks such as ISO series certificate etc., shall be reimbursed to the entrepreneurs.	ISO 9000 is a mechanism to facilitate adoption of consistent management practices and production technique as decided by the entrepreneur himself. This facilitates achievement of desired level of quality while keeping check on production process and management of the enterprise.
50% of the expenses subject to a maximum of Rs. 1 Lakhs incurred in installing pollution control equipments shall be reimbursed to the entrepreneurs.	A step toward the Green State, this had helped the entrepreneurs to install the proper devises so as to contribute in the state's stature of green state.
Purchase preference and price preference will be given to State SSIs in State purchases Purchase preference shall be accorded to Non-SSI units within the State vis-à-vis units outside the State.	This package had very important & direct role in the entrepreneurial development of the state. As above mentioned concessions offered for the establishment of the enterprise, but this had provided the entrepreneurs an privilege over others in the state purchase.
Matching State subsidy on approved projects of National Horticulture Board (NHB), Agriculture & Processed Food Products Export Development Authority (APEDA), National Medicinal Plants Board (NMPB).	Helping the entrepreneurs to establish specific and feasible projects in the state and help in the flourishing the entrepreneurial development in the hilly districts of the state. This is basically for the promotion and development of First Generation Entrepreneurs and thus the deployment of the first generation entrepreneurial development in the state.

FIG. 3

Effect of Packages on Entrepreneurial Development Growth Rate in Uttarakhand (in %)

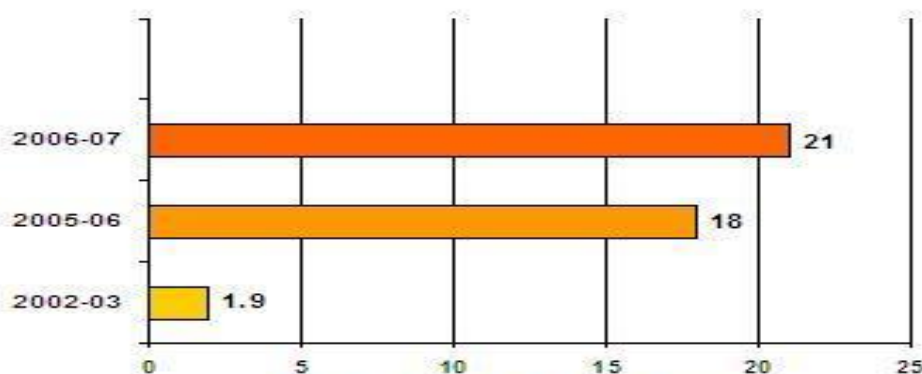
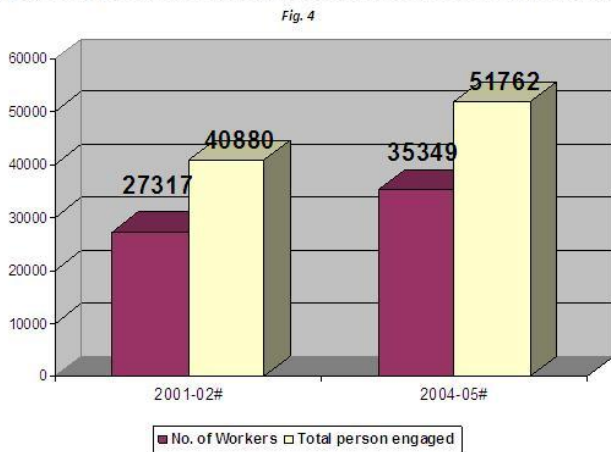


Fig 3. Effect of package

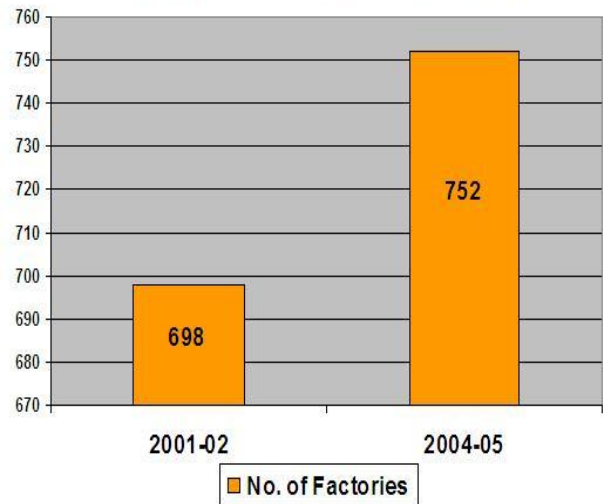
FIGURES

Employment growth after the Introduction of the SIDCUL in Uttarakhand²



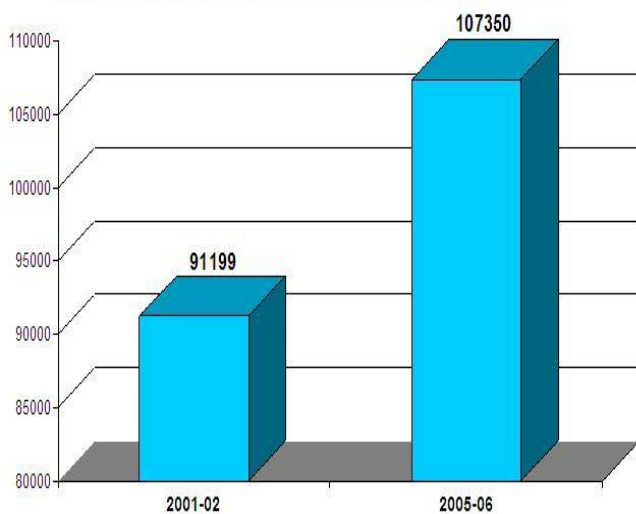
Source Indian Stat (outsourced from annual report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India.

Fig 5 : Growth of Factories after the introduction of SIDCUL in Uttarakhand³



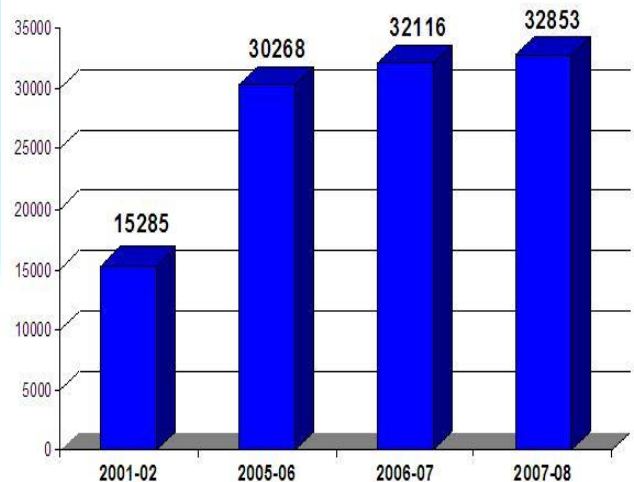
3 Source Indian Stat (outsourced from annual report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India.

Fig 6 Growth of unregistered SSI units after the introduction of SIDCUL in Uttarakhand⁴



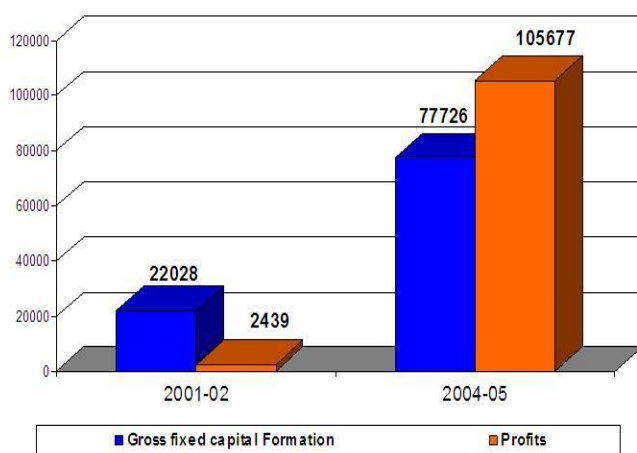
4 Source Indian Stat (outsourced from annual report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India.

Fig 7: Growth of registered SSI units after the introduction of SIDCUL in Uttarakhand⁵



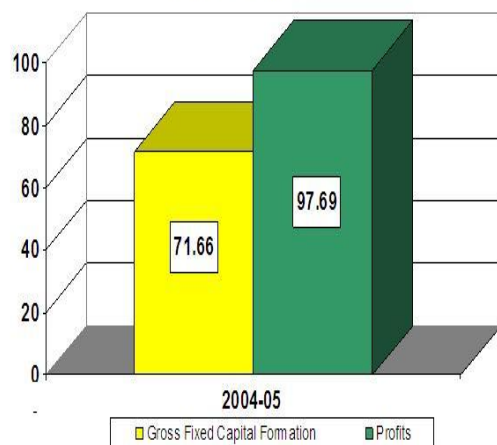
5 Source Uttarakhand: At a Glance, Directorate of Economics and Statistics, Dehradun, Annual Report 2007-08, 2008-09.

Fig 8: Comparative developments of Industries (registered under factory Act 2MI and 2M II Act, 1948) in Uttarakhand after the development of SIDCUL (values in Rupees) ⁶



Source Indian Stat (outsourced from annual report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India.

Fig 9: Growth % of Industries (registered under factory Act 2MI and 2M II Act, 1948) in Uttarakhand after the development of SIDCUL ⁶



⁶ Source Indian Stat (outsourced from annual report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India.

CONCLUSION

- The state of Uttarakhand has a unique socio-economic environment and agro-climatic conditions. The State can be clearly demarcated into two regions on the basis of geographic terrain for entrepreneurial developments. The first is tarai area. The second is Hilly region of lower and middle Himalayas. Whereas on political boundaries the State is divided into two regions (divisions) or commissioners, the first is Garhwal and second is Kumaon.
- The State is well endowed with natural and mineral resources. The state is quite rich in forest providing sustenance and host of raw material like resin, herbs and other forest products. Tarai area is fit for cultivation and has access to better infrastructure and irrigation as compared to hilly areas.
- It is estimated that there is a potential of nearly 20000MW of hydro electricity power of which only a fraction of it has been utilized till now. The priority should be accorded to develop the hydro electricity.
- Besides the Industrial Estates and growth centres there is a lack of infrastructure facility in other parts of state. Necessary infrastructure facilities should be provided for the overall and balanced development of the state. This would also help in the grooming and encouragements of the entrepreneur in other parts of the state.
- The hilly regions of Uttarakhand have the tremendous potential for developing tourism. The unexpected virginal natural beauty of the area and spiritual tourism attract about 21.4 million tourists every year. The state shall make substantial investment in expanding the existing infrastructure facilities to promote tourism.
- There are nearly 800 large/medium scale industries working in the state and manufacturing food products, rubber and plastic products, chemical and chemical products. Non-metallic mineral products, electric machinery and apparatus, paper and paper products. There is an investment of Rs 4000 crores and giving the employment opportunities to approx one lakh persons.
- In small scale/medium scale sector there are 329000 registered units in which more than 250 crore rupees are invested and giving employment opportunity to 88000(approx.) persons.
- A package of facilities like low rate of interest on loan, lower rate of electric tariffs, exemptions on various taxes, simplified process for setting up of the enterprises being provided to entrepreneurs for the accelerated industrial and entrepreneurial development of the state of Uttarakhand had effectively and efficiently.
- The lack of initiatives drives poor motivation and overcrowding of agriculture development for industrialization. The Government institutions/ agencies and non-government agencies are to be made effective for creating entrepreneurship in the state.
- Financial Institution should also come forward to provide finance to the entrepreneurs for taking new ventures based on natural resources and demand based industries and also for the sectors covered under thrust Industries of the State.
- Hither-to-traditional industries like woollen weaving, silk weaving, wooden based industries, Medicinal-Aromatic plant and herbs based industries should be encouraged to increase the per capital income of the people of the state along with the enhancement of the entrepreneur development activities in the State.
- Since the Uttarakhand state is a newly formed state, hence Regional Officer of the organization like SIDBI, NSIC, SFC, SISI, State SIC, export promotion and other agencies useful for entrepreneurial development are required in the state at earliest.
- To impart entrepreneurial skills, motivation, techniques along with management skills, training to the entrepreneurs are required.
- In order to stimulate entrepreneurship and improve the business environment for enterprises, SIDCUL had evolved a perfect destination.
- Sector specific Industrial Estates had introduced and induced the entrepreneurial development directly or indirectly. Direct entrepreneurial developments are those where main product is assembled / manufactured or services are being delivered. Indirect entrepreneurial developments are those where enterprise established in providing an unfinished product to some other enterprise or an auxiliary industry or outsourced services, and enterprise established so as to grab / in-cash the opportunity available due to the demand of some direct entrepreneurial developments.
- Entrepreneurial development being induced by SIDCUL in the driving force for socio-economic up-liftment of state and job creation in Uttarakhand. Its specific (Industry based) nature and location make it very sensitive to changes in the industry and environment in which they operate.
- Potential of Entrepreneurial Developments in the hill districts to be worked out. The hilly districts of the state of Uttarakhand are Almora, Bageshwar, Chamoli, Champawat, Pauri Garhwal, Pithoragarh, Rudrapur, Tehri Garhwal, and Uttarkashi; in these districts the geographical terrain is very harsh to develop the Industrial Estates. The entrepreneurial development potential in following sectors can be worked out, which is very necessary for the balanced development of the state economy:-
 - SSI based on wool.
 - Diversify agricultural products to include fruits, herbs / Medicinal and Aromatic plants.
 - Handloom sector.
 - Develop leisure and nature tourism.
 - Poultry
 - Religious tourism
 - Medicinal plant based pharmaceutical industry
 - ITES (Information Technology Enabled Services)
 - Bio-fuels

REFERENCES

1. Annual Report 2001-02, 2004-05 Ministry of SSI, Govt. of India and various Annual survey of India
2. B.C.Tandon,(1975), "Environment and Entrepreneurship", Chugh Publications, Allahabad.
3. Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India,(2003),"Gazette Notification on Central Capital Investment Subsidy Scheme, 2003", http://dipp.nic.in/English/Schemes/Special_Category/Himachal_Uttranchal/notification_08January2003.pdf
4. Department of Industries, Government of Uttarakhand,"Industrial Policies", http://www.doiuk.org/indust_policy.html
5. Directorate of Industries, Government of Uttarakhand, <https://www.doiuk.org>
6. Dumka Amit (2011): " Entrepreneurial Development in Uttarakhand: A case study of State Industrial Development Corporation of Uttarakhand Limited (SIDCUL)," Unpublished Thesis, DDE Madurai Kamaraj University, Madurai.
7. Gupta. C.B., & Khanka S.S.,(2000),"Entrepreneurship and Small Business Management", Sultan Chand & Sons.
8. Gurucharan Singh. (1994), "Industrial Incentives and Subsidies (with special reference to centrally backward Districts)" Deep and Deep Publications, New Delhi.
9. Peterson R. A. , (1962) Entrepreneurship and Economic Development, Vol. XII -2, p.65
10. R.A. Sharma,(1980),"Entrepreneurial Change in Indian Industry", Sterling, New Delhi.
11. SIDCUL, <http://www.sidcul.com>
12. Small Industries Service Institute, Kanpur (Ministry of SSI, Govt. of India), Status Profile of Uttaranchal, 2000-2001
13. Uttarakhand: At a Glance, Directorate of Economics and Statistics, Dehradun, Annual Report 2007-08, 2008-09.

CHANDLERS OVERCOMING CHALLENGES (COC)**K.DURGADEVI****HEAD****DEPARTMENT OF COMMERCE****ANNAI COLLEGE OF ARTS & SCIENCE****KOVILACHERI****ABSTRACT**

In Human resource development the men and women entrepreneur are generally very similar. The differences are found only in the age, personality, motivation and type of business started. Men start an enterprise between the age group of 25-35 years, whereas women do so in 35-45 age groups. Women are goal oriented, independent, flexible, tolerant, creative, realistic, enthusiastic and energetic because of which the management style differs from their male counterpart. Women are by and large born managers as they manage their house. The paper focus on only women entrepreneurship has been largely neglected both in society in general and in the social sciences. In present scenario of India women 75% participation rates entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The transition from homemaker to sophisticated business woman is not that easy. But this picture is changing. In Modern India, more and more women are taking up entrepreneurial activity especially in micro, small and medium scale enterprises. Women across India are showing an interest to be economically independent. They are willing to be inspired by role models- such as IndraNooyi, Chief Executive-Pepsi Co. or Ekta Kapoor, Creative Director-Balaji Telefilms. The Indian women are no more treated as beautiful showpieces. They have carved a niche for themselves in the male dominated world. Indian women well manage both burden of work in household front and meeting the deadlines at the work place.

KEYWORDS

women entrepreneurship, business women.

INTRODUCTION

The 1980's and 90's were a time of reaping the hard work of all those women who worked tirelessly for their rightful place in the work force as employees and entrepreneurs. Martha Stewart and Vera Bradley were among the 25 per cent women who owned businesses. The public also was becoming more receptive and encouraging to these women entrepreneurs, acknowledging the valuable contribution they were making to the economy.

The National Association of Women Business Owners helped to push Congress to pass The Women's business Ownership Act in 1988, which would end discrimination in lending and also get rid of laws that required married women to acquire their husband's signature for all loans and in addition the Act also gave women owned businesses a chance to compete for government contracts. Another monumental moment for women in business was the appointment of Susan Engeleiter to head up the Small Business Administration in 1989. In the late 80's and throughout the 90's there was more of a focus on networking opportunities in the world of female entrepreneurs. There were many opportunities that came about to help those who were interested in starting up their own businesses.

Support groups, organizations for educating the female entrepreneur and other opportunities like the seminars and help with financing came from many different sources, such as the Women's Business Development Center and Count Me In. Despite all these advances, the female entrepreneurs still fell behind when compared to their male counterparts. As the 90's came in the availability of computers and the increasing popularity of the internet gave a much needed boost to the women in business.

This technology allowed them to be more prevalent in the business world and showcase their skills to their competitors. Even still with the added popularity of women in business, the availability of technology, the support from different organizations, today female entrepreneurs still are fighting. The economic downturn of 2008, did not serve to help them in their quest. With the continual attention given to female entrepreneurs and the educational programs afforded to those women who seek to start out with their own business ventures, there is much information and help available. Since 2000 there has been an increase in small and big ventures by women, including one of their biggest obstacles, financing. Now present economy it will be reduced and to be totally reduced in forthcoming year.

There is a need for changing the mind-set towards women so as to give equal rights as enshrined in the constitution. The progress towards gender equality is slow and is partly due to the failure to attach money to policy commitments. In the words of president APJ Abdul Kalam "empowering women is a prerequisite for creating a good nation".

When women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to the development of a good family, good society and ultimately a good nation." When a woman is empowered it does not mean that another individual becomes powerless or is having less power. On the contrary, if a woman is empowered her competencies towards decision-making will surely influence her family's behavior.

In India, there is a phenomenon of increase in the number of self-employed women after the world war 11. Women own 25% of all business, even though their sales on an average are less than two-fifths of those of other small business. In North, women own one-third of small business and in south it is one-fifth.

OBJECTIVES

- To highlight the characteristics of women entrepreneurs in India.
- To outline the support available at the economic activities and government levels to add more women entrepreneurs.
- To identify the obstacles and overcome by challenges of the women entrepreneurs in assisting entrepreneurial role.

OVERCOME BY CHALLENGES**A. OBSTACLES SPECIFIC TO STARTING NEW FIRMS**

To raise finance, they do not have properties in their names to use them as collateral securities. Thus, their access to external sources of funds is restricted. They have to rely on their own savings and negligible loans from friends and relatives. They have satisfied themselves with small size of business operations. Because of limited funds, they are not able to (a) Stock raw materials and (b) Spend on advertising. A specific solution for solving women's difficulties for obtaining financing has been **micro financing**. It is a financial institution that has become exceptionally popular especially in developing economies.

B. OBSTACLES SPECIFIC TO MANAGING A SMALL FIRM

Studies on women entrepreneurs show that women have to cope with stereotypic attitudes towards women on a daily basis. Business relations as customers, suppliers, banks, etc. constantly remind the entrepreneur that she is different, sometimes in a positive way such as by praising her for being a successful entrepreneur even though being a woman. Employees tend to mix the perceptions of the manager with their images of female role models leading to mixed expectations on the woman manager to be a manager as well as a "mother". The workload associated with being a small business manager is also not easily combined with taking care of children and a family.

Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organisation and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc.

Women's entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment, thus contributing to the Millennium Development Goals (MDGs). Thus, governments across the world as well as various developmental organizations are actively undertaking promotion of women entrepreneurs through various schemes, incentives and promotional measures. Women entrepreneurs in the four southern states and Maharashtra account for over 68% of all women-led small-scale industrial units in India.

C. OBSTACLES SPECIFIC TO GROWING FIRMS

A specific problem of women entrepreneurs seems to be their inability to achieve growth especially sales growth. Another previously addressed issue is finance and as stated previously, the entrepreneurial process is somewhat dependent on initial conditions. In other words, as women often have a difficult time to assemble external resources, they start less ambitious firms that can be financed to a greater degree by their own available resources. This also has consequences for the future growth of the firm. Basically, firms with more resources at start-up have a higher probability to grow than firms with fewer resources. By resources is meant here societal position, human resources and financial resources.

1. The greatest deterrent to women entrepreneurs is that they are women. A male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.
2. The financial institutions are sceptical about the entrepreneurial abilities of women. The bankers put unrealistic and unreasonable securities to get loan to women entrepreneurs. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups.
3. Entrepreneurs usually require financial assistance of some kind to launch their ventures - be it a formal bank loan or money from a savings account. The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand.
4. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business." The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again. The result is that they are forced to rely on their own savings, and loan from relatives and family friends.
5. Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success depends on the support the family members extended to women in the business process and management.
6. Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business.
7. The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organizational skills compared to male entrepreneurs women have to face constraints from competition. The confidence to travel across day and night and even different regions and states are less found in women as compared to male entrepreneurs. This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs.
8. Knowledge of alternative source of raw materials availability and high negotiation skills are the basic requirement to run a business. Getting the raw materials from different sources with discount prices is the factor that determines the profit margin. Lack of knowledge of availability of the raw materials and low-level negotiation and bargaining skills are the factors, which affect women entrepreneur's business adventures.
9. Knowledge of latest technological changes, know how, and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population. Many women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use, and often unable to do research and gain the necessary training.
10. Low-level risk taking attitude is another factor affecting women folk decision to get into business. Low-level education provides low-level self-confidence and self-reliance to the women folk to engage in business. Investing money, maintaining the operations and ploughing back money for surplus generation requires high risk taking attitude, courage and confidence.

D. OTHER SOURCES

1. Limited Mobility
2. Lack of Education
3. Male Dominated Society
4. Low risk bearing ability
5. Social Recognition

SUPPORTIVE MEASURES FOR WOMEN'S ECONOMIC ACTIVITIES AND ENTREPRENEURSHIP

- Direct & indirect financial support
- Technological training and awards
- Federations and associations

DIRECT & INDIRECT FINANCIAL SUPPORT

- Nationalized banks
- State Finance Corporation
- State industrial development corporation
- District industries centers
- Differential rate schemes
- MahilaUdyogNidhi scheme
- Small Industries Development Bank of India (SIDBI)
- State Small Industrial Development Corporations (SSIDCs)

TECHNOLOGICAL TRAINING AND AWARDS

- Stree Shakti Package by SBI
- Entrepreneurship Development Institute of India
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- National Institute of Small Business Extension Training (NSIBET)
- Women's University of Mumbai

FEDERATIONS AND ASSOCIATIONS

- National Alliance of Young Entrepreneurs (NAYE)
- India Council of Women Entrepreneurs, New Delhi
- Self Employed Women's Association (SEWA)

- Association of Women Entrepreneurs of Karnataka (AWEK)
- World Association of Women Entrepreneurs (WAWE)
- Associated Country Women of the World (ACWW)

WOMEN WORK PARTICIPATION

Country (India)	Percentage
1970-1971	14.2
1980-1981	19.7
1990-1991	22.3
2000-2001	31.6
Other countries	
USA	31.6
UK	43
Indonesia	40
Srilanka	35
Brazil	35
China	39

Some Examples

MahilaGrahUdyog – 7 ladies started in 1959
 LizzatPappad, Lakme – Simon Tata
 Shipping corporation – Mrs.SumatiMorarji
 Herbal Heritage– Ms.ShahnazHussain
 Balaji films- EktaKapoor
 KiranMazumdar - Bio-technology

STEPS TO ENCOURAGE WOMEN ENTREPRENEURS

1. Consider women as specific target group for all developmental programmers.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training program on management skills to be provided to women community.
4. Encourage women's participation in decision-making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.
6. Some of the organisations those are associated with MSMEs:

Small Industries Development Organisation (SIDO), Small Scale Industries Board (SSIB), National Small Industries Corporation Ltd. (NSIC), Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), PHD Chamber of Commerce and Industry (PHDCCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Federation of Indian Exporters Organisation (FIEO), World Association for Small and Medium Enterprises (WASME), Federation of Associations of Small Industries of India (FASII), Consortium of Women Entrepreneurs of India (CWEI), LaghuUdyogBharti (LUB), Indian Council of Small Industries (ICSI), Indian Institute of Entrepreneurship (IIE), National Institute of Small- Industry Extension Training (NISIET), National Backward Caste Finance Development Corporation, National Institute for Entrepreneurship and Small Business Development (NIESBUD), Small Entrepreneurs Promotion and Training Institute (SEPTI), Small Industries Development Bank of India (SIDBI) etc..

GOVERNMENT SUPPORT: WOMEN ENTREPRENEURS

The industrial policies of the Government announced from time to time, have laid considerable emphasis on promotion of women entrepreneurship, particularly among first generation women entrepreneurs, through various training and support services. Special attention is being given by organising exclusive Entrepreneurship Development Programmes (EDPs) for women.

After the liberalisation of the economy, government's attitude towards the MSME sector changed and many of the products exclusively manufactured by these units earlier got deserved. No more the MSME sector continued to be treated as „infant industry“.

The MSME Development Act 2006, came into being with effect from 2nd October, 2006, subsequent to which, both the Central and State Governments took effective measures towards implementation of the Act. In order to increase the competitive edge of the MSMEs, the Government of India announced the National Manufacturing Competitiveness Programme (NMCP) during the budget speech 2005-06. One of the objectives of NMCP is to ensure healthy growth of the MSME sector. Under the National Manufacturing Competitiveness Programme (NMCP), five components have been made operational, which include quality management systems and quality technology tools, building awareness on intellectual property rights, support for entrepreneurial and managerial development through incubators, setting up of new mini tool rooms and marketing assistance/ support to MSMEs.

Entrepreneurship development is usually associated with development of MSMEs and has great importance in developing countries, as they accounted, on average, for more than 95% of all firms, thus the biggest source of employment, providing livelihood for over 90% of the country's workforce, especially women and the young. The degree of women entrepreneurship development is closely related to the degree of gender equity, which in developing countries is generally lower than that in developed countries.

Women entrepreneurs create new jobs for themselves and others and by being different, provide different solutions to management, organisation and business problems as well as to the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. Thus there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilized. As low rates of women's entrepreneurship are both related to the status of women and the status of entrepreneurship, we have suggested that increasing the abilities of women to participate in the labour force and generally to improve the position of women in society and generally increase the possibility to engage in entrepreneurship is central. However, promotion of women entrepreneurs is a prerequisite for overall economic growth and more targeted initiatives are also needed to support women entrepreneurs.

RECOMMENDATIONS

- ❖ **Increase the ability of women to participate in the labour force by ensuring the availability of affordable child care and equal treatment in the work place.** More generally, improving the position of women in society and promoting entrepreneurship generally will have benefits in terms of women's entrepreneurship.
- ❖ **Listen to the voice of women entrepreneurs.** The creation of government offices of women's business ownership is one way to facilitate this. Such offices could have programme responsibilities such as providing women's business centres, organising information seminars and meetings and/or providing web-based information to those wanting to start and grow a business.

- ❖ **Incorporate a women's entrepreneurial dimension in the formation of all SME-related policies.** This can be done by ensuring that the impact on women's entrepreneurship is taken into account at the design stage.
- ❖ **Promote the development of women entrepreneur networks.** These are major sources of knowledge about women's entrepreneurship and valuable tools for its development and promotion. Co-operation and partnerships between national and international networks can facilitate entrepreneurial endeavours by women in a global economy.
- ❖ **Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses take advantage of them.** The objective should be to identify ways to improve the effectiveness of those that should be retained. Good practices that are identified in this way should be disseminated and shared internationally.
- ❖ **Improve the factual and analytical underpinnings of our understanding of the role of women entrepreneurs in the economy.** This requires strengthening the statistical basis for carrying out gender-related cross-country comparative analyses and longitudinal studies of the impact of important developments and policies, especially over time.

CONCLUSIONS

"An enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving atleast 51% of the employment generated in the enterprise to women" Women entrepreneurs constitute Two third of the number of entrepreneurs in our country. Women enter entrepreneurship due to economic factors which push them to be on their own and urge them to do something independently. Women prefer to work from their own residence, difficulty in getting suitable jobs and the desire for social recognition motivate them towards self employment. We see a lot of women professionals in Engineering, Medicine, law and also as Chartered Accountant etc. They are also setting up hospitals, training centres, etc., Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Women entrepreneurship must be moulded properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena. 'Women have full freedom to work and prosper. From the moment they go out of their homes they are human beings: business woman has the same weight as a business man.'

REFERENCES

1. Das, Keshab, 2007, 'SMEs in India: Issues and Possibilities in Times of
2. Roomi, Muhammad Azam and Guy Parrott, 2008, 'Barriers to Development and Progression of Women Entrepreneurs', Journal of Entrepreneurship, 17(1): 59-72.
3. Seymour, Nicole, 2001, 'Women entrepreneurs in the developing world', Center for Entrepreneurial Leadership, Clearinghouse on Entrepreneurship Education.
4. Das, D. Jayadeva, 2000, 'Problems faced by women entrepreneurs', Women Entrepreneurship, New Delhi, Vikas Publishing House.
5. Brush, C. (1998). A resource perspective on women's entrepreneurship: Research, relevance and recognition. OECD's Women entrepreneurs in small and medium enterprises, pp. 155-168. Paris: OECD.
6. Dignard, L. & Havet, J. (1995). Women in micro- and small-scale enterprise development. Boulder, CO: Westview Press.
7. Dhameja, S.K., B.S. Bhatia and J.S. Saini, 2002, 'Problems and constraints of women entrepreneurship', in D.D. Sharma and S.K. Dhameja (eds.), Women and Rural Entrepreneurship, Chandigarh: Abhishek Publication).
8. Ganesan, S., 2003, Status of Women Entrepreneurs in India, New Delhi: Kanishka Publications.
9. UNDP, 2008a, The Human Development Report 2007/2008, New York: United Nations Development Programme.
10. UNDP, 2008b, Innovative Approaches to Promoting Women's Economic Empowerment, New York.
11. Tambunan, Tulus T.H., 2007, Entrepreneurship Development in Developing Countries, New Delhi: Academic Excellence.
12. Walokar, Deepak M., 2001, Women Entrepreneurs. New Delhi: Himalaya Publishing House.
13. Tambunan, Tulus T.H., 2013, Development of SMEs in ASEAN, New Delhi: Readworthy Publications, Ltd.
14. Globalisation', ERIA Research Project Report 2007 No.5, March, ERIA, Bangkok.

A CONCEPTUAL FRAMEWORK FOR CUSTOMER EXPERIENCE CREATION PROCESS AND ITS IMPACT ON CONSUMER BEHAVIOUR

HARLEEN SAHNI
ASST. PROFESSOR
DEPARTMENT OF FASHION MANAGEMENT STUDIES
NATIONAL INSTITUTE OF FASHION TECHNOLOGY
GANDHINAGAR

DR. BILAL MUSTAFA KHAN
ASST. PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
ALIGARH MUSLIM UNIVERSITY
ALIGARH

DR. KISHOR BARAD
PROFESSOR
DEPARTMENT OF BUSINESS MANAGEMENT
SHANTI BUSINESS SCHOOL
AHMEDABAD

ABSTRACT

With increasing competition and wide number of buying options available to the consumers of modern world, it becomes essential to consolidate the understanding of consumers' experiences to create enthralling and riveting customer experiences. Experiences are created through every direct or indirect interaction of consumers with the company. A good experience increases customer satisfaction, and successively customer loyalty and a bad one blemishes the company's image not only in the eyes of existing customers but also of the prospective customers, thus losing its customer base. In order to manage and enhance these experiences, it is important to understand the process through which they are created. The paper is a conceptual approach towards understanding the process of customer experience creation and how experiences impact consumer behaviour. Extensive literature review has been done to identify the different dimensions of the retail environment, personal and situational factors that affect the nature of experience creation and its dynamic effect on different aspects of consumer behaviour. Findings have been presented in the form of a conceptual framework for customer experience creation and its impact on consumer behaviour. The framework elaborates upon the various stages of customer experience creation from encounter with clues and emergence of values, leading to formation of intentions and consumer response in terms of certain behaviour. The framework also elaborates upon the traits and dimensions associated with each of these phases. The conceptual framework will act as a research base on which future researches can be taken up in various dimensions.


JEL CODE

M31

KEYWORDS

Consumer Behaviour, Customer Experience, Customer Experience Creation, Consumer intention, Customer Values.

INTRODUCTION

urvival in today's competitive retail environment requires more than just low prices and innovative products. To compete effectively and be successful, businesses must focus on customers' shopping experiences. Large number of domestic and foreign players are realizing the need to create and deliver value for its target customers in form of experiences. In order to create and manage customer's experience, brands and retailers must first understand what "customer experience" actually means. For carrying out strategies of "creating value", companies need meaningful and up-to-date insights of their customers regarding their journey from the expectations they have before the experience occurs to the assessments they are likely to make when it's over. Using that knowledge, companies can orchestrate an integrated series of "clues" that collectively meet or exceed people's emotional needs and expectations. The internalized meaning and value the clues take on can create a deep-seated preference for a particular experience — and thus for one company's product or service over another's. (Berry, Carbone and Haecckel, 2002)

REVIEW OF LITERATURE

UNDERSTANDING CUSTOMER EXPERIENCES

Customer experience has emerged as the single most important aspect in achieving success for companies across all industries (Peppers and Rogers 2005). Customer Experience originates from a set of interactions between a customer and a product, a company, or a part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels -rational, emotional, sensorial, physical, and spiritual. Its evaluation depends on the comparison between a customer's expectations and the stimuli coming from interaction with the company and its offering in correspondence of the different moments of contact or touch-points. (Gentile, Spiller, Noci, 2007, p.397).

Customer experience is the perception formed owing to all the interactions a customer has with a company or brand. Every time a direct or an indirect interaction takes place, an experience is formed and it holds true at all touch-points. One single negative experience of all the interactions that a customer has with the brand or company is enough to make the customer dissatisfied, making him vulnerable to switch. Bernard Schmidt of Columbia Business School, in his book "Customer Experience Management" explained that the customer experience could be looked at in terms of three key components:

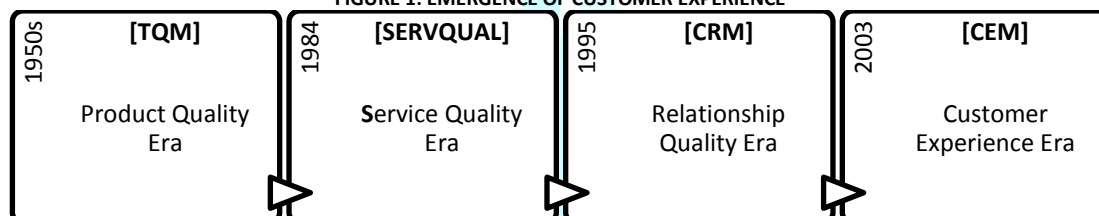
- The brand Experience: The brand experience encompasses the look and feel of logos and signage, packaging, and retail space.
- The customer interface: The customer interface consists of all the dynamic exchanges and contact points where the company interacts with customers, namely, face to face in a store, in a sales visit, at a hotel check in, or a customer event.
- Innovation: It includes anything that improves end consumer's personal lives and business consumer's work lives. Innovations demonstrate the company's commitments to the customer and are what keep the experience compelling, relevant and unique.

Customer Experience is a subjective measure of perceptions during a given servicing scenario. These perceptions are measured both with respect to service provider and the customer. There always exists a gap with respect to expressing the perceptions and understanding the perceptions. Also, the perception can always vary over a period of time. The aim of brands and retailers should be to minimize these gaps so that the overall customer experience is always positive. Measuring perceptions and evaluating experiences in order to make the company's offerings (in terms of product, services, retail environment, etc.) more attractive is the objective of Customer Experience Management. But the activities of measuring and managing customer experiences become meaningful, only when the company had initially emphasized upon creation of "desired" and "unique" experiences for its customers.

EMERGENCE OF THE CUSTOMER EXPERIENCE ERA

The Product Quality Era in 1950s marked the emergence of TQM approach popularized by Edward Deming. Concepts like Zero defect and Six Sigma emphasized a complete re-engineering of work approach and processes with a view to enhance the experiences of internal as well external customers of organizations. Later, the concept of service quality was proposed by the Nordic School (Gummesson, 1979 and Gronross, 1982) and further researched by Parasuraman, Zeithaml and Berry (1985, 1988). With the developments that followed, the concept of service quality emerged as the critical factors determining customer satisfaction and SERVQUAL emerged as a gap-based performance measure. The Relationship Era emerged in 1995 when Relationship Management was introduced by Jagdish Sheth. This marked the popularity and growth of CRM systems. Reichheld introduced the Net Promoter Score (NPS) in 2003 and this kicked-off the beginning of CEM era.

FIGURE 1: EMERGENCE OF CUSTOMER EXPERIENCE



Source: Adapted from Customer Experience Measurement Model, Prof. Adre Schreuder, Consulta Research

A direct derivative of Customer Experience is Customer Satisfaction which has been viewed as an outcome of a consumption activity. It is a consequence or outcome of evaluation between what was received and what was expected by the customers in a transaction with a retailer. Satisfaction is the surprise element of product acquisition and / or consumption experience, or an affective response to a specific consumption experience. Based on the experience there will be different states of reinforcement and arousal; (1) Low arousal = "satisfaction-as-contentment", (2) High arousal = "satisfaction as surprise" (positive / delight or negative / shock), (3) Positive reinforcement = "satisfaction-as-pleasure", (4) Negative reinforcement = "satisfaction-as-relief" (Oliver (1989), Parker, C & Mathe ws, B. P., (2001)

Researchers have termed "Customer Experience" as the "New Customer Satisfaction". Yet despite the recognition of the importance of customer experience by practitioners, the academic marketing literature investing this topic has been limited. The literature in marketing, retailing and service management historically has not considered Customer Experience as a separate construct. Instead researchers have focused on measuring customer satisfaction and service quality." (Verhoef, P.C et al, 2009).

CUSTOMER EXPERIENCE CREATION

Experience creation is the practice of relevant befitting experiences for the target consumers through designing products, processes, services, events and environments with a focus placed on the quality of the user experience and relatedness with their socio-cultural atmosphere and psychographic traits. According to Dr. Ronald Jones, the mission of Experience Design is "to persuade, stimulate, inform, envision, entertain, and forecast events, influencing meaning and modifying human behavior." It draws from many other disciplines including cognitive and perceptual psychology, architecture and environment design, product design, information design, ethnography, brand strategy, interaction design, service design etc. In the discipline of marketing, it may be associated with Experiential marketing where existing touch-points are identified and new ones are created and an appropriate offering as a bundle of product features, service attributes, marketing communication & retail environment is extended to the customers.

Experiences are created regardless of whether or not the company intends to. However, for an experience to be a point of differentiation it has to be intentional, consistent, differentiated from competitors and valuable to the consumer (Smith & Wheeler, 2002). According to Pine and Gilmore (1999) a distinctive customer experience can provide huge economic value for firms. Customer experience is the key factor for companies to use, in building loyalty to brands, channels and services (Badgett, Boyce & Kleinberger, 2007). Holbrook and Hirschmann (1982) also associated experiential aspects with consumption. Despite of this, customer experience did not get importance as separate construct of consumer behaviour till late. Researchers majorly focused on measuring customer satisfaction and service quality (Parasuraman, Zeithaml, and Berry 1988; Verhoef, Langerak & Donkers 2007).

While creating desirable and superior customer experiences, it is important to understand customer's point of view and their definition of an accomplished and enthralling experience. Lutz & Foong (2008) proposed a five step customer experience framework in their paper 'A strategy fit for a king: A Customer Experience Framework', emphasizing on listening to consumers' demands and then identifying the gap between what the customers actually want and what is being delivered to them, in order to close the gap between both. Similar researches have used different terminology such as "Experience Audit" (Berry, Carbone & Haeckel, 2002) or "Value Mining" (Honebein & Cammarano, 2005) for studies on customer experience insights. An effective customer experience design is one that enhancing the affordance of a product or service, its interface with people, is key to customer experience design. Customer experience encompasses the total experience, including the search, purchase, consumption, and after-sale phases of the experience. It also involves experiences due to different retail channels, personal (internal) factors, situational (external) factors and also the past experiences with the product and the company. For different products and services, there could be different dimensions of customer experience. Customer experience factors also differ with different socio-cultural backgrounds, religious beliefs, personality traits, demographics and economic status.

The term Customer Experience Management has its foundation in the concept of Experience Economy; first described by B. Joseph Pine II and James H. Gilmore in 1998 in the article 'The Experience Economy'. According to Pine and Gilmore, after the most recent service economy, the next economy that will strike, will be the experience economy. Pine and Gilmore suggest that businesses must create memorable events for their customers in such a dedicated and intense manner that the memory itself becomes the product called "experience". Customer Experience Management is a strategy that focuses on the operations and processes of a business around the needs of the individual customer so as to create a win-win value exchange between retailer and customers. In its commercial context, experience management is driven by consideration of the moments of engagement, or touch-points, between people and brands, and the ideas, emotions, and memories that these moments create. Hence experience creation should be a focussed activity and this can only happen if experience determinants are identified.

Bernd H. Schmitt (1999) coined the term "Experiential Marketing and explored how companies create experiential marketing by having customers sense, feel, think, act and relate to a company and its brands. According to Schmitt, Customer Experience Management is the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or services. Schmitt proposes that customers consider the functional features of the product, its quality and distinguished brand image as the basic, fundamental offerings that any consumer goods company must provide to its customers. Customers, today, are looking forward to products, communication and marketing campaigns that dazzle their senses, touch their hearts and stimulate their minds by delivering an experience. They want to relate to products and communications and also incorporate these into their lifestyles. Schmitt forecasted that "The degree to which a company is able to deliver a desirable customer experience – and to use information

technology, brands, and integrated communications and entertainment to do so – will largely determine its success in the global marketplace of the new millennium.”

DETERMINANTS OF CUSTOMER EXPERIENCES

Anything that can be perceived or sensed or anything that can be recognized by its absence, is an experience clue. Customer Experience Determinants are the clues which are related to the product, the services, previous experiences and the entire retail environment (Retail atmosphere, gestures and tone of store staff, merchandise display etc.) that arouse certain psychological and physical dispositions in the consumer of a product or service that determines his / her buying behaviour in various dimensions. Clues carry certain messages and suggest something to the customer. The messages or suggestions might not be very explicitly interpreted by the consumer but they get manifested in the manner the consumer reacts to these clues. The clues can be broadly categorized as Functional and Emotional. The first concerns the actual functioning of the good or service. Clues relating to functionality are interpreted primarily by the logical circuitry of the brain. The second category concerns the emotions and includes the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered. The feel of leather upholstery, the sound and smell of a steak on the grill, the tone of voice of the person answering the customer-service line are all clues that envelop the functionality of a product or service. This category of clues includes two types: “mechanic s” (clues emitted by things) and “humanics” (clues emitted by people). Such clues tend to address emotions rather than reason, as people consider whether to buy or move on. The experience motif is the touchstone from which clues can be developed and defined. Mechanics can be represented graphically in drawings, and humanics should be described in narratives pegged to employee roles. (The customer experience construct is holistic in nature and involves the customers’ cognitive, affective, emotional, social and physical responses to the retailer. This experience is created by-

1. Controllable elements – Service interface, retail atmosphere, assortment, price
2. Uncontrollable elements – influence of others, purpose of shopping

Customer experience encompass the total experience, including the search, purchase, consumption and after-sale phases of the experience, and may involve multiple retail channels. According to Verhoef, P.C et al, (2009), the three major focus area are- (1) Cognitive evaluation (i.e functional values), (2) Affective (emotional) responses and (3) Social & physical components.

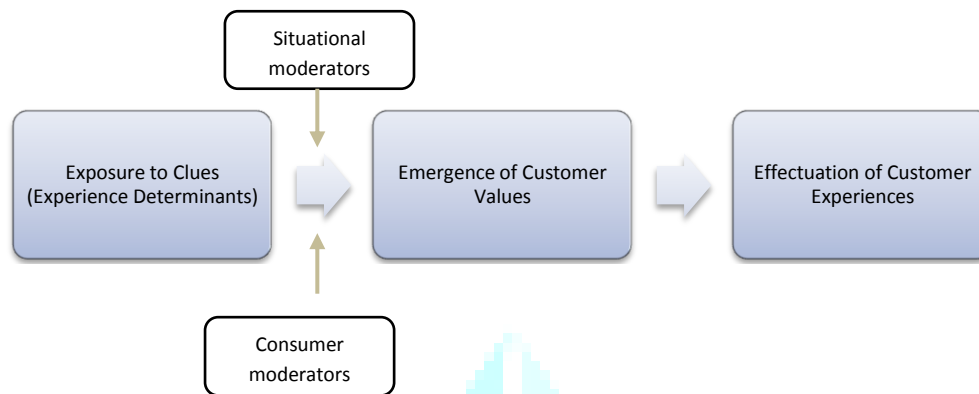
In various different researches conducted since 1996, researchers have identified different elements of the Retail environment and business processes as drivers or constructs of Customer Experience; being referred to as Customer Experience Determinants in this research.

- As one of the earliest discoveries in the sphere of customer experience, **Past Customer Experiences** was identified by Bolton and Drew (1991), Boulding et al. (1993), Mittal, Kumar and Tsiros (1999), van Doom and Verhoef (2008) as a significant construct of customer experience.
- In different studies, Bronnenberg and Wathieu (1996), Baker et al. (2002), Noble and Phillips (2004), Wedel and Zhang (2004), Ofir et al. (2008), Dorotic, Verhoef, and Bijmolt (2008), Gauri, Sudhir and Talukdar (2008), Kopalle et al. (2009) identified **Price** as an experience determinant.
- Starting from this period only, **Packaging and Labelling** starting getting researched as customer experience determinant in different researches by Beatty et al. (1996), Oliver (2001), Baker et al. (2002), Folkes and Patrick (2003), Parasuraman, Zeithaml, and Berry (2004), Meuter et al. (2005), Van Dolen, Dabholkar, and de Ruyter (2007), Weijters et al. (2007).
- **Service Interface** emerged as an experience construct in researches by Beatty et al. (1996), Mittal and Lassar (1996), Baker et al. (2002), Folkes and Patrick (2003); Meuter et al. (2005); van Dolen, Dabholkar and de Ruyter (2007); Weijters et al. (2007).
- **Advertising** was discussed as an experience construct by Goff et al. (1997), Fisher, Gainer, and Bristor (1997), Wakefield and Baker (1998), Jugger (1999), Petty & Cacioppo (2003), Young (2003), Janoschka (2004), Chaudhuri & Buck (2005), (Koirala (2005), Kotler and Armstrong (2005), Luo (2005) White and Dahl (2006).
- **Atmosphere**, as a driver for customer experience was studied by Wakefield and Baker (1998); Baker et al. (2002); Kaltcheva and Weitz (2006).
- Broniarczyk, Hoyer and McAllister (1998); Huffman and Kahn (1998); Baker et al. (2002); Janakiraman, Meyer, and Morales (2006) discussed **Assortment** driving customer experience.
- **Service Mix** got identified as a construct of customer experience in studies by Schmitt (1999), Baron, Harris and Harris (2001), Kozinets et al (2002), Baker et al. (2002).
- **Location**, as an experience determinant was discussed by Ghosh and Craig (2001), Durvasula, Sharma and Andrews (2002), Gauri, Trivedi, and Grewal (2008) and Xu and Kim (2008).
- Baker et al. (2002); Haytko and Baker (2004); Luo (2005); Wjite and Dahl (2006) identified **Service Environment** as a driver of customer experience.
- **Brand** was identified as a construct by Keller and Lehmann (2003); Ofir and Simonson (2007); Chartrand, and Fitzsimons (2008); Lee and Rhee (2008); Gauri, Trivedi, and Grewal (2008).
- **Promotion** was studied as an experience determinant by Gijsbrechts, Campo, and Goossens (2003), Van Heerde and Neslin (2008), Chiou-Wei and Inman (2008), Lwin, Stanaland, and Miyazaki (2008) and Ailawadi et al. (2009).
- **Supply Chain Management** was mentioned in many researches by Garg et al. (2005), Neslin et al. (2006), Sousa and Voss (2006), Verhoef, Neslin and Vroomen (2007), Patricio, Fisk and Falcao e Cunha (2008), Xu and Kim (2008), Dant et al. (2009) and Burkle and Posselt (2009).
- **Channel** was identified as an important factor constructing customer experience by Neslin et al. (2006), Sousa and Voss (2006), Verhof, Neslin and Vroomen (2007), Patricio, Fisk and Falcao e Cunha (2008).
- P.C. Verhoef, K.N. Lemon, A. Parasuram, A. Roggeveen, M. Tsiros and L.A. Schlesinger developed a framework of Customer Experience Creation in their research and identified **Social Environment, Social Interface, Retail Atmosphere, Assortment, Price, Customer Experience in Alternative Channels, Retail Brand and Previous Experiences** as important determinants of Customer Experience. They also discussed the impact of Situation Moderators (Economic environment, Competition etc.) and Consumer Moderators (Demographics, Economic condition, social position etc.) on Customer Experiences.

THE PROCESS OF CUSTOMER EXPERIENCES CREATION

The process of experience creation begins when customers get exposed to certain clues. Though these clues are generally associated with the retail environment, some Personal factors or Consumer moderators (personality, motivation, perception, demography, social position, economic status, cultural background etc.) and Situational moderators or factors (situation or environment surrounding the consumer) also affect the creation of customer experience. These clues are called Experience Determinants and may be different varying with consumer segments and product or service categories. On exposure to the clues, certain consumer values are generated based on how the consumers receive, associate and absorb the clues. These values that emerge as the internalized principles and code of behaviour, affect consumer’s intentions and subsequent behaviour. If none of the customer values are associated or relevant with the determinant, there is a state of indifferent experience. These dormant values might become active in a different situation or time frame.

FIGURE 2: THE CUSTOMER EXPERIENCE CREATION PROCESS



According to Schmitt, the five processes that generate values in the consumers are- Sense, Feel, Think, Act and Relate. Sensory values are created through sensory experiences of sight, sound, touch, taste and smell. Emotional values are created through experiences related to customers' inner feelings and emotions. Cognitive experiences create cognitive values as a result of intellectual and problem-solving appeal. Behavioural values are created due to experiences of alternative ways of doing things & alternative lifestyles. Relational or Social values are created as a consequence of expansion beyond the individual's personal feelings and his/her social associations. Values related to lifestyle experiences are the "Feel-Good" factors and sense of "Accomplishment" that signify the overall thinking and behaving of a person that is in congruence with his or her acquired lifestyle. These values, in dynamics with various other factors related to product, store etc. enable the realization of an 'experience'.

Type of values generated as a result of exposure and interaction with the clues, define the customer experience that gets created in the form of sensory, emotional, cognitive, behavioural, social and life-style experiences. Experiences may get effectuated as positive or negative; this definition may vary from customer to customer. This realization in association with attitude towards consumption formulates an intention which directly determines the customer's buying behaviour. Consumer Attitudes are defined as settled ways of thinking or feeling about the experiences that customer gains in one or more interaction with the company and result in an overall evaluation that express how much the consumer likes or dislikes an object or an action. Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about and (3) behavioural intentions towards some object-within the context of marketing, usually a brand or retail store. Attitudes guide our thoughts (the cognitive function), Influence our feelings (the affective function), and Affect our behavior (the conative function). These forces in turn create an intention in the consumer for a certain behaviour. (The Tricomponent Model - Schiffman & Kanuk, 2009)

TYPES OF CUSTOMER EXPERIENCES

In a broad categorization experiences are either good or bad. It is more or less a psychological state which consumer reach after various types of physical, mental, emotional, social, behavioural acquaintances. Based on these states, experiences can be categorized as-

- Sensory Experiences – Sensory experiences are created through clues obtained through our senses (sight, sound, touch, taste, hearing and smell). The stimulation from various clues /cues affect the consumers' senses to arouse aesthetical pleasure, excitement, satisfaction and sense of involvement or association.
- Emotional Experiences – Emotional experiences are related to customers' inner feelings and emotions. Such experiences involve one's affective system through the generation of moods, feelings and emotions. Affective systems might be created with the company, its brand, the products or even the endorser.
- Cognitive Experiences – Cognitive experiences are created as a result of exposure to intellectual and problem-solving clues. This type of experience is connected with thinking or conscious mental processes of consumers when a company's offering engages in creative solutions or problem solving. A company might also lead consumers to revise (or unlearn & learn) the usual idea about or a way of using a product.
- Behavioural Experiences – Behavioural experiences emerge due to alternative ways of doing things & alternative lifestyles. Such Pragmatic experiences may not be exhausted by, the concept of usability in post-purchase stage but extends to all the stages of the product-life cycle. (Gentile, Noci and Spiller, 2007)
- Social or Relational Experiences- Social experiences are created as a consequence of expansion beyond the individual's personal feelings and his/her social associations. Such experiences involve the person and beyond, his or her social context, relationship with other people and also with his or her ideal self. This experience might be generated due to an offering that encourages or requires the use or consumption together with one or more other people or which might create a common passion and form a community or which is a means of affirmation of a social identity.
- Lifestyle Experience – This is a newly emerging experience category that comes from the affirmation of the system of values and the beliefs of the person often through the adoption of a life-style and behaviours. The concept of lifestyles experiences emerge and hold importance when the product itself and its consumption becomes means of adhesion to certain values the company and the brand embody and the customers share. (Gentile, Noci and Spiller, 2007) Impact of experiences on consumer behaviour:

Experiences provide a certain "Reason" to the way consumers behave in future and thus consciously or sub-consciously make the consumer behaviour a "Planned" one. This manifests through the application of the Theory of Reasoned Action (Ajzen and Fishbein, 1975 and 1980) for exploring the factors which influence the consumers' decision to engage in a certain behaviour. "Reasons" formulate intention towards a certain behaviour. Intention of undertaking or not undertaking the behaviour is the direct predecessor to the behaviour after evaluation of the favourable or unfavourable performance of the behaviour. In many cases, it enunciates disposition of the attitude and the subjective norm wherein the subjective norm is basically the perception formed by the individual about undertaking or not undertaking that behaviour due to the social pressure.

One prominent assumption of Theory of Reasoned Action is that behaviour under consideration is volitional in nature i.e. person can decide whether he or she performs that behaviour or not (Ajzen, 1991). Although true in many cases, behaviour may also depend on other factors such as availability of appropriate opportunities and resources which collectively correspond to the people's actual control over the behaviour (Liska, 1984).

Customer intentions after the experience may range from weak to strong, for actions such as information gathering about the company and its products, purchase and repeat purchase and deeper involvement with the company. Intentions result in certain form of behaviour as a response to the experience determinants in form of customer satisfaction, delight, loyalty and reviews and recommendations. This process is dynamic and depends on various factors such as values created, types of experiences, personal & situational moderators, attitudes, strength of the intentions etc.

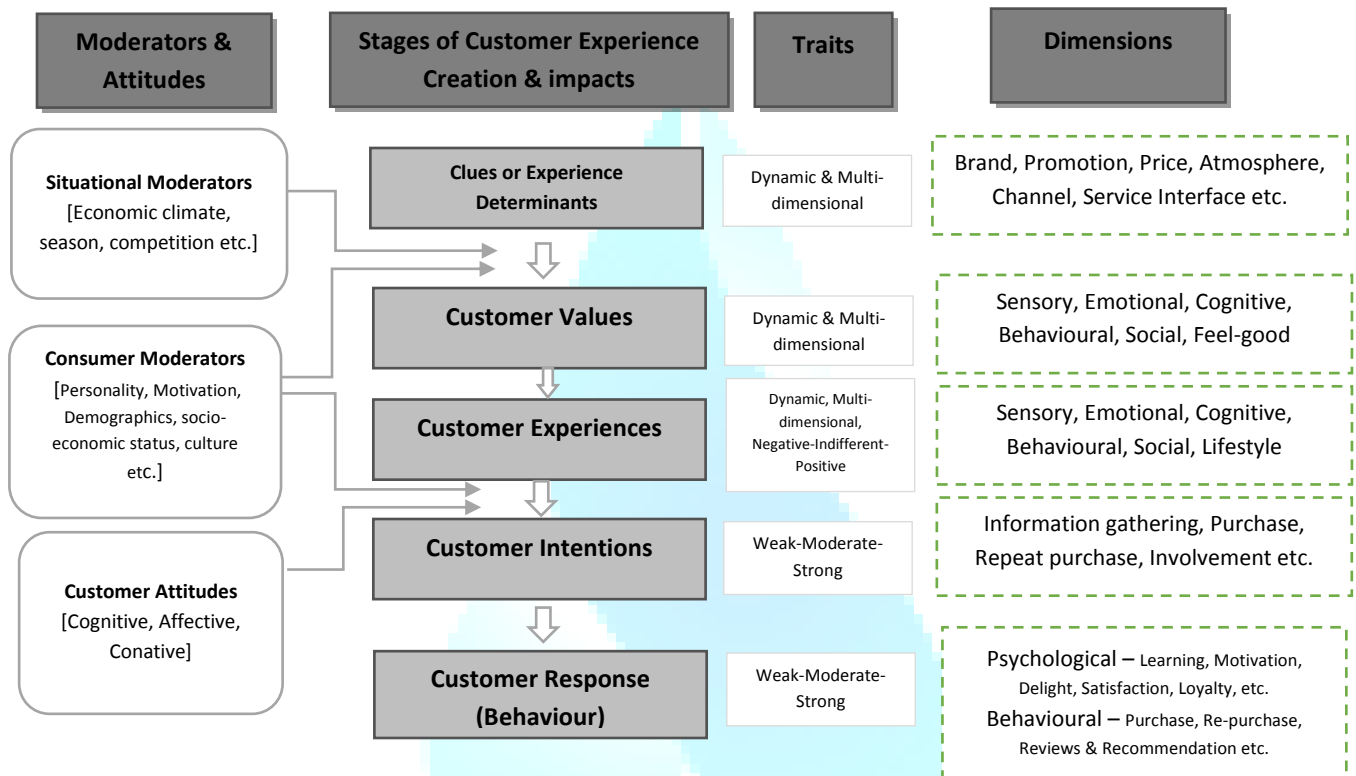
The acquired experiences impact the consumers broadly in Psychological and Behavioural dimensions. The psychological dimensions include consumer perception, learning, motivation, attitudes, trust, loyalty, satisfaction etc. The Behavioural dimensions are related to attraction and interest towards the company and its offerings leading to purchase intention and finally to the actual purchase behaviour (frequency & volume of purchase and re-purchase), referring & recommendations etc.

CONCEPTUAL FRAMEWORK OF CUSTOMER EXPERIENCE CREATION AND ITS IMPACTS

On the basis of the conceptual interpretation, a framework for Customer Experience Creation has been developed. The framework shows the stages of customer experience creation as (1) Confrontation with Clues or Experience Determinants, (2) Emergence of Customer values, (3) Effectuation of experiences, (4) Development of an intention towards a behaviour and (5) Consumer’s Response and Reaction in terms of a behaviour.

Situational moderators and consumer moderators impact the emergence of values and hence different values can emerge and become significant in varying situations for different people. Consumer moderators also affect the development of consumer intentions after having the experience. Another critical factor impacting consumer intention and subsequent behaviour is the attitude of the consumer. Attitudes, in perspective of their cognitive, affective and conative components affect the emergence of intentions in a conspicuous manner.

FIGURE 3: FRAMEWORK OF CUSTOMER EXPERIENCE CREATION & ITS IMPACTS



The framework, further specifies the traits (attributes) associated with each phase of the experience creation process and also elaborates upon the dimensions (aspects) that the phases can span up to. Experience determinants and the values generated are dynamic and multi-dimensional in nature. The manner in which they impact the consumer and the magnitude of this impact is dependent on various aspects and may change from time to time. Similarly Customer experiences are dynamic, multi-dimensional and may range from negative experiences, state of indifference to positive experiences. Customer intentions and Response can also be on a scale of weak to strong.

Dimensions of the Experience determinants are the different aspects of the retail environment that affect customer experience.

- Dimensions of customer values are the different types of values or components of values that emerge.
- Dimensions of customer experiences the various types of experience that are created. These are not mutually exclusive.
- Dimensions of customer intentions are the different activities towards which the customer shows his or her inclination after the experience.
- Dimensions of the customer response or behaviour are the different ways in which a customer reacts to the overall situation.

CONCLUSION

Customers always have an experience — good, bad or indifferent — whenever they purchase a product or service from a company. In order to create superior and satisfying customer experiences, brands and marketers need to understand the factors that determine customer’s experience and the process of experience creation.

Customer experience constructs are holistic in nature and involve customer’s cognitive, affective, emotional, social and physical responses to the brand and the retailer. The overall experience is created by some elements that are under the control of retailer (e.g., service interface, retail atmosphere, assortment, price), and also some elements that are outside the retailer’s control (e.g., influence of others, purpose of shopping). The Total Customer Experience is a result of various constructs, which are dynamic in nature and have overlapping effects. Companies are competing fiercely with one another on the aspects of combined offerings of functional and emotional benefits. But sustenance of customer connect, under the forces of changing customer profiles and increasing competition, is possible only by the incorporation of the mantra of “Customer Experience Creation and Management” in all its customer interfaces. Organizations that create a fancy through design elements or focus on the customer experience in isolated pockets of their business will not be able to delight their customers.

The research highlights various aspects of the sphere of customer experience which can be taken up in future researches to develop deeper insights into the subject area. A systematic application of principles and tools of customer experience creation and management is the need of the hour for organization to grow and become profitable. The experience that the company create for its target consumers has to designed using the constructs desirable by and valuable to the consumers. It has to be a Total Customer Experience satisfying the different dimensions of customers’ expectations.

REFERENCES

1. Ajzen, I. (1985), “From intentions to actions: A theory of planned behavior. In J. Kuhl & J. Beckman (Eds.), *Action-control: From cognition to behavior* (pp. 11-39). Heidelberg: Springer.
2. Berry, L. L., & Carbone, L. P. (2007). Build loyalty through experience management. *Quality progress*, 40(9), 26.
3. Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the total customer experience.
4. Carbone, L. P., & Haeckel, S. H. (2000). Engineering Customer Experiences. *White Paper Series, IBM Advanced Business Institute, White Plains, NY.*
5. Carù, A., & Cova, B. (2003). Revisiting Consumption Experience A More Humble but Complete View of the Concept. *Marketing Theory*, 3(2), 267-286.

6. Donnelly, M. (2009), "Building Customer Loyalty: A Customer Experience based approach in a Tourism Context", *Waterford Institute of Technology*.
7. Drotskie, A. (2009), "Customer Experience as Strategic Differentiator in Retail Banking", University of Johannesburg, South Africa, Published by *Global Business and Technology Association*.
8. Garrett, J. (2006), Customer Loyalty and the Elements of User Experience, Jesse J Garrett, Director User Experience Strategy, Adaptive Path, <http://www.dmi.org/dmi/html/interests/strategy/06171GAR35.pdf>
9. Gentile, C., Spiller, N., & Noci, G. (2007). How to Sustain the Customer Experience:: An Overview of Experience Components that Co-create Value With the Customer. *European Management Journal*, 25(5), 395-410.
10. Grewal, D., Levy, M., and Kumar V. (2009), "Customer experience management in retailing: an organizing framework," *Journal of Retailing.*, vol. 85, no. 1, pp. 1-14.
11. Grundey, D. (2008), "Experiential Marketing vs. Traditional Marketing: Creating Rational and Emotional Liaisons with Consumers", *The Romanian Economic Journal*, Year XI, no. 29 (3).
12. Haeckel, S.H. and Carbone, L.P. (1994), "Engineering Customer Experiences", *Marketing Management*, Volume 3.
13. Iyanna, S. (2012), "Value Evaluation of Customer Experience Using Consumer Generated Content", *International Journal of Management and Marketing Research*, Volume 5, Number 2, pp. 89-102.
14. Johnston, R. and Kong, X. (2011), "The Customer Experience: A Road Map for Improvement", *Managing Service Quality*, Vol. 21 Iss: 1, pp.5 – 24.
15. Klaus, P. and Maklan, S. (), "Customer Experience: Are We Measuring the Right Things", *International Journal of Market Research*, Vol. 53, No. 6, pp. 771-92,
16. Klaus, P.P. (2013), "Towards a better measure of customer experience", ESCE International Business School and Stan Maklan Cranfield, University School of Management, *International Journal of Market Research* Vol. 55 Issue 2.
17. Kumar, B. (2012), "Theory of Planned Behaviour Approach to Understand the Purchasing Behaviour for Environmentally Sustainable Products", *Indian Institute of Management, Ahmedabad* available at www.iimahd.ernet.in/assets/snippets/workingpaperpdf/10260621182012-12-08.pdf
18. Meyer, C. and Schwager, A. (2007), Understanding Customer Experience, *Harvard Business Review*.
19. Nasermodeli, A., Ling, K. C., & Maghnati, F. (2013), Evaluating the Impacts of Customer Experience on Purchase Intention by, *International Journal of Business and Management*; Vol. 8, No. 6.
20. Onarana, B., Bulutb, Z.A., and Özmenc, A.(2013), A Study to Investigate the Effect of Customer Value on Customer Satisfaction, Brand Loyalty and Customer Relationship Management Performance, *Business and Economics Research Journal*, Volume 4, Number 2, pp. 37-53 , ISSN: 1309-2448.
21. Pine, B. J., & Gilmore, J. H. (1998). Welcome to the experience economy. *Harvard business review*, 76, 97-105.
22. Puccinelli, N.M, Goodstein, R.C., Grewal, D., Price, R., Raghurib, P. and Steward, D. (2009), "Customer Experience Management in Retailing: Understanding the Buying Process", *Journal of Retailing*, Volume 85, Issue 1.
23. Schiffman L & Kanuk, L.(2009), *Consumer Behaviour*, 10th Edition, Prentice Hall.
24. Schmitt, B. (1999). Experiential marketing. *Journal of marketing management*, 15(1-3), 53-67.
25. Schmitt, B.H. (1999), "Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, Relate", *The Free Press*, U.S.A.
26. Schmitt, B.H. (2010), "Customer Experience Management: A Revolutionary Approach to Connecting with your customers", John Wiley & Sons.
27. Schreuder, A. (2010), "A new Customer Experience Measurement Model- A meta analytical review of findings over the period 2002 to 2009, 19th Annual Frontiers in Service Conference, 2010, Sweden", *Consulta Research*, South Africa.
28. Senthil, M., Chandrasekar, K. S., & Selvabaskar, S. (2012). "Experiential Retailing" as a Strategic Tool for Retail Store Differentiation and Brand Association - A Conceptual Approach. [Article]. *SIES Journal of Management*, 8(1), 92-102.
29. Shaw, C. and Iven, J. (2002), "Building Great Customer Experiences", *Palgrave Macmillan*.
30. Szwarc, P. (2005), "Researching Customer Satisfaction & Loyalty: How to find out what people really think", Kogan Page Publishers.
31. Varma, R.T.R. (2012), Enhancing and Empowering: Customer Experience, *SCMS Journal of Indian Management*.
32. Verhoef, P.C., Lemon, K.N., Parasuraman, A., Roggeveen, A., Tsiros, M., and Schlesinger, L.A. (2009), "Customer Experience Creation: Determinants, Dynamics and Management Strategies", *Journal of Retailing* 85.
33. Wijathammarit, S., and Taechamaneestit, T. (2012), The Impact of Customer Experience Management on Customer Loyalty of Supercenter's Shopper in Thailand, *International Journal of e-Education, e-Business, e-Management and e-Learning*, Vol. 2, No. 6
34. Wilburn, M. (2006), "Managing the Customer Experience: A Measurement-based Approach", *American Society for Quality*, Quality Press, Wisconsin.
35. Zaragoza, C. (2008), "Customer Experience Management in the Hotel Industry", *Bournemouth University*, UK.



A STUDY ON MOST INFLUENTIAL FACTORS OF CONSUMER'S BUYING PATTERN TOWARDS MEN'S WEAR WITH SPECIAL REFERENCE TO ERODE CITY

BISWARANJAN GHOSH
ASSOCIATE PROFESSOR

SARDAR VALLABHBHAI PATEL INTERNATIONAL SCHOOL OF TEXTILES & MANAGEMENT
COIMBATORE

A.J. MURALIDHARAN
NCUTE COORDINATOR

SARDAR VALLABHBHAI PATEL INTERNATIONAL SCHOOL OF TEXTILES & MANAGEMENT
COIMBATORE

M. SARAVANAN
RESEARCH SCHOLAR

SARDAR VALLABHBHAI PATEL INTERNATIONAL SCHOOL OF TEXTILES & MANAGEMENT
COIMBATORE

ABSTRACT

Consumer buying is a unique phenomenon, various factors influences the buying behaviour of consumer. Systematic analysis of consumer preferences with the thresh hold of emerging retailing can lead to patterns of buying like customer orientation towards organized retail, interpersonal and intra personal stimuli among the consumers, influence of social factors and its contribution towards environmental stimuli. Black box model of buyer characteristic and the decision module affecting the buyers' response have been studied and analyzed. The present study tries to trace out the components of customer satisfaction and buying pattern towards organized and unorganized retail sector at Erode city where data is collected through structured Questionnaire comprised of demographic factors and other attributes of satisfaction, analyzed through the percentage and one way variance analysis. Among various factors most of the consumers are influenced by value added service, brand image of the retailer, more than shopping a pleasant shopping experience.

KEYWORDS

Buying Patterns, Consumers, Customer Retention, Environment, Retail Service Factors, Social Factors, Stimuli Organized Retail& Unorganized Retail.

INTRODUCTION

Retailing is the most active and attractive sector. The retail industry has been present for many years in our country. However, it is only the recent past that has witnessed so much dynamism in this industry. The emergence of retailing in India has more to do with the purchasing power of buyers, especially of those who live in the post liberalization period. The current retailing revolution has been provided an impetus from multiple sources. These 'revolutionaries' many traditional and conventional stores upgrading themselves to modern retailing; companies are entering into the market directly to ensure exclusive assortment for their products & services, distribution management systems and solutions.

Emerging Asian countries of China, India, Indonesia, Philippines, Thailand and Vietnam have in recent times witnessed a sharp rise in economic growth, thereby propelling the level of income and spending power of its vast population. As a consequence of this rising consumerism, retail industry has witnessed high level of growth. However each Country with in this group of nations has different characteristics in terms of consumption pattern and retail development. While China's high level of income has led to rising aspiration for high-end and luxury products, India has seen major change in high end retailing in its major cities as well as its tier-2 cities. The Emerging ASEAN nations have a well-established organized retail culture which has been expanding further as infrastructure and income improves.

The current Indian apparel market has demonstrated resilience and growth in an environment characterized by slow economic growth. The domestic apparel market, which was worth INR 207,400 crore (~USD 38 billion) as of 2012, is expected to grow at a compound average growth rate (CAGR) of 9% over the next decade. Further, the recent omission of excise duty on branded apparel has provided an impetus to retailers in terms of the overall market sentiment. The Menswear Market with a market size of INR 87,500 crore (USD 16 billion) in 2012, menswear is the largest segment in India's apparel market, accounting for 42% of the overall market. In comparison, women's wear comprises 38% while kids wear 20%, of the market.

The demographic dividend of India is tilted in favour of the consuming age group and within the group the Indian fashion retail market is expected to deal with a heterogeneous consumer group. The Indian fashion consumer has been traditionally heterogeneous as a result of income disparities, the influence of ethnic clothing, regional preferences, etc. But in recent times, heterogeneity in taste, choice, and preferences has increased substantially even within consumers in the same region and same ethnic group, belonging to the same income level and age range. The Indian consumer is now conscious about his/her personality and selects such fashion products as might suit his/her personality the best. As a consequence, exclusive ethnic wear brands are multiplying in the market which is also accepting western wear fashion items more readily. Each city has its own dynamics in terms of socio-economic factors, population characteristics and physical infrastructure in shaping-up its retail industry. With this dynamic industry environment the present study focuses on both organized and unorganized retail format in Erode city of TamilNadu, India to assess the preparedness of industry to satisfy the changing needs of consumers.

Erode district and Erode city situated in Tamil Nadu sharing borders with Karnataka state, and draws its water resources from Rivers like Kaveri, Bhavani. Over 35 % of its area is covered by forests yielding very high value timbers like sandalwood. Agriculture plays a vital role and the district has a good track record of producing various agriculture crops like paddy, cotton etc. For several years the district is engaged in production of edible oil, cotton ginning, Textiles especially in the manufacture of home furnishings like bed sheets, bed linen, apparels and garments. Erode is for many decades is epicenter for commodity market and traders from all parts of country visit erode periodically for the purchase of commodities and textiles in bulk quantity.

The growth of textile and allied industry at Erode is encouraging, and providing large scale employment. Erode is fast developing city accommodating people of different cultures and multiple languages.

The city has entered in to urban developing mode in addition to its large numbers of existing un organized retail business centers, many new retail out lets have also started to cater to the needs of locals as well as in particular the floating population.

REVIEW OF LITERATURE**UNORGANIZED RETAIL**

"Unorganized retailing" is defined as an outlet run locally by the owner or caretaker of a shop that lacks technical and accounting standardization. The supply chain and sourcing are also done locally to meet local needs. Its organized counterpart may not obtain its supplies from local sources (R Dalwadiet *al*, 2010).

ORGANIZED RETAIL

Modern Organized Retail can be referred as the mall setup (Reliance Mart/Big Bazaar) and standalone format (Raymond's stores, Koutons Stores) aligned centrally in respect to Merchandise/Manpower/Planning/Touch & Feel Display Alignments and Technology Integrations (R Dalwadiet *al*, 2010).

DISTINCTION BETWEEN ORGANIZED RETAILING AND UNORGANIZED RETAILING

R.Dalwadiet *al*, 2010 have classified organized and unorganized retails on following parameters: scale & scope of operations, operation systems, business management, number of stores, business principles, shopping experience & range of products, physical ambience, parking facility, convenience of choosing products, pricing, bargaining, sourcing of merchandise, variety & styles of merchandise.

FACTORS OF APPAREL BUYING BEHAVIOUR MODEL

Kassarjian (1971) states that consumer behaviour researchers must develop their own definitions and design their instruments to measure the personality variables that go into the purchase decision. (as cited in Thomas & Sekar, 2008). K. Balanaga G. et al, (2013) studied apparel buying behavior model on the basis of five dimensions, namely

- consumer characteristics
- reference groups
- store attributes
- promotion
- Product experience and attributes.

All these dimensions are created based on the various research studies on the consumer behavior and also through the opinion of various experts from the industry and academic institutions.

CONSUMER CHARACTERISTICS

Consumer characteristics are the consumer attributes like involvement, fashion & brand consciousness, loyalty, emotion etc. which differs from consumer to consumer and also have effect on apparel buying behaviour. It is measured under the indicators viz. the preference of readymade garments, fashion consciousness, brand consciousness, receiving or giving apparel as gift, importance of store image, impulsive buying behaviour, planned buying behaviour, loyalty towards store and product brand, comparison behaviour, apparel purchase decision making, brand awareness, importance of emotional feelings, preference to wear and try before purchase, bargain behaviour, eco-friendly apparel, and importance to business ethics.

REFERENCE GROUPS

Reference groups are the external influencers like television programs, magazines, consumers' favorite celebrities or stars, friends, family members, other persons etc. who influence the apparel buying behaviour of the consumers. Maninder Singh and KuldipKaur (2010) cited that celebrities are individuals who enjoy public recognition and who use this recognition on behalf of a consumer good by appearing with it in an advertisement. They also cited the ability of a celebrity to generate the actual purchase behavior of consumers by their trustworthiness and credibility and celebrities have great source of power to attract the consumer and change their behaviour positively towards the purchase intentions of the product. It is measured with the indicators viz. TV shows, magazines, favorite celebrities, influence of friends, friends favour towards the apparel buying behaviour of the consumer, parent's preference and other peoples' perception.

STORE ATTRIBUTES

Store attributes are the store atmospherics and characteristics like facilities in the store, services provided by the store, store format etc. which influence the consumer apparel buying behaviour. Reynolds (2002) states that understanding patronage behaviour is one of the key to success for today's retailers. Increasingly it is necessary that managers know which retail attributes are important to which shoppers so that the appropriate retail strategies can be developed. Past studies have done a commendable job in developing shopper profiles or typologies. Researchers have sought to identify customers' motivation for shopping and the store attributes most important to various segments of shoppers. It is measured by the indicators viz. parking space, trial room, debit card acceptance, membership card provision, apparel free alteration services, apparel updates through mail, mobile phones etc., selling apparel on credit basis, online services, Multi-Level-Marketing format, and shopping space.

PROMOTION

Promotion is the various promotional techniques adopted by the retail stores to attract and persuade customers. Many previous research studies indicated that there is a significant positive influence of promotional techniques on consumer buying behaviour. It is measured by the indicators viz. marketing techniques adopted by the apparel store, advertisement, pricing techniques, and visual displays.

PRODUCT EXPERIENCE AND ATTRIBUTES

Customer preference and value placed on men's fashion apparel is largely influenced by the social differentiation of products and self-esteem of the consumer. These attributes are likely to vary depending on the customers' cultural orientation. The cultural dimensions of individualism, uncertainty avoidance, power distance, and masculinity should be a useful framework to explain cross-cultural differences in customer acceptance of designer or fashion apparel products.

Apparel is often used for its symbolic value reflecting the personality and status of the user. When the apparel holds a designer or international brand, it may be perceived as an ostentatious display of wealth. Thus consumers are motivated by a desire to impress others with their ability to pay particularly high prices for prestigious products. Such personality dimensions often play critical role in shifting the consumer culture towards brand led buying behavior of utilitarian goods.

Product attributes are the product features like style/design, quality, price, brand, fit etc. Kwan *et al* (2004) mentions that researchers have identified many product attributes and criteria that are critical for fashion consumers in clothing purchases and basically all these can be summarized under intrinsic and extrinsic categories. They also identified five factors in clothing choice criteria viz. named product and self-image related criteria, style and quality related criteria, durability and easy care, fit and sex appropriateness, and price. It is measured by using the indicators viz. style, price, fit, brand, and quality.

In reference to above model and studies the present research was focused on the following attributes given in Table-1:

TABLE NO.1: DISTRIBUTION OF FACTORS BETWEEN ORGANIZED AND UNORGANIZED RETAILS

Factors of Organized Retail Store	Factors of Unorganized Retail Store
Price	Price
Quality	Quality
Variety	Variety
Location	Location
Service	Service
Everything at one place	Everything at one place
Offers	Offers
Relationship	Relationship
Ambience	Ambience
Faster	Faster
Parking Facility	Parking Facility
Displays And VM	Displays And VM
Value Added Customer Service	Bargaining Possible
Complaint Handling/ Customer Care	
Customer Assistance	
Easy to Shop	Easy to Shop
Exchange Policy	Exchange Policy

NEED OF THE STUDY

Customer retention, enhancement of customer base, customer servicing are the major key elements contributing to the growth of retail industry. Even though the Indian retail industry is envisaging rapid growth, the sustainability of the retail outlets depends upon the above mentioned factors. Proper and scientific investigation of consumer buying pattern, needs and their preference on various parameters shall pave way for more adaptability of new techniques and enhance the growth.

STATEMENT OF THE PROBLEM

Current retail scenario witness severe competition, retention of loyal customer, enhancement of customer base and further the retail industry runs in to over stocking or loss in opportunity due to non-availability of the proper merchandise. A detailed study on consumer buying pattern and implementing the suggestions based on the study will improve the performance of the retail industry.

OBJECTIVES

1. To study the consumer buying pattern towards men’s clothing wear
2. To study the factors influencing the consumers to prefer to buy from organized and organized retail stores
3. To offer suitable suggestions’ for both the format of retails for enhancement of their services.

HYPOTHESIS

H0: There is no significant relationship exists between organized and unorganized retail store attributes.

H1: There is a significant relationship exists between organized and unorganized retail store attributes.

RESEARCH METHODOLOGY

This study is based upon the descriptive type of research and embodied with both primary and secondary data. The primary data were collected through a self-administered structured questionnaire from the customers who visited selected organized and unorganized retail stores in Erode city. An equal number of textile & clothing organized and unorganized retail stores were selected for the study. The respondents were selected on the basis of convenience sampling which means that the customers who are willing to respond to the questionnaire were selected. The sample size was restricted to 200 respondents. The tools employed for data analysis are percentage and one way ANOVA through SPSS.

RESULTS AND DISCUSSIONS

TABLE NO. 2: DEMOGRAPHIC FACTORS OF THE RESPONDENTS

AGE					
	18-28	29-35	36-40	Above 41 years	Total
No. of Respondents	84	52	44	20	200
Percentage	42	26	22	10	100
QUALIFICATION					
	High School	Graduation	Post-Graduation	Professional Qualification	Total
No. of respondents	66	80	36	18	200
Percentage	33	40	18	9	100
TYPES OF FAMILY					
	Nuclear		Joined		Total
No. of respondents	98		102		200
Percentage	49		51		100
MARITAL STATUS					
	Single		Married		Total
No. of respondents	108		92		200
Percentage	54		46		100
OCCUPATION					
	Business		Employee	Student	Total
No. of respondents	61		63	76	200
Percentage	30.5		31.5	38	100
INCOME PER MONTH					
	Less than 10000	10001 to 30000	30001 to 50000	Above 50001	Total
No. of respondents	77	52	59	12	200
Percentage	38.5	25.5	29.5	6	100
PLACE OF LIVING					
	Based on Erode		From other place		Total
No. of respondents	115		85		200
Percentage	57.5		42.5		100

As regard to educational qualifications of the respondents, 33% of the respondent comes under the high school level, 40% of the respondent comes under graduation level, 18% of the respondent comes under post-graduation level, and 9% of respondent comes under professional qualification level. 49.5% of the respondent comes under nuclear family and 50.5% of the respondent comes under joint family. 54% of the respondents are single and 46% of the respondents are married. 30.5% of respondents are of students, 31.5% are employed and 38% are having their own business.

With reference to income levels, 38.5% are less than Rs.10,000, 26% are Rs.20001 to 30000 /- , 29.5% are Rs.30001 and 50000 /- and 9% are above Rs.50000 /- . 57.5% of based at Erode city and 42.5% of from other place.

TABLE NO.3: PERCENTAGE ANALYSIS

PARAMETERS	ORGANIZED STORE					UNORGANIZED STORE				
	poor	okay	good	better	Best	poor	okay	good	better	Best
Grade	6	36.5	49.5	7.0	1.0	4.0	7.5	17.5	64.5	6.5
Price	0	10	19	53	18	6.0	33.5	37.5	19.5	3.5
Quality	3.0	30	48	16	3.0	6.0	10.5	25.5	46.0	12.0
Variety	4.5	15	22	53	5.5	5.5	15.5	31.0	42.5	5.5
Location	4.0	11.5	28	51	5.5	11.5	33.5	26.5	23.0	5.5
Service	5.0	34.5	36.0	21.5	3.0	5.0	11.5	25.5	40.0	18.0
Everything at one place	3.5	32.0	35.0	27.0	2.5	9.0	18.5	35.5	29.5	7.5
Offers	2.5	9.5	29.0	52.0	7.0	17.0	30.5	27.0	16.0	9.5
Relationship	1.5	11.5	33.0	48.0	6.0	15.0	29.0	27.5	22.0	6.5
Ambience	3.0	78.5	33.0	52.0	4.5	7.0	30.0	20.5	37.0	5.5
Faster	4.0	20.5	37.5	32.0	6.0	7.5	34.5	29.5	20.0	8.5
Parking Facility	3.0	8.0	27.0	47.0	15.0	17.5	24.5	33.0	20.0	5.0
Displays And VM										

Organized retail sector has an edge over unorganized retails on the following parameters. (shown in TABLE NO.3)

- Quality of the products
- Location of the outlets
- Customer service
- Ambience of the outlets
- Professional approach toward understanding the needs and quick response to customer need.
- Display arrangement.

An unorganized retail outlet has price advantage over an organized sector.

Both the sectors are at par as regard to variety of the goods, parking facility.

ONE WAY ANALYSIS OF VARIANCE (ANOVA)

TABLE NO. 4: ORGANIZED RETAIL STORE PRICE VS. UNORGANIZED RETAIL STORE PRICE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.728	4	3.432	6.824	.227
Within Groups	98.067	196	.503		
Total	111.795	200			

The F ratio value is 6.824. The significant table value is 0.227 which is greater than the significant level of 0.05, so we reject the null hypothesis. Hence there is no significant relationship between organized and unorganized retail store price related attributes.

TABLE NO. 4.1: ORGANIZED RETAIL STORE PRODUCT QUALITY VS. UNORGANIZED RETAIL STORE PRODUCT QUALITY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.127	4	1.032	1.426	.000
Within Groups	141.053	196	.723		
Total	145.180	200			

The F ratio value is 1.426. The significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store quality related attributes.

TABLE NO. 4.2: ORGANIZED RETAIL STORE PRODUCT VARIETY VS. UNORGANIZED RETAIL STORE PRODUCT VARIETY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.613	4	.653	.954	.434
Within Groups	133.467	196	.684		
Total	136.080	200			

The F ratio value is 0.954. The significant table value is 0.434 which is greater than the significant level of 0.05, so we reject the null hypothesis. Hence there is no significant relationship between organized and unorganized retail store product varieties related attributes.

TABLE NO. 4.3: ORGANIZED RETAIL STORE LOCATION VS. UNORGANIZED RETAIL STORE LOCATION

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.740	4	4.435	5.202	.101
Within Groups	166.260	196	.853		
Total	184.000	200			

The F ratio value is 5.202. The significant table value is 0.101 which is greater than the significant level of 0.05, so we rejected the null hypothesis. Hence there is no significant relationship between organized and unorganized retail store location related attributes.

TABLE NO. 4.4: ORGANIZED RETAIL STORE SERVICE VS. UNORGANIZED RETAIL STORE SERVICE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.924	4	.981	1.188	.000
Within Groups	160.951	196	.825		
Total	164.875	200			

The F ratio value is 1.188. The significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store service related attributes.

TABLE NO. 4.5: ORGANIZED RETAIL STORE OFFERS VS. UNORGANIZED RETAIL STORE OFFERS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.407	4	2.102	2.617	.076
Within Groups	156.613	196	.803		
Total	165.020	200			

The F ratio value is 2.617 The significant table value is 0.076 which is greater than the significant level of 0.05, so we reject the null hypothesis. Hence there is no significant relationship between organized and unorganized retail store offers related attributes.

TABLE NO. 4.6: ORGANIZED RETAIL STORE AMBIENCE VS. UNORGANIZED RETAIL STORE AMBIENCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.699	4	1.675	2.495	.000
Within Groups	130.896	196	.671		
Total	137.595	200			

The F ratio value is 2.495. The significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store ambience related attributes.

TABLE NO. 4.7: ORGANIZED RETAIL STORE FASTER VS. UNORGANIZED RETAIL STORE FASTER RESPONDS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.895	4	1.224	1.850	.000
Within Groups	128.980	196	.661		
Total	133.875	200			

The F ratio value is 1.850 .The significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store faster response related attributes.

TABLE NO. 4.8: ORGANIZED RETAIL STORE PARKING FACILITY VS. UNORGANIZED RETAIL STORE PARKING FACILITY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.385	4	2.596	2.981	.000
Within Groups	169.810	196	.871		
Total	180.196	200			

The F ratio value is 2.981 The significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store parking facility related attributes.

TABLE NO. 4.9: ORGANIZED RETAIL STORE DISPLAYS& VISUAL MERCHANDISING VS. UNORGANIZED RETAIL STORE DISPLAYS& VISUAL MERCHANDISING

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.913	4	2.478	2.934	.000
Within Groups	164.707	196	.845		
Total	174.620	200			

The 'F' ratio value is 2.934 and the significant table value is 0.000 which is lesser than the significant level of 0.05, so we consider the null hypothesis. Hence there is a significant relationship between organized and unorganized retail store displays and visual merchandising related attributes.

1. From the One-Way Analysis of Variance (ANOVA) depicted in table 4, respondents felt that the men's apparel & textiles organized retail store product quality, service, store ambience, quick assistance to the customer, parking facility, displays and Visual Merchandising are better than the un-organized retail stores.
2. The product price & variety and location in the case of un-organized retail store are better than organized retail

FINDINGS

1. Consumer's buying patterns were favourable in case of convenience whilst they shopped at various organized retail stores.
2. Most consumers would like to get updates regarding the latest products, and desired the assistance of the store personnel while shopping at organized and unorganized retail outlets.
3. Value added services were expected by a significant number of consumers shopping at unorganized retail stores in the city.
4. The brand image of the retailers plays a pivotal role in attracting the consumers.
5. Reasonable price were one of the most important factor to positively influence the buying attitude of consumers towards unorganized retailers in the city.
6. Most of the consumers were strongly recommended that unorganized retailers should improve a good shopping experience at their stores.
7. Most of the consumers preferred shopping on weekend days only.
8. Most of the consumer felt that organized retail stores price is slightly higher than the unorganized retail stores price level. At the same time consumers were happy with the product quality of the organized retail stores.
9. Most the consumers felt that to improve the collections in a product line of the organized retail stores.
10. Most of the consumers were happy with quick response and understanding their needs when purchase a product in the organized and unorganized retail stores in the city.

SUGGESTIONS FOR ORGANIZED RETAILERS

1. Organized retailers should offer affordable price products for the middle class consumers with reasonable quality which will increase the customer of a store and get new loyal customer for a store or particular brand.
2. Organized retailers must offer a wide variety of the product assortments for the convenience of all types of consumers.
3. Organized retailers should excise caution combined with relaxation of purchase value while issuing a loyalty card and suggest giving some offers at normal period of sales.
4. Judicial choice of selecting an organised retail show room plays vital role to attract customer. Organised retail can be at the main heart of the city or at other location
5. Parking facility plays a key role in attracting the customers and the organised retail store should make suitable arrangements for parking.
6. Organized retailers should improve their local advertisement for attracting the customer.

SUGGESTIONS FOR UNORGANIZED RETAIL STORES

1. The unorganized retailers have to upgrade themselves to compete with the organized retailers.
2. The unorganized retailers need to offer good quality products, with a wide range of product assortments to effectively compete with organized retailers.

3. The unorganized retail should give proper training for the fashion assistant.
4. The unorganized retailers should provide adequate service to the customer.
5. The unorganized retailers should improve store layout, design and ambience of a store as per current trend and technology for easy to shop.
6. The unorganized retailers have to concentrate more in visual merchandising and window display for attracting the customer aiding impulse purchase.
7. The unorganized retailers should provide adequate parking facility for the customer.
8. The unorganized retailers should maintain personal relations with their customers and record the preferences of their regular customer.

CONCLUSION

Undoubtedly, the retail sector is one of the key sectors in the Indian economy. The major contributive part of retailing in the Indian economy would ensure the prosperity of the nation in terms of employment creation. The modernization of the retail business is indeed challenging for the traditional retailers as they have to cope with the competitive pace of the markets. This study is mainly focused on the factors which generally influence the consumers whilst they make purchase at the organized and unorganized retail stores. Apparently, the retail consumer's attitudinal dimensions force them to have diversified patterns at various buying spots. Thus, the situation makes the retailers more vigilant about adopting consumer-friendly marketing strategies in terms of selling the best quality of products and services continuously to the consumers. And above all are maintaining loyal and regular clientele.

LIMITATION OF STUDY

- The study is restricted to Erode city only
- The finding and inferences drawn is suitable to the existing trend in retail industry and it may change from time to time
- The sample is convenient and size is limited to 200 respondents due to time constraints

SCOPE FOR FURTHER STUDY

Similar kind of studies can be conducted for other places with other apparel segments and consumer goods with enhanced parameters.

REFERENCES

1. AbhigyanSarkar (2008), "Latest Trends in Consumer Buying Behaviour in Lifestyle Centres Worldwide", The Icfai Journal of Management Research, Vol. VII, No.6, 70 – 82.
2. AgrwalVaishli and Sanjay Mishra (2008), "Role of Retailers in Reducing Inventory AndImproving Customer Satisfaction: An Empirical Study Of Consumer Durables", *Indian Journal of Marketing*, pp. 36-43.
3. BaseerAmatual and G LaxmiPrabha (2007), "Prospects and Problems of Indian Retailing", *Indian Journal of Marketing*, pp.26-28.
4. BhatnagarGitanjali (2004), "Retail Revolution", *Indian Journal of Marketing*, pp.13-17.
5. Dave Sumita, ShikhaSondhi and SaketRanjanPraveer (2008), "Effectiveness of ETailing in the era of Techno Revolution in retailing With Respect to Vending Machines", *Journal of Marketing andCommunication*, Vol. 4, pp. 71-79.
6. Dixon T J (2005), "The Role of Retailing in Urban Regeneration, Local Economy, Vol. 20, No. 2, pp. 168-182.
7. Frank R. Kardes, "Consumer Behavior and Managerial Decision Making", Second edition, Pearson Education, 2002.
8. Gupta C P (2008), "Rajeev Agarwal and Madhulicasinha, Organised Retailing and its Effect on Consumer Buying Behavior with Special Reference to Agra City", *Journal ofMarketing and Communication*, pp. 80-88.
9. J. Scott Armstrong (1991). "Prediction of Consumer Behavior by Experts and Novices". *Journal of Consumer Research*, *Journal of Consumer Research* Inc. 18: 251–256.)
10. Jayashree Krishnan and SakthivelMurugan (2006), "Lifestyle and its influence on Brand Choice Behaviour", The Icfai Journal of Management Research, Vol. V, No.7, 25 – 34.
11. Jihyun Kim and Damhorst. M.L (2010), "Effects of Level of Internet Retailer's Service Quality on Perceived Apparel Quality, Perceived Service Quality, Perceived Value, Satisfaction and Behavioral Intentions Toward an Internet Retailer", *Clothing and Textile Research Journal*, 28(1), 56-73.
12. Jin and Kang (2010), "Face or Subjective Norm? Chinese College Students' Purchase Behaviours Towards Foreign Brand Jeans", *Clothing and Textile Research Journal*, 28(3), 218-233.
13. Joseph Mathew, NirupamaSoundararajan, Manisha Gupta and SanghamitraSahu (2008), Impact of Organised Retailing on Unorganised Sector Working Paper ICRIER, p. 222.
14. K. BalanagaGurunathan& M. Krishnakumar (2013) "Factors Influencing Apparel Buying Behaviour in India: A Measurement Model" - *Indian Journal of Research* Volume : 2, Issue : 3
15. Kassarian, H H (1971), "Personality and Consumer Behaviour: A Review", *Journal of Marketing Research*, 84(4), 409-418.
16. Kim, Y-K, Kim, E.Y, and Kumar,S (2003), "Testing the Behavioural Intentions Model of Online Shopping for Clothing", *Clothing and Textile Research Journal*, 21(1), 32 to 40.
17. Kwan. C.Y, Yeung. K.W, Au. K.F (2004), "Decision – making Behaviour Towards Casual Wear Buying: A Study of Young Consumers in Mainland China", *Journal of Management and World Business Research*, Vol 1, No.1.
18. Maninder Singh and KuldeepKaur (2010), "Celebrity Endorsement and Purchase Decision: A Study From Major Districts of Punjab", *Apeejay Journal of Management and Technology*, Vol.5, No.1, 1-7.
19. Neena and Sanghvi, S.R (2006), "Gender Influence in Garment Purchase: An Empirical Analysis", *Global Business Review*, 7:1, 57 – 74.
20. Park, J.H and Lennon, S.J (2004), "Television Apparel Shopping: Impulse Buying and Parasocial Interaction", *Clothing and Textile Research Journal*, 22(3), 135- 144.
21. ParomitaGoswami (2007), "Apparel Shopping Behaviour of Urban Indian College students", The Icfai Journal of Management Research, Vol. VI, No.4, 57 – 71.
22. Paul Peter & Jerry C. Olson, "Consumer Behaviour and Marketing Strategies", 7th edition, McGraw Gill (2007).
23. Prasad, J.S and D. Ragnunatha Reddy (2007), "A study on the role of demographic and psychographic dynamics in food and grocery retailing", *VISION – The Journal of Business Perspective*, Vol. II, No.4, Oct – Dec'07, 21 – 30.
24. R Dalwadi, H S Rathod and A Patel (2010) " Key Retail Store Attributes Determining Consumers' Perceptions: An Empirical Study of Consumers of Retail Stores Located in Ahmedabad (Gujarat)" *SIES Journal of Management* Volume 7, Issue 1, April - August
25. Thomas, B &Sekar, P (2008), "Measurement and Validity of Jennifer Asker's Brand Personality Scale for Colgate Brand", *Research*, Vol. 33, No. 3, pp. 49-61

WOMEN ENTREPRENEURIAL DEVELOPMENT AND MSME'S**T. PONSINDHU****RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS ADMINISTRATION
PSGR KRISHNAMMAL COLLEGE FOR WOMEN
COIMBATORE****DR. S.NIRMALA****HEAD****DEPARTMENT OF BUSINESS ADMINISTRATION
PSGR KRISHNAMMAL COLLEGE FOR WOMEN
COIMBATORE****ABSTRACT**

Promotion of Women Entrepreneurship is a vital issue for several countries including India. Micro, Small and Medium Enterprises (MSMEs) play a vital role in the development of Women entrepreneurs. This paper focuses on the schemes available for development of women entrepreneurship through micro, small and medium enterprises. The schemes are created by Government and processing through MSME to encourage the existing women entrepreneurs in the business sector and also to encourage the budding business of women entrepreneurs. For the existing women entrepreneurs, the MSME provides Micro and Small Enterprises Cluster development programmer (MSE-CDP) and other schemes to enhance competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. For the budding women entrepreneur, MSME provides Trade Related Entrepreneurship assistance and development schemes for women (TREAD), Entrepreneurship development Programmer (EDP) and other schemes for setting up their own venture, capital investment, educational skills and ability to run the business. MSME is providing Credit linked Capital Subsidy Scheme (CLCSS) for Technology Up gradation. The paper throws light on the available schemes and subsidy of special benefits to women and also creates awareness of these schemes to women entrepreneurs.

KEYWORDS

Micro, Small and Medium Enterprises (MSMEs), Entrepreneurial development, Women entrepreneurs.

WOMEN ENTREPRENEURS DEVELOPMENT

Entrepreneurship is considered as one of the most important factors contributing to the economic development of the society. Entrepreneurs such as men and women are considered as instrumental in initiating and sustaining socio-economic development of country. The emergence of women entrepreneurs' contribution is lesser than the men contribution to the national economy in India. To Increase the women contribution government to motivate number of women entrepreneurs in small and medium enterprises.

Women Entrepreneurs is defined by Government of India "An enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated by the enterprise to women." Now women have taken up entrepreneurial role in order to create a meaning for themselves. The traditional roles of housewives are gradually changing into women entrepreneurs. Some of the factors responsible for these changes are better education, changing socio cultural values and need for supplementary income. The entrepreneurial role of women is now accepted as an indicator of a stage of development and therefore to support women entrepreneurs government frame policies and enhancing the rights, roles, opportunities and promotion of women entrepreneurs through various schemes, incentives and promotional measures.

CLASSIFICATIONS OF WOMEN ENTREPRENEURS

Women Entrepreneur is classified into three categories, i.e. women employer, women own account workers and bosses wives. These categories are based on, how the women started their business with the help of others

- Women employers refers to those women who provide work opportunities to paid employees.
- Women own account workers are those self- employed business owners who do not hire employees.
- Bosses wives are referring those women who normally hide behind their husbands but are the real managers of their husbands business. They are often behind the scene operator of their small and medium entrepreneurs. Although they are normally without wages, most of them in fact are half owners and half managers in their husband companies.

SCHEMES OF MSME

Micro, Small & Medium Enterprises (MSMEs) plays an important role in the economic growth of our country. It provides employment to nearly 60 million people and contributes over 45% of the total manufactured output and 40% of total exports. The primary responsibility of promotion & development of the MSMEs lies with the State Govt. However, the Central Govt. is playing a proactive role in supplementing the State Govt.'s efforts for the promotion & development in several sectors, such as Infrastructure Development, Technology Up gradation, Credit Support, marketing & Export Promotion, Entrepreneurship Development & Training and Database and information service. Most of the programmers for the development of the MSE sector are implemented through the two organizations of the Ministry of MSME. These are- MSME Development Organization (MSME-DO) and National Small Industries Corporation Limited (NSIC). Under MSME-DO, thirty (30) MSME-DIs and 28 Branch offices are functioning and networking throughout the country for the promotion and development of the MSME sector in India.

In order to develop the women entrepreneur in micro small and medium enterprises (MSME). The government provides several schemes to women entrepreneur such as Trade Related Entrepreneurship Assistance and development scheme for women(TREAD), Micro & Small Enterprises Cluster Development Programme (MSE – CDP), Credit Guarantee Fund Scheme, Entrepreneurship Development Programme (EDPs), Technology Up gradation and Marketing development Export promotion.

SCHEMES FOR THE DEVELOPMENT AND PROMOTION OF WOMEN ENTREPRENEURS**1. TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD)**

During 11th plan Trade Related Entrepreneurship Assistance and Development Scheme has been created by the government for the empowerment of women to development their entrepreneurial skills. The components of this scheme are:

Sl.No	Components of this scheme
1.	Government grant up to 30% of total cost to Non Government Organization (NGO) for promoting Entrepreneurship among women and 70% of Project cost is financed by the lending agencies as a Loan.
2.	Government grants up to Rs.1 lakh per training programme to selected institutions / NGOs for providing training to the women entrepreneurs.
3.	Government grants upto Rs.5 lakh to National Entrepreneurship Development Institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules etc

PROCEDURE TO OPERATE THE SCHEME

The scheme envisages that Women Associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and submitted to the bank, which are signatories to participate in the scheme, namely, Syndicate Bank, State Bank of India, Canara Bank and Allahabad Bank. A copy of the proposal submitted to the bank should be endorsed to DC (MSME). Bank examines the proposal and issues approval. On the basis of the approval proposal considered by M/o MSME and 30% of the loan amount is sanctioned as grant and made available to the bank

2. MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)

Government of India has enhanced the cluster development programme (MSE-CDP). It is a key strategy of productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs). The scheme is promoting group of enterprises, normally producing same and similar product and services units into one industry. The cluster development objectives are improvement of technology, up gradations of technology, upgrade infrastructural facilities, marketing of products and competitiveness.

Schemes	Project Cost	Government Contribution
Diagnostic study	Maximum Cost Rs. 2.50 Lakhs	-
Soft Interventions	Maximum cost of project Rs. 25 Lakhs	75% Contribute by GOI (90% for Special Category States and for clusters with more than 50% Women/ Village/Micro/SC/ST units)
Hard Interventions	Maximum cost of project Rs.15 crore	70% Contribute by GOI (90% for Special Category States and for clusters with more than 50% Women/ Village/Micro/SC/ST units)
Infrastructural Development (New/existing industrial)	Maximum cost of project Rs. 10 crore	60% Contribute by GOI (80% for Special Category States and for clusters with more than 50% Women/ Village/Micro/SC/ST units)

PROCEDURE TO OPERATE THE SCHEME

- i) A Cluster Development Executive (CDL) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME-DI officer/retired expert or even hired person from Non-Government Sector.
- ii) The hard interventions in a cluster and creation of physical infrastructure require to set up a users body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

3. CREDIT GUARANTEE FUND SCHEME

To ensure better flow of credit to MSMEs by minimizing the risk perception of financial Institution & banks in lending without collateral security, a Credit Guarantee Fund Scheme for Micro and Small Enterprises was introduced by the Govt. of India. The Scheme covers collateral free facility up to Rs One crore extended by eligible lending institution to new & existing MSMEs. In the State limited application of propagation of this scheme is contoured at present.

Category	Maximum Extent of Guarantee where credit facility is		
	Up to Rs. 5 Lakh	Above Rs.5 Lakh upto Rs. 50 Lakh	Above Rs.50 Lakh upto Rs. 1 Crore
Micro Enterprises	85% of the amount in default subject to a maximum of Rs. 4.25 Lakh	75% of the amount in default subject to a maximum of Rs. 37.50 Lakh	Rs. 37.50 Lakh Plus 50% of amount in default above Rs. 50 Lakh subject to overall ceiling of Rs.62.50 Lakh
Women entrepreneurs	80% of the amount in default subject to a maximum of Rs. 40 Lakh		Rs. 40 Lakh Plus 50% of amount on default above Rs. 50 Lakh subject to overall ceiling of Rs. 65 Lakh
All other Category of borrowers	75% of the Amount in default subject to a maximum of Rs.37.50 Lakh		Rs. 37.50 Lakh Plus 50% of amount in default above Rs. 50 Lakh subject to overall ceiling of Rs.62.50 Lakh

4. ENTREPRENEURSHIP DEVELOPMENT TRAINING PROGRAMME:

The EDIs is created by government for supporting entrepreneurship and skill development activities. Its main objectives is providing training to first generation entrepreneurs and assisting them in setting up of new micro and small enterprises and enlarging the entrepreneurial base in rural as well as urban areas. The various training programme were conduct by MSME – Dis

- a) Industrial Motivation Campaign
- b) Entrepreneur Development Programme
- c) Entrepreneurship Skill Development Programme
- d) Management Development Programme
- e) Skilled Development
- f) Business Skill Development Programme
- g) Other Specialized programmes like Bio- technology, etc.

MSME Dis regularly conducts EDPs/MDPs for existing and New entrepreneurs. To encourage more entrepreneurs among the SC/ST, women and physically challenged groups. It is proposed such benefit to entrepreneurs. It will not be charged any fees instead of paid a stipend of Rs.500/- per month. The entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro & Food Processing, Pharmaceutical; biotechnology etc. through specialized courses run by MSME Dis. 20% of courses conducted by these Institutions shall be exclusively for women.

5. TECHNOLOGY UP GRADATION

a) NMCP SCHEME

The Government has created a National Manufacturing Competitiveness Programme to support the manufacturing sector of Small and Medium Enterprises (SMEs) in their endeavor to become competitive in this age of globalization and freer trade.

Sl.No	Name of Scheme	Scheme Guidelines
1.	Marketing Support/Assistance to MSMEs (Barcode)	strengthen the existing "Bar Coding Scheme" to facilitate product traceability, streamline to exporters.
2.	Support to Entrepreneurial and managerial development of SMEs through Incubators	To provide assistance to first generation entrepreneurs. The main objective of the Incubator Scheme is to assist incubation of innovative ideas and encourage the SMEs.
3.	Enabling Manufacturing sector to be competitive through Quality Management Standard & Quality Technical Tools (QMS/QTT)	To create awareness of latest manufacturing techniques & tools; effective utilization of modern manufacturing tool for quality improvement.
4.	Building Awareness on Intellectual Property Rights(IPR)of MSME	To create awareness of IPR, and to protect their ideas & strategies, and to utilize IPR tools for technology up gradation and to enhance their competitiveness.
5.	Lean Manufacturing Competitiveness Scheme for MSMEs	To provide direct assistance to enterprises for improving their manufacturing systems & Competitiveness.
6.	Design Clinic Scheme for design Expertise to MSMEs Manufacturing Sector (Design)	To provide expert advice and solutions on real time design problems and to develop alternative design strategy, etc.
7.	Marketing Assistance & Technology Up- Gradation Scheme in MSMEs	To strengthen SMEs to be competitive by way of building export worthiness of their products
8.	Technology and Quality Up – Gradation support to MSMEs	Enhancing awareness of latest technological & quality standards; training of staff of MSME-DI/ MSME-Testing Centers & entrepreneurs.
9.	Promotion of ICT in Indian Manufacturing Sector (ICT)	To promote usage of ICT tools to SMEs for the purpose of best practices, standardization of business processes, and improved manufacturing Planning processes etc.

b) CLCSS

The Credit Linked Capital Subsidy Scheme is created for Technology Up gradation of Manufacturing Enterprises by providing 15% Capital Subsidy. The scheme is created due to insufficient investment, access to modern technologies and to increase the price competition of the economy. Technology up gradation of both the process of manufacture and corresponding plant and machinery is necessary for the small enterprises to reduce the cost of production and remains price competitive. The capital subsidy is calculated through the purchase price of plant and machinery. Maximum Limit of Loan for Calculation of Capital Subsidy is from 40 Lakhs to 1 crore is amended from the year of 2005. The latest supplement, Till the date 31st march 2013, 22000 units have availed the capital subsidy for Rs. 1146 crore by government due to the scheme.

c) ISO 9000/14001/22000/27000/HACCP REIMBURSEMENT SCHEME

Government introduced an incentive scheme for their technology up gradation, Quality Improvement and environment management. The scheme provides incentive to those registered in Small scale /Ancillary/ Tiny/Small Scale Service Business Enterprises (SSSBE). The Scheme envisages reimbursement of charges of acquiring ISO-9000/ISO-14001/HACCP certifications. It is only one time reimbursement is allowed. The total reimbursement shall be limited to 75% of the total expenditure incurred by the concerned units or Rs. 75,000/- whichever is less; and each SSI unit shall get the amount on pro-rata basis.

6. MARKETING DEVELOPMENT EXPORT PROMOTION

The Indian MSME products in international markets is 34% in national exports. The India's export promotion strategy includes simplification of procedures, incentives for higher production of exports, preferential treatments to MSMEs in the market development fund, simplification of duty drawback rules, etc. DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small & Micro manufacturing units owned by women.

MARKETING ASSISTANCE AND EXPORT PROMOTION SCHEME

Sl.No	Name of Scheme	Scheme Guidelines
1.	Participation in the International Exhibitions/ Fairs	75% Subsidy on air fair of economy class to general category of entrepreneur(100% to sc/st women entrepreneur and entrepreneur of NE region)
2.	Training Programmes on Packaging for Exports	The programme is of One, Two & Three days duration and 20 to 35 existing and potential entrepreneurs and 20-25 programmes are being conducted every year .
3.	Marketing Development Assistance Scheme for MSME exporters (MSME-MDA)	the Govt. of India will reimburse the 75% of air fare by economy class and 50% subsidy on space rent. to general category and 100% to sc/st women entrepreneur and entrepreneur of NE region
4.	National Award for Quality Products	These awards are given on the basis of recommendation by the State/ UT Level Selection Committee and the final selection by the National level Selection Committee for every calendar year. Winners of National Awards get a Trophy, a Certificate and a Cash Prize of Rs.25,000/-

DETAILS OF THE ORGANIZATIONS THAT ARE ASSOCIATED WITH MSMEs

- Small Industries Development Organization (SIDO)
- Small Scale Industries Board (SSIB)
- National Small Industries Corporation Ltd. (NSIC)
- Confederation of Indian Industry (CII)
- Federation of Indian Chamber of Commerce and Industry (FICCI)
- PHD Chamber of Commerce and Industry (PHDCCI)
- Associated Chamber of Commerce and Industry of India (ASSOCHAM)
- Federation of Indian Exporters Organization (FIEO)
- World Association for Small and Medium Enterprises (WASME)
- Federation of Associations of Small Industries of India (FASII)
- Consortium of Women Entrepreneurs of India (CWEI)
- Laghu Udyog Bharti (LUB)
- Indian Council of Small Industries (ICSI)
- Indian Institute of Entrepreneurship (IIE)
- National Institute of Small-Industry Extension Training (NISIET)
- National Backward Caste Finance Development Corporation
- National Institute for Entrepreneurship and Small Business Development (NIESBUD)
- Small Entrepreneurs Promotion and Training Institute (SEPTI)
- Small Industries Development Bank of India (SIDBI) etc...

CONCLUSION

The paper looked at the various available schemes and subsidy of special benefits to women and also creates awareness of these schemes to women entrepreneurs. The scheme benefits both the existing entrepreneurs and budding entrepreneurs whether they engaged in MSME sector. The existing women entrepreneurs are availing the following the schemes such as MSE – CDP, Technology Up gradation and marketing development export promotion etc. The budding women entrepreneurs are availing the schemes such as TREAD, EDPs Programme etc. A women entrepreneur occupies nearly 45% in Indian population. Though there are several schemes contributing to the development of women entrepreneurs, and there are some of organization that are associated with MSMEs. Its support the sustained and coordinated effort from all dimensions would pave the way for the women moving into entrepreneurial activity thus contributing to the social and economic development of the members of the family and thereby gaining equality and equal importance for themselves.

REFERENCES

1. Danabakyam, d. M., & kurian, s. (october 2012,). Women entrepreneurship in micro, small and medium enterprises (msme) in chennai city. *International Journal of Marketing, Financial Services & Management Research* , Vol.1 Issue 10, ISSN 2277 3622.
2. Dr. AmanDeep Singh, M. R. (August 2013). Women Entrepreneurs in Micro, Small and Medium Enterprises. *International Journal of Management and Social Sciences Research (IJMSSR) ISSN: 2319-4421* Volume 2, No. 8,.
3. <http://www.dcmsme.gov.in>
4. Huang, S. E.-C. (2008). Small and Medium Enterprise for Women Entrepreneurs in Taiwan. *World Journal of Agricultural Sciences* , 884-890,.
5. Vijayakumar, & Naresh. (July 2013,). Women entrepreneurship in india- role of women in small and medium enterprises. *Trans Asian Journal of Marketing & Management Research* , Vol.2 Issue 7,ISSN 2279-0667.



IMPACT OF FDI IN INDIAN RETAIL SECTOR: A SWOT ANALYSIS

DR. J. S. YADAV
ASST. PROFESSOR
GOVERNMENT COLLEGE FOR WOMEN
GURAWARA

SANTPAL
ASST. PROFESSOR
GOVERNMENT COLLEGE
BAWAL

ABSTRACT

Retail Sector is the most booming sector in the Indian economy. With a growing economy, improving income dynamics, rising awareness, and a youth-heavy customer base, India is well on its way to become one of the most prospective markets for the domestic and global retailers. India being a signatory to World Trade Organization's General Agreement on Trade-in Services, which includes wholesale and retailing services, had to open up the retail trade sector to foreign investment. There were initial reservations towards this issue arising from fear of job losses, procurement from international market, competition and loss of entrepreneurial opportunities to locals. However, the government in a series of moves opened up the retail sector slowly to Foreign Direct Investment (FDI). FDI in retail is fundamentally different from that in manufacturing. FDI in manufacturing basically enhances the productive employment in most cases; but FDI in retail trade may create job losses and displacement of traditional supply chain. In this background the present paper makes an attempt to study the likely impact of FDI on Indian retail sector. The main objective of this paper is to strategically analyze the Indian retail Industry.

KEYWORDS

Retail, Economy, Urbanization, Investment Policy, SWOT, FDI.

INTRODUCTION

Retailing, one of the largest sectors in the world economy, is going through a transition phase, not only in India but the world over. Retailing in India is one of the pillars of its economy and accounts for 14 to 15% of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. In 2010, larger format convenience stores and supermarkets accounted for about 4% of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population). Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well as single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus. In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30% of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores. AT Kearney, the well-known international management consultancy, recently identified India as the "second most attractive retail destination" globally from among thirty emergent markets. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes. With a contribution of 14% to the national GDP and employing 7% of the total workforce (only agriculture employs more) in the country, the retail industry is definitely one of the pillars of the Indian economy. In the past 5 years, America based Wall mart, France based Carrefour, U.K. based Tesco and Germany based Metro group saw their revenues in developing countries grow 2.5 times greater than their home markets. The 2012 Kearney Foreign Direct Investment Confidence Index has ranked India 2nd most attractive destination for FDI, an improvement from its 3rd rank in 2010.

Retailing is one of the largest industry in India and one of the biggest sources of employment in the country. Retail sales in India amount to \$180 billion and account for 10-11 % of gross domestic product. The Indian retail market has around 14 million outlets and has the largest retail outlet density in the world, (Sinha and Uniyal, 2007). The retail industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops. However the retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. These modern retail formats provide wide variety to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. The Malls, convenience stores, department stores, hyper/supermarkets, discount stores and specialty stores are the emerging retail formats that provide different shopping experience to consumers, (Sinha and Kar, 2007, Kotler, 2006).

REVIEW OF LITERATURE

Gupta (2007) is of the view that with the changing socio-economic scenario of India, the dynamic of retail have also undergone a sea change. Product, place, price, promotion, people and process play important role in retailing. On the other hand, physical evidence is one aspect that does not need any emphasis at all due to changing consumers' mindset. As per the study, there are number of elements that characterize the retail industry in India and these are as follows:

- It is a people-centric industry
- A highly service-oriented sector
- Demand drivers are more location specific
- When there is a holiday or festival for the general public it is peak time for retailers.

With such sweeping changes in the Indian retail arena, interesting times lie ahead. Proper marketing strategies hold the key.

Tusharinani (2007) noted the transformation of traditional formats into new formats, viz., departmental stores, hypermarkets, supermarkets, specialty stores and malls taking the lead in attracting consumers in the metro cities. Hino (2010) shared his observation about the emergence and expansion of supermarkets that gradually decreased the market share of the traditional formats by displacing them and the factors that helped supermarkets in gaining consumers favors over the traditional stores are the 'consumers economic ability' and the 'format output'. The consumer has multiple options to choose- ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest and better quality products and it made India the top spot among the favored retail destination as observed by Gupta (2004), Jasola (2007) and India Retail Report (2009). Goyal and Aggarwal (2009) opine that In India, a consuming class is emerging as a result of increasing income levels and dual career families with high disposable incomes. The study by Mishra (2008) expose that mall space, demography, rising young population, availability of brands, rising retail finance, changing lifestyle, modern retail

formats and foreign direct investment are the strengths and opportunities for modern retail model. On the other hand, real estate cost, improperly developed mall, lack of skilled personnel, underdeveloped supply chain and taxation hurdles are the weaknesses and threats for modern retail formats. The study by Satish and Raju (2010) throws light on the major Indian retailers which highly contribute to the retail sector in India. Pantaloon, Tata Group, RPG Group, Reliance Group and A V Birla group are some of the major Indian retailers. According to Halepete (2008), India is expanding internationally due to saturation of markets and challenges faced by international retailers. Partnership between Bharti and Wal-Mart is one of the successful expansions of international retail in India.

OBJECTIVES OF THE STUDY

- To analyze the structure of retail industry in India.
- To assess the impact of FDI on various parties related to the retail sector
- To identify the mixture of factors affecting the organized retail business.
- To conduct the SWOT analysis of organized retail industry in India.

RESEARCH METHODOLOGY

The researchers have adopted analytical, descriptive and comparative methodology for this study. Reliance has been placed on secondary data sources such as books, journals, newspapers and online database. However, the interpretation of the data and suggestions made assume importance for the healthy growth of the retail sector in the country.

STRUCTURE OF INDIAN RETAIL SECTOR

Definition of Retail: In 2004, The High Court of Delhi [15] defined the term 'retail' as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale). *A sale to the ultimate consumer.*

Thus, retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

DIVISION OF RETAIL INDUSTRY

The retail industry is mainly divided into: - 1) Organized and 2) Unorganized Retailing

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed supermarkets and retail chains, and also the privately owned large retail businesses.

Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local *kirana* shops, owner manned general stores, *paan/beedi* shops, convenience stores, hand cart and pavement vendors, etc.

The Indian retail sector is highly fragmented with 97 per cent of its business being run by the unorganized retailers. The organized retail however is at a very nascent stage. The sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10 per cent of India's GDP.

TYPES OF RETAILING IN INDIA

Single Brand- Single brand implies that foreign companies would be allowed to sell goods sold a retail store with foreign investment can only sell one brand. For example, if Adidas were to obtain permission to retail its flagship brand in India, those retail outlets could only sell products under the Adidas brand and not the Reebok brand, for which separate permission is required. If granted permission, Adidas could sell products under the Reebok brand in separate outlets.

Multi Brand- FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tesco can open stores offering a range of household items and grocery directly to consumers in the same way.

The approval for single and multi-brand includes a set of riders for the foreign investors, aimed at ensuring that the foreign investment makes a genuine contribution to the development of Indian infrastructure and logistics, at the same time facilitating integration of small retailers into the upgraded value chain. While the minimum capital requirement of US\$ 100 million is unlikely to be an issue for the large foreign players vying to enter India in the supermarket/hypermarket segment, it could make it difficult for foreign investors planning to enter specialty formats such as music, mobile, electronics goods, among others, as these formats require relatively lower investments. Further, the approval requirements from State Governments could limit the cities that FDI backed retailers can operate in. The current opposition raised by a number of political parties, if persists, may pose a major roadblock in the entry of the foreign retailers in India. Besides restricting the number of cities these retailers can operate in, it could also lead to problems in creating supply chain efficiency

PRESENT FDI POLICY FOR RETAIL SECTOR IN INDIA

The Ministry of Commerce and Industry, Government of India is the nodal agency for monitoring and reviewing the FDI policy on continued basis and changes in sectoral policy/ sectoral equity cap. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP). The foreign investors are free to invest in India, except few sectors/activities, where prior approval from the RBI or Foreign Investment Promotion Board (FIPB) would be required.

1. India will allow FDI of up to 51% in multi-brand sector.
2. Single brand retailers such as Apple and Ikea, can own 100% of their Indian stores, up from previous cap of 51%.
3. FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route.
4. The retailers (both single and multi-brand) will have to source at least 30% of their goods from small and medium sized Indian suppliers.
5. All retail stores can open up their operations in population having over 1million. Out of approximately 7935 towns and cities in India, 55 suffice such criteria.
6. Multi-brand retailers must bring minimum investment of US\$ 100 million. Half of this must be invested in back-end infrastructure facilities such as cold chains, refrigeration, transportation, packaging etc. to reduce post-harvest losses and provide remunerative prices to farmers.
7. The opening of retail competition (policy) will be within parameters of state laws and regulations.

DIRECT FOREIGN INVESTMENT IN INDIA'S SINGLE AND MULTIBRAND RETAIL

(a) FDI in "single-brand" retail

Up to 100 percent FDI is permissible in single-brand retail conditions stipulate that:

- (i) Only single-brand products are sold
 - (ii) Products are sold under the same brand internationally
 - (iii) Single-brand products include only those identified during manufacturing
 - (iv) Any additional product categories to be sold under single-brand retail must first receive additional government approval
- FDI in single-brand retail implies that a retail store with foreign investment can only sell one brand.

(b) FDI in "multi-brand" retail

FDI in multi-brand retail generally refers to selling multiple brands under one roof. Currently, this sector is limited to a maximum of 49 percent foreign equity participation.

In July 2010, the Department of Industrial Policy and Promotion (DIPP) and the Ministry of Commerce circulated a discussion paper on allowing FDI in multibrand retail. The Committee of Secretaries, led by Cabinet Secretary Ajit Seth, recommended opening the retail sector for FDI with a 51 percent cap on FDI, minimum investment of US\$100 million and a mandatory 50 percent capital reinvestment into backend operations. Notably, the paper does not put forward any upper limit on FDI in multi-brand retail.

The long-awaited scheme has been sent to the Cabinet for approval, but no decision has yet been made. There appears to be a broad consensus within the Committee of Secretaries that a 51 percent cap on FDI in multibrand retail is acceptable. Meanwhile the Department of Consumer Affairs has supported the case for a 49 percent cap and the Small and Medium Enterprises Ministry has said the government should limit FDI in multi-brand retail to 18 percent. In terms of location, the proposed scheme allows investment in towns with populations of at least 10 lakh (1 million), while retailers with large space requirements may also be allowed to open shop within a 10 kilometer radius of such cities.

POSITIVE ASPECTS OF FDI IN RETAIL

1. More investments in the end to end supply chain and world class cold storage facilities.
2. Low spillage and wastage of farm produce during the transportation.
3. Better options and offers to the consumer
4. Increase in economic growth by dealing in various international products
5. According to the UPA Government 1 million (10 lakh) employment will be created in next three years
6. Billion dollars will be invested in Indian retail market
7. Agriculture related people will get good price for their goods

NEGATIVE ASPECTS OF FDI IN RETAIL

1. Will affect 50 million small merchants in India
2. Profit distribution and investment ratios are not fixed
3. An economically backward class person may suffer from price raise in future.
4. Retailer faces heavy loss of employment and profit
5. Workers safety and policies are not mentioned clearly
6. Inflation may be increased
7. Small farmers will not benefit by FDI policy
8. The rural India will remain deprived of the services of foreign players.

SWOT ANALYSIS OF FOREIGN DIRECT INVESTMENT IN INDIAN RETAIL SECTOR

SWOT analysis is one of the primary step in strategic management. It contains an analysis of strengths, weaknesses, opportunities and threats. The strength and weaknesses of the FDI shows the present

(A) STRENGTHS OF FDI POLICY

- (i) Fast growing economy.
- (ii) Young and dynamic manpower. . A large young working population with median age of 25 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the service sector are going to be the key growth drivers of the organized retail sector in India
- (iii) Highest shop density in the world. Customers will have access to greater variety of international quality branded goods.
- (iv) Employment opportunities both direct and indirect have been increased. Farmers get better prices for their products through improvement of value added food chain.
- (v) Increase in disposal income and customer aspirations are important factors; increase too in expenditure for luxury items.
- (vi) FDI has also contributed to large scale investments in the real estate sector.
- (vii) Large domestic market with an increasing middle class and potential customers with purchasing power.
- (viii) The consumer get a better product at cheaper price, so consumers get value for their money.
- (ix) High growth rate in retail & wholesale trade.
- (x) Presence of big industry houses which can absorb losses.

(B) WEAKNESSES OF FDI POLICY

- (i) Low capital investment in retail sector.
- (ii) Will mainly cater to high-end consumers placed in metros and will not deliver mass consumption goods for customers in villages and small towns.
- (iii) Retail chain are yet to settled down with proper merchandise mix for the mall outlets.
- (iv) Small size outlets are also one of the weaknesses in the Indian retailing, 96% of the outlets are lesser than 500 sq. ft.
- (v) Lack of trained & educated force.
- (vi) Lack of competition.
- (vii) More prices as compared to specialized shops.
- (viii) The volume of sales in Indian retailing is also very low.

(C) OPPORTUNITIES OF FDI POLICY

- (i) Global retail giant take India as key market. It's rated fifth most attractive retail market. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyle, increase in income and favourable demographic outline. Food and apparel retailing are key drivers of growth.
- (ii) FDI can become one of the largest industries in terms of numbers of employees and establishments.
- (iii) Rural retailing is still unexploited Indian market. It will enhance the financial condition of farmers.
- (iv) Improve the competition.
- (v) Result in increasing retailer's efficiency.
- (vi) Foreign capital inflows.
- (vii) Big market along with better technology and branding with latest managerial skills.
- (viii) Quality improvement with cost reduction.
- (ix) Increasing the export capacity.

(D) THREATS OF FDI POLICY

- (i) Threat to the survival of small retailers like 'pan tapri', 'local kirana'.
- (ii) Jobs in the manufacturing sector will be lost.
- (iii) Started roadside bargains.
- (iv) Work will be done by Indians and profits will go to foreigners.

SUGGESTIONS

On the backdrop of permission to FDI in multinational retail the scenario of Indian retail industry is going to change drastically. It is likely to impact not only the unorganized sector but also the domestic organized sector considerably under these circumstances the following suggestions are made for the benefit of Kirana stores, farmers, employees and other stakeholders of retail industry.

1. The traditional the Mom and Pop Kirana stores should change their appearance, attitude and affairs. They should modernized their shops, store, more branded goods, provide home delivery service.
2. These traditional Kirana stores should form a consortium and make bulk purchases. This measure will help to procure the goods at lower price.
3. The banks in the country and the state government should formulate a scheme of modernization loan. Under this scheme credit should be made.
4. Available at of concessional rate and all priority basis to the small unorganized kirana stores.
5. The small farming community should undertake joint supply of fruits and vegetables directly to the small retailers and / or customers. This will benefit all of them.
6. There should be a monitoring agency established at the state level to keep watch on the operations of foreign players in retail sector.
7. The possibility of starting malls of small retailers should be explored & a group of small retailers in a locality should come together & open such mall.
8. The educational institutions should constitute degree, diploma courses in retailing management where both the theoretical & practical aspects of retail trade are taught to the candidates.

CONCLUSION

FDI in retailing is going to attract retail players by Indian Government, but India should welcome them with a talented pool of human resources by promoting institution imparting knowledge in retailing. Small retailers will not be crowded out, but would strengthen their market positions by modernizing their working. Growing economy and increasing purchasing power would compensate the loss of market share of the unorganized sector retailers. Protection must be given to Indian small and medium retailers as retailing is their source of livelihood. The Government must properly discuss the pros and cons of allowing 51% FDI and have a law in place to control unfair competition. Then the FDI Bill will be given definitely a positive impact on the retail industry and the country by attracting more foreign investment. However now a start has been made and all stake holders have to work for its success. FDI in retail would contain inflation by reducing wastage of farm output as 30% to 40% of the produce does not reach the end-consumer. "In India, there is an opportunity to work all the way up to farmers in the back-end chain. Part of inflation is due to the fact that produces do not reach the end-consumer. Many of the foreign brands would come to India if FDI if multi brand retail is permitted which can be a blessing in disguise for the economy.

Consumers would certainly gain from enhanced competition, better quality, variety of branded goods and attractive discount offers. The state revenues will rise on account of larger business as well as recorded sales. The Competition Commission of India would need to play a proactive role to avoid unfair competition in retail industry. The displaced retailers and employees in unorganized sector should be provided necessary training of modern trade and absorbed in the modern trade on priority basis

REFERENCES

1. Agarwal, Vibhuti, Bahree, Megha (2011). "India puts retail reforms on hold". The Wall Street Journal, pp 15-17.
2. Ali, J., Kapoor, S., & Moorthy, J. 2010, Buying behavior of consumers for food products in an emerging economy. British Food Journal, 112(2), pp 109-124.
3. Annual Survey of Industries, CD Rom (2011): *Economic and Political Weekly Research Foundation, Mumbai.*
4. Bhardwaj, R.K. & Makkar, U. 2007, Retail Revolution- Emerging Challenges and Issues. Journal of IMS Group, 4(2), pp 9-12.
5. Dalwadi, R., Rathod H.S. & Patel, A. 2010, Key Retail Store Attributes Determining Consumers' Perceptions: An Empirical Study of Consumers of Retail Stores Located in Ahmadabad (Gujarat). SIES Journal of Management, 7(1), pp 20-34.
6. Garg Girish (2013) An Economic Analysis of Foreign Direct Investment in Retail Sector india International Journal of Scientific and Research Publications, Volume 3
7. Ghosh, P., Tripathi, V. & Kumar, A. 2010, Customer expectations of store attributes: A study of organized retail outlets in India. Journal of Retail & Leisure Property, 9(1), pp 75-87.
8. Goyal, B. & Aggarwal, M. 2009, Organized retailing in India- An empirical study of appropriate formats and expected trends. Global journal of Business Research, 3(2), pp 77-83.
9. Gupta, M. 2004, Brand Position of General Store from Consumer's Perspective- A comparative Study on Departmental Store and Traditional Shop. Proceedings of Conference on IPR, Thapar University, Patiala, March 25-26, 2004.
10. Halepete, J., Seshadri, K.V. & Park, S.C. 2008, Wal-Mart in India: a success or failure? International Journal of Retail and Distribution Management, 36(9), pp 701-713.
11. India retail report 2011, SWOT Analysis. Business Monitor International Ltd, pp 7-9.
12. Jain, R. & Bagdare, S. 2009, Determinants of Customer Experience in New Format Retail Stores. Journal of Marketing & Communication, 5(2), pp 34-44.
13. Jasola, M. 2007, Emerging Trends in Retail Sector. Journal of IMS Group, 4(2), PP. 22- 28.
14. Jhamb Deepika & Ravi Kiran Organized retail in India - Drivers facilitator and SWOT analysis ASIAN JOURNAL OF MANAGEMENT RESEARCH Online Open Access publishing platform for Management Research
15. Kaur, P. & Singh, R. 2007, Uncovering retail shopping motives of Indian youth. Young Consumers, 8(2), pp 128-138.
16. Khare Manish Foreign Direct Investment in Indian Retail Sector - A SWOT Analysis - AISECT University Journal Vol. II/Issue IV Sep. 2013
17. Lather, A.S. & Kaur, T. 2006, Shopping Malls: New Retail Formats keeping pace with the shoppers mood. The journal of Indian Management and Strategy, 11(4).
18. Mishra, S. 2008, New Retail Models in India: Strategic Perspective Analysis. Journal of Marketing & Communication, 4(2), pp 39-47.
19. NANDAL SANJAY (2013) IMPACT ANALYSIS OF FDI ON RETAIL INDUSTRY IN INDIA International Journal of Marketing, Financial Services & Management Research Vol.2, No. 1.
20. Patibanda M (2012) 'Foreign Direct Investment in India 's Retail sector some issues' "working paper no.356, June IIM, Bangalore .
21. Sahoo, D. and Mathiyazhagan M.K.(2003): "Economic Growth in India: Does Foreign Direct Investment Inflow matter?", *The Singapore Economic Review*, 48, pp. 151-171.
22. Sahoo, D., Mathiyazhagan M.K. and P. Parida. (2002): "Is Foreign Direct Investment an engine of Growth? Evidence from the Chinese Economy", *Savings and Development*, 4, pp. 419-439.
23. SHAHA N.V. AND SHINDE M.A. (2013) FDI IN INDIAN RETAIL SECTOR: A CRITICAL ANALYSIS Tactful Management Research Journal Vol. 1, Issue. 5.

WEBSITES

24. <http://bharti-walmart.in/Community.aspx?id=64>
25. http://dipp.nic.in/DiscussionPapers/DP_FDI_Multi-BrandRetailTrading_06July2010.pdf
26. http://siadipp.nic.in/policy/changes/pn3_2006.pdf
27. http://www.caclubindia.com/articles/details.asp?mod_id=12546#.UIoL_29J4qM
28. http://www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf
29. http://www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf
30. <http://www.eastasiaforum.org/2010/12/24/indias-fdi-policiesparadigm-shift/>
31. <http://www.eastasiaforum.org/2010/12/24/indias-fdi-policiesparadigm-shift/>

32. <http://www.legallyindia.com/1468-fdi-in-retailing-sector-in-indiapro-cons-by-Hemant-Batra>
33. www.cci.in
34. www.Legalserviceindia.com
35. www.Manupatra.com
36. www.rbi.org.in
37. www.Scribd.com



PRIVATIZATION AND LIBERALIZATION IN HIGHER EDUCATION SYSTEM IN INDIA: NEED IMPROVEMENT IN CURRENT SCENARIO

DR. SANGITA MAHESHWARI
ASST. PROFESSOR
SHRI CLOTH MARKET KANYA VANIJYA MAHAVIDYALAYA
INDORE

DR. APARNA BANIK
ASST. PROFESSOR
SHRI CLOTH MARKET KANYA VANIJYA MAHAVIDYALAYA
INDORE

ABSTRACT

Availability of right knowledge and skills to the youth can ensure the overall national progress and economic growth. But the complicated nature of Indian polity and policy process make Indian higher education a very complex enterprise and it suffers from several systemic deficiencies. As a result, it continues to provide graduates that are unemployable. Privatization expected to provide the much needed capacity, skill, quality and new ideas on higher education. The Current Gross Enrolment Ratio (GER) is 18% and is targeted 21% by end of the 12th Plan and 30% by year 2020, which cannot be achieved by the public sector alone. In 2012, private unaided institutions and universities accounted for 59 % share of total enrolments with 64% share of institutions. It needs to further expand at an accelerated rate in order to achieve the targeted GER. To do so, Govt. has to take action on development of a new national policy and regulatory framework for higher education, make them more liberal and attract big leaders of private sector. This may results in constant stream of funding which will facilitate quality based education.

KEYWORDS

higher education, educational reforms.

1. INTRODUCTION

Higher education is a vital tool for empowerment, individual creativity and societal progress and a crucial input for access to better opportunities in life. In India, education is the key to the task of nation-building. It is now widely accepted that higher education has been critical to India’s emergence in the global knowledge economy.

Due to rising income level in India, middle class is focusing more on providing quality education to their children. Spending on education has figured as the single largest outlay for a middle class household after food and groceries. With its rapidly expanding middle class, India’s private expenditure on education is set to increase manifold.

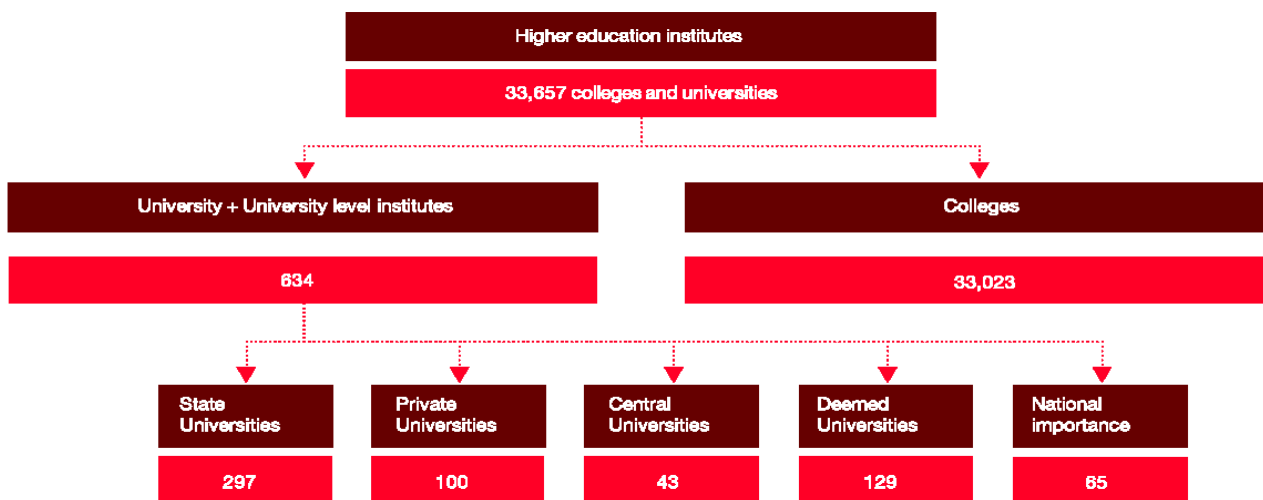
Over the past few years, India’s higher education sector has witnessed tremendous growth. Today, the country has the largest higher education system in the world in terms of the number of institutions. It is the second-largest in terms of enrollment. Economic growth has been a major feature of India’s development over recent decades. Yet, the capacity and quality of higher education has not kept pace with many of the essentials for India’s modernization.

India’s large size, long history, diverse culture and the complicated nature of Indian polity and policy process make Indian higher education a very complex enterprise. Higher education institutions in India have a quality issue, as evidenced by a lack of presence on world ranking measures and low employment rates of graduates. Enrollment ratios for the college age population are also low and face increasing pressure from population growth and greater completion rates at the secondary level.

2. CURRENT HIGHER EDUCATION SYSTEM

Apart from higher education institutes (State Universities, Deemed Universities, Central Universities, Private Universities) there are several private institutes in India that offer various professional courses. Distance learning, Open University are also features of the Indian higher education system. The current regulations allow only not-for-profit entities in higher education. There is an absence of clear regulations for foreign education providers, although legislation is under discussion. While the government has introduced various bills in the Parliament, each of these seems to be stuck at various levels, if passed can bring much needed structural changes.

3. STATISTICS - UNIVERSITIES, COLLEGES, STUDENT ENROLLMENT ETC. - CURRENT SCENARIO



Total students enrolment during the academic year 2011-12 accounted to 203.27 lakhs (provisional) students enrolled in various courses at all levels in universities/colleges and other institutions of higher education as compared to the revised figure 186.70 lakhs in the previous year, registering an increase of 8.87%. The demand is expected to increase at a compounded rate of 11–12 % till 2022. This requires more investment — public and private.

Private unaided institutions and universities are the fastest growing segment of Indian higher education and accounted for 64% of the total number of institutions and 59% of enrollment in the country, as in 2012.

The higher education sector is plagued with various challenges such as low Gross Enrollment Ratio (GER) and lack of quality research and education, this situation is despite 11% increase in student enrolments in higher education and a 9% growth in institutions during the last decade.

4. TARGET

The current Gross Enrolment Ratio (GER) is 18% targeted 21% by the end of 12th Plan and 30% by the year 2020 cannot be achieved by the public sector alone. While the intention of making higher education accessible to the masses is noble, yet it must not be at the cost of the quality of education.

To achieve this, the country needs an education system that can deliver quality in terms of a skilled and industry-ready workforce, without diluting focus on world-class research and innovation. Unless it is able to get its act together and put in place a wide range of mechanisms, the system will not have the capacity to meet the demand.

5. QUALITY & STANDARD IN HIGHER EDUCATION

Growth is driven by the increasing propensity of the middle class to spend on education. To productively engage this huge pool of human resources, India would require revamping the higher education sector.

Many steps need to be taken to augment supply, improve quality and fix many of the problems faced by higher education to match it with international standards.

It is necessary for India to re-evaluate productivity both in terms of quality and quantity in order to maintain the competitive edge in the field of higher education.

6. SHORTCOMINGS OF CURRENT SYSTEM

Higher education in India has many shortcomings. The standards of academic research are low and declining. Many other concerns like low level of public funding, improvement of academic structure, regulatory environment, accreditation system that has low coverage and the unjust policies are also affected the system.

Only 0.7% of the Gross Domestic Product (GDP) is being spent on higher and technical education (as against a target of 1.5% of GDP) (MHRD 2011). Most of the public expenditure on higher education is used up on salaries and maintenance of existing institutions. Very little is spent on curriculum, research and technology.

Policy-makers are opposed to setting up of higher educational institutions as for-profit corporate entities. Multiple approvals are required. Policies are also inconsistent. Absence of 'political-will' is also a major issue. Course contents are not in line with the expectations of the industry, leading to poor employability. Many reports have been issued, but the accompanying recommendations for reform of higher education not meet the realities.

The situation is further complicated by the rigidities of the higher education system, allotment of inadequate fund, the political pressures from regional, religious and caste-based groups etc.

7. CONSEQUENCES OF SHORTCOMINGS

Resource constraints are severe and the quality of education available to most Indian students is questionable in terms of its ability to face the global challenges and current market scenario. As a result, it continues to provide graduates that are unemployable despite emerging shortages of skilled manpower in an increasing number of sectors.

Position of Indian universities also not met with international rankings. For instance none of the Indian universities figure in the latest (2013) Time Higher Education (THE) ranking of the top 100 world universities.

Academic salaries are uncompetitive by international standards. Many of India's top academics are teaching in the United States, Britain, and elsewhere.

Most of the Indian colleges and universities lack in high-end research facilities because of under-investment in infrastructure development that makes it very difficult to engage top quality students in cutting-edge research. Statistics shows that the percentage of students enrolled for Master's level courses (PG) is 12.26% while a very small proportion i.e. 0.79% of the total number of students enrolled for research.

As stated above, this large gap has to be bridged if we want to speed up our path to development.

8. NEED FOR IMPROVEMENT IN SYSTEM

For any nation, education is the basic necessity for the socio-economic development of the individuals and the society. Improved standard of education as first priority by the Govt. authorities should be offered to the majority with sincere political will is the need of the hour.

Government funding needs to be significantly enhanced. A vibrant credit market for financing higher education must be developed along with increase in provision for subsidised loans and scholarships. For the students higher education loans and further business scheme backed with the guarantee by the State Govt. (as recently steps taken by MadhyaPradesh Govt.).

Further expectation is to improve co-ordination across ministries and agencies. It is expected from the Govt. for Special drive in back-word regions for infrastructure development in order to increase GER. Government should encourage private sector investment in education and develop the innovative and enhanced PPP models.

It is imperative for education institutions to scale up their teaching and learning processes, keeping in view the current and future needs of the job market.

Further privatization and liberalization are also a major issue. Besides going forward on the way, there is a need for a kind of regulatory mechanisms which can monitor and control activities with the objective of ensuring quality and social accountability.

Being the second largest nation in terms of population, India is rich in manpower resources. It would require a thorough in-depth evaluation of the present state of affairs of the higher education and also suitable plans need to be converted into actions in order to achieve higher levels of productivity.

It is the demand of current scenario to identify the deficiencies of higher education system and explore the possibilities of revamping and revitalizing the core functional areas so that growth in this crucial sector becomes qualitative and sustainable.

9. EXPECTED GROWTH & FUTURE REQUIREMENTS

Further, according to the report released by Ernst & Young, the higher education sector in India is expected to witness a growth of 18% CAGR (Compounded Annual Growth Rate) till 2020. At present, the sector witnesses spends of more than Rs 46,200 crore, which is estimated to grow at an average rate of more than 18% to over Rs 232,500 crore in 10 years.

Keeping in view, to achieve the future requirements there is an urgent need to re-look at the Financial Resources, Quality Standards and at the end, the Responsiveness.

Govt has to take action on enhancing institutional autonomy and transparency, increasing public & private funding and linking them to outcomes. Government resource allocation is inadequate to meet targeted 30% GER by 2020, leaving enough scope for private participation.

10. NEED OF FURTHER PRIVATIZATION

There is a huge demand-supply gap in the Indian education sector. As a "Sunrise Sector" for investment this has attracted many private players to invest in education and training institutions. The sector offers a huge untapped market in regulated and non-regulated segments due to low literacy rate and growing per capita income. The Indian economy will get a boost with expansion in its education sector by growing private investment. Privatization of higher education is absolutely necessary in a vast country like India as Govt. alone is helpless to do so.

The private education sector is estimated to reach US\$ 115 billion by 2018 against US\$ 70 billion in 2013, according to consulting firm Technopak. The education sector has attracted foreign direct investments worth Rs 3,332.97 crore during April 2000 to March 2013, according to the data released by the Department of Industrial Policy and Promotion. To realise this fast growth of education sector in India, many private companies are looking for relevant acquisitions and alliances in this space.

The need of the hour is to make every possible effort to attract serious private sector players who can enter in the higher education sector and build high-quality institutions. Also, in order to achieve the rising GER target there is an urgent need to further expand private sector role at an accelerated rate. The policy environment needs to encourage genuine private investment, within the framework of education.

11. EXPECTATION FROM PRIVATIZATION

1. Enhanced students' choices.
2. Increase motivation and accountability.
3. Benefits of corporate-backed institutions.
4. Strengthening research and development activity.
5. Create new opportunities for the large population.
6. Accelerate and enhance the development of higher education.
7. To attract and retain talent by paying competitive compensation.
8. Ensuring excellence and equity driven expansion of higher education.
9. Promote necessary changes and activities that may lead to excellence.
10. Development of Information, Communication and Technological requirements.
11. Capacity-building (Personality Development, Skill enhancement, Infrastructure building).
12. Investment at accelerated rate and improve higher education by linking funding to quality.
13. To add prestige around the globe.
14. Further collaboration, marketing and brand building.
15. New types of degrees and courses, new ideas and innovation on higher education management, curriculum, teaching and research methods etc.
16. Promotion of innovative and knowledge-based enterprises by deployment of cutting-edge technologies, careful planning and strategic implementation.
17. To ensure excellence and reasonable match between demands for and supply of globally acceptable labour by promoting career and market oriented education.

Thus the privatization expected to provide the much needed capacity, skill, quality and new ideas on higher education. The private sector can be expected to play an instrumental role in the achievement of these outcomes.

12. NEED FOR FURTHER LIBERALIZATION

The emergence of a global economy has forced the nation to adapt their systems of higher education to the changed global realities. There is a need for greater adaptability in the higher education system so that it continues to provide the needed skills and trained workforce to the economy as it integrates with the world economy.

Further Liberalization is required in order to attract private domestic and overseas investments on a large scale to cope up with the challenges of expansion and excellence. This will bring a constant stream of funding which will also facilitate a research-based career and make it a viable option for the future of Indian teachers and students. It will expand the supply and the competition among educational institutions, may results in less expenditure on education.

Higher education system is even more complex due to its political and legal environment. Many foreign institutions interested in India but are confused to enter because of uncertain policies.

There are several systemic barriers that restrict entry of private higher education providers. The demand for quality skilled workforce and an environment for adoption of recommended policies and regulatory change will encourage greater private sector participation. Opportunities to grow and engage are very high if we go forward with action.

The role played by private enterprise in transforming sectors, such as Information Technology and Information Technology Enabled Services, telecom, banking, etc., is evident. Today, IT's growth story has put India on the global economic map. These sectors are shining examples of the progress that can be made when private enterprise is allowed to function in a free and encouraging manner.

13. ACHIEVING TARGET

The policy environment needs to encourage genuine private investment, within the framework of education. Priority should be given to continuous upgradation of curriculum to keep in pace with rapid growth of science & technology. Industry and Academia connection required in order to ensure curriculum and skills in line with requirements. Measures will have to be taken to refine, diversify & upgrade different regulations, research programmes and infrastructure.

14. CONCLUSION

India's higher education needs are significant. The system needs systemic reform. To do so, Govt. has to take action on development of a new national policy and regulatory framework for higher education, make them more liberal and by doing this, attract big leaders of private sector.

Private sector can play an important role in pushing overall growth of Indian Higher Education. This may results in constant stream of funding which will facilitate quality based education and make these professions more attractive for the younger generation. Unfortunately, the higher education operating environment provides certain challenges which dissuade serious players from entering the field. Entry of foreign education providers into India would reduce rates of Indian students going abroad for higher education at exorbitant fees and expenses.

Policy measures required to promote, sustain, and enhance world-class research. There is a need of methodical study to review and identify the specific problems and the scope for improvement. The country would not be able to sustain its growth momentum and maintain competitiveness unless problems with higher education are fixed. In current and emerging contexts, such a policy framework should be developed by an independent, high-powered commission contains representatives of related field in order to ensure the right mix of technical, business and functional skills in the work place.

Going forward with further privatization & liberalization, it should be mandatory for private investment to meet minimum standards in scrutiny of students, providing degrees, course contents, faculty recruitment, infrastructure availability, technology usage etc. in order to avoid malpractices in the field. There is an urgent need for extra-ordinary increase in the Govt. funding, acceleration in private investment and further efforts to improve the country's innovative capacity.

REFERENCES

1. Pawan Agrawal, 'Higher Education & Culture', Planning Commission, Govt. of India.
2. Reports issued by UGC, MHRD, FICCI, CRISIL, Technopak, ICIER, Ernst & Young.

A STUDY ON THE GROWTH OF MEDICAL TOURISM IN INDIA

S. KALIST RAJA CROSS
ASST. PROFESSOR
DEPARTMENT OF TOURISM & HOSPITALITY
BHARATH UNIVERSITY
CHENNAI

ABSTRACT

Tourism is known as an attractive and pleasing human activity, it is admired by all people and governments. Being the integral part of tourism, Medical tourism has emerged as the fastest growing fragment in tourism industry in Global Economic. Medical tourism in India is perfect combination of health treatment as well as sightseeing. This is evident in the rise in the volume of foreigners who are visiting India for treatment. The growth of medical tourism in India is a benefit for quite a lot of connected industries like hospitals, medical equipment, pharmaceutical companies and hospitality industry. This paper examines the potentiality of Medical Tourism in India and the role of hotels and hospitality industry in promoting the concept of medical tourism, thereby making India an attractive medical tourism destination for all.

KEYWORDS

medical tourism, hospitality industry.

INTRODUCTION

The World Tourism Organization defines tourists as “people who travel to and stay in places outside their usual environment for more than twenty-four hours and not more than one consecutive year for leisure”. Business and other purposes not related to the implement of an activity compensated from within the place visited. It is an industry concerned with attracting people, to a destination, transporting them there, housing, feeding, and entertaining them upon arrival and returning them to their homes. Today with the rise in the standard of living of people in several developed and developing countries along with fast technological revolution in transportation industry, overseas holidays are with the reach of middle and working class.

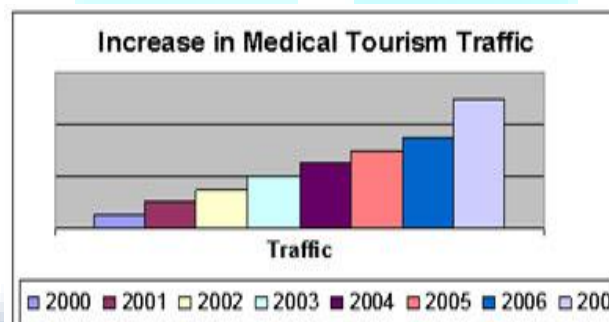
In addition to a leisure time activity, tourism has many facets- cultural tourism, religion, rural, medical etc. Medical tourism (also called medical travel, health tourism or global healthcare) is a term initially coined by travel agencies and the mass media to describe the rapidly-growing practice of traveling across international borders to obtain health care. It also refers pejoratively to the practice of healthcare providers traveling internationally to deliver healthcare.

The concept of medical tourism is not a new one. The first recorded instance of medical tourism dates back thousands of years to when Greek pilgrims traveled from all over the Mediterranean to the small territory in the Saronic Gulf called Epidauria. Spa towns and sanitariums may be considered an early form of medical tourism. In eighteenth century England, for example, patients visited spas because they were places with supposedly health-giving mineral waters, treating diseases from gout to liver disorders and bronchitis.

India is a global leader in medical tourism, and one of the world’s least expensive choices among medical tourism destinations. Focusing on heart surgery, India also attracts patients with high quality dental care, Ayurvedic spa treatments and other medical and alternative treatments. Medical tourism in India has emerged as the fastest growing segment of tourism industry despite the global economic down turn.

Overseas tourists are provided with cheap health care services in India than other developed countries. A study by Confederation of Indian Industry (CII) states that the profit in 2012 is \$2.3 billion. The number of foreigners visited India for treatment in 2004 is 150,000, it is rising 15 percent every year.

FIG. 1



Source: Wikipedia

The growth of India’s medical tourism market will be a boon for several associated industries including hospitals, medical equipment, pharmaceutical and hospitality industry.

Indian hotels are too entering the wellness services market by tying up with professional organizations in a range of wellness fields and offering spas and ayurvedic massage. In this paper we will discuss the key factors which are making India an attractive medical tourism destination and how it can boost up the business of Indian hotels.

GLOBAL VIEW FOR MEDICAL TOURISM

The medical tourism industry earned global revenues of USD 20 billion in 2005 and the Asian market comprising India, Singapore, Thailand and Malaysia stood at approx USD 2.5 billion in 2006. While the global market is predicted to double in size to USD 40 billion a year by 2010, it is estimated that the Asian market will generate in excess of USD 4.4 billion by 2012.

FIG. 2

		Singapore	India	Malaysia	Thailand
2005/06	Approx. No. of Medical Tourists	350,000-370,000	175,000	150,000	1,000,000
	Est. Revenue (USD Million)	900	333	400	803
2010/12	Est. Revenue (USD Million)	3000	1100-2200	600-1000	1200 (2008)

Source: Wikipedia

Government and service providers have been quick to recognize the potential of medical tourism and have leverage existing strengths and taken concrete initiative to tap into larger potential of this as a key revenue generator for their countries' economies.

On the economic front medical tourism is rapidly growing into a valuable revenue generator for countries such as Thailand, Singapore, India and Malaysia. The flow of medical tourist has increased by as much as 20-30% a year and government targets to generate revenues of USD 1-3 billion by 2010-2012. It is estimated that over 450,000 medical tourist traveled to India to seek healthcare in 2007.

REASONS FOR INDIA TO BE THE FAVORITE GLOBAL HEALTH DESTINATION

India has no parallels in healthcare when it comes to cost effective treatments in comparison with other countries. Significant cost differences exist among US, UK and South Asian countries. A cost comparison study has been made by the American Medical Association of healthcare in different countries. The statistics released by AMA announces that a knee replacement surgery would costs \$40,000 in US, \$10,000 in Thailand and \$13,000 in Singapore, while the same surgery would cost the person \$8500 in India. Thus India provides reasonable medical treatments comparing with other developed countries. In addition, Indian doctors are distinguished all over the world for their aptitude and skills.

A heart valve replacement surgery would cost the patients \$200,000 in the US and \$90,000 in Britain while it would cost \$12,500 in Singapore and \$10,000 in Thailand. The same procedure in India would cost only \$8,000. While a bone marrow transplant would cost \$30,000 in India, in US it would cost anywhere between \$250,000- \$400,000 while in UK the cost would be of the order of \$150,000. Doctors in Thailand would charge \$3,500 for cosmetic surgery while those in US and UK would charge \$20,000 and \$10,000, respectively. But in India, it costs only \$2000, so it comes around 75% to 95% of healthcare costs. Although costs in European countries such as Germany and Belgium may be less than that in the United States, but Europe is still more expensive than India. In fact, the data of AMA shows that India is the least expensive when compared to European as well as other Asian countries.

**FOLLOWING COST COMPARISON TABLES PROVE THE FINANCIAL VIABILITY OF THE INDIAN HEALTHCARE INDUSTRY
COST COMPARISON OF SELECTED SURGERIES**

TABLE 1

Procedure	United States (\$)	Thailand (\$)	Singapore (\$)	India (\$)
Heart bypass	130000	11000	18500	10000
Heart valve replacement	160000	10000	12500	9000
Angioplasty	57000	13000	13000	11000
Hip replacement	43000	12000	12000	9000
Hysterectomy	20000	4500	6000	3000
Knee replacement	40000	10000	13000	8500
Spinal fusion	62000	7000	9000	5500

Source: AMA, June 2007

COST COMPARISON BETWEEN US,UK&INDIA

TABLE 2

Procedure	USA (\$)	UK (\$)	India (\$)
Open Heart Surgery (CABG)	100000	43000	7500
Total Knee Replacement	48000	52000	6300
Hip Resurfacing	55000	48000	7000
LA Hysterectomy	22000	24000	4000
Lap Cholecystectomy	18000	3000	
Spinal Decompression Fusion	60000	5500	
Obesity Surgery (Gastric Bypass)	65000	70000	9500

Source: Wockhardt Hospitals

COSMETIC SURGERY (Costs in US\$)

TABLE 3

Procedure	United States (\$)	Thailand (\$)	Singapore (\$)	India (\$)
Face-lift	20000	4800	6250	3100
Breast Augmentation	10000	3150	8000	2200
Breast Reduction	10000	3900	8000	3000
Eyelid Surgery	7000	1400	3750	2200
Liposuction	10000	2100	5000	2500
Nose Surgery	7300	3850	4400	1800
Tummy Tuck	8500	4050	6250	3400

Source: healthbase.com

Apart from the cost of medical treatments language is also a factor that makes India the most desired destination. English is one of our country's official languages and the official language of business too. This has significant appeal to those visitors with very specific needs. Indian Hospitals have 24 hour multilingual help desk and good English speaking doctors, guides, and medical staff.

Medical facilities at India's leading private hospitals are excellent and state of the art. Despite the country's reputation for poverty and poor hygiene, the value for money offered here draws thousands of patients each year. Latest technologically advanced diagnostic equipments are used for medical treatment in India. India is known as a value for money destination for health care because we produce over 30,000 new doctors each year combined with a diverse genetic pool for drug testing.

Most of the doctors and nurses in India are certified to western standard and practices. Add to it, the waiting time which is almost nil in case of India. As compared to the long waiting periods in the industrialized and developing nations. Patients from the western world are finding that insurance either does not cover orthopedic surgery (such as knee/hip replacement) or imposes unreasonable restrictions on the choice of the facility, surgeon, or prosthetics to be used. With the rise of medical tourism in Indian, people from all over the world wish to get perfect treatment and care in hospitals and nursing homes in India. To come to the services of these people who are visitors from India who wish to consult a doctor, tourism and travel has added another feather in all major cities of the India that are popular housing hospitals. To accommodate patients and their relatives, hospitals in India are linked to a wide range of hotels near the top hospitals in India.

Hotels near the top hospitals in India are a boon for patients and families who come from all over the world for medical treatment and care. They need places to put up when they reach their destination. Places closer hospitals if they are interested in for treatment is an additional advantage. The Indian hotels near hospitals to address this issue offer extremely comfortable accommodation at a reasonable price to their customers in medical visits.

The top hotels by hospitals that provide home medical tourists link with the travel agency for business travel that their clients have an option of success. The facilities offered by these Indians hotels near top hospitals are affordable accommodation, boarding, medical emergency and even sight see organized trips for families of patients currently under treatment in hospitals.

These Hotels near the top hospitals in India are becoming more numerous each day and they are also gaining wide popularity and public attention not only in India but anywhere in the world due to their level and consistent services offered.

SOME OF HOTELS NEAR THE TOP HOSPITALS IN INDIA WHICH HAVE GAINED CONSIDERABLE ATTENTION FOR PREMIER QUALITY SERVICE AND ACCESSIBLE FACILITY ARE GIVEN BELOW:

Apollo Hospitals are a great group of doctors who provide outlets for services to patients seeking medical care in India and abroad. The hotels which are now large companies associating themselves with the Apollo group of hospitals that are well known to the nerve centers of life are as follows:

- Crown Plaza Hotel, New Delhi
- Hotel Taj Mansingh
- Vasant Continental Hotel
- Hotel Hill View, New Delhi
- Hotel Samrat
- Grand Sartaj Hotel
- Hotel Rajdoot Delhi

AIIMS or, All India Institute of Medical Sciences in New Delhi to meet a large number of patients both in India and abroad. The hotels near AIIMS, which are well known among the top hotels hospitals in India, are as follows:

- Hotel. International Regency
- Hyatt
- Hotel Grand Sartaj
- Hotel Vikram

Of the most popular Hotels near the top hospitals in India, hotels and resorts around Fortis Hospital in Vasant Kunj deserve no less praise for both ease of access to hospital and a good service to customers at a reasonable price.

- Hotel Vasant Continental, Delhi
- Grand Hotel

Hospital to up sell themselves are trying to get affiliated with health care organizations and insurance company in the US and the west .This enables the western medical tourist to select India as their favorite destination that caters for their medical as well as leisure needs.

WHAT CAN BE DONE TO IMPROVE THE MEDICAL TOURIST FLOW IN INDIA?

Indian government should step forward and try to convince health care insurance companies to sell plans covering offshore healthcare. Most of the insurance company in west don't allow options to select India .Government of India should take necessary steps to improve facilities provided by minor institutions and enforce laws to get them accredited to international accreditation committees. In India malpractice laws and implementations are still inefficient. Infrastructure facilities in the surrounding communities do not resemble western standards too. Once tourist leaves the hospital they are at their own risk. We should try to develop the surrounding environment to help western tourist feel home away from home. As the cost of health insurance premiums are increasing in western world more and more western people are ready to travel to different destinations for their medical needs. India should see this as an opportunity to improve more tourist inflow in our country. When numerous patients' from the different parts of the world select India for their medical needs, then it is certain that Indian hospitality industry will too be benefited.

Corporate tax on hospitals should be further reduced which in turn will help the hospitals to purchase and install the state of the art technology. We need to improve our local transportation infrastructure and airports. Initiative should be taken to advertise regional medical tourism .we should advertise more about the benefits of regional medicine and our ancient practices like yoga, etc. News paper ads, special discounts, call centers, hospital websites, television commercials, billboards, classified advertisement; press releases are one among the best mediums to boost tourism in this sector. The government should take more initiative to provide priority medical visas. By Co branding hotels with the well know hospitals we can satisfy western medical tourist all needs like comfortable stay, good food, internet, sightseeing etc.

CONCLUSION

The future of medical tourism seems promising with increased promotion. Other countries are expanding their health care systems, encouraging tourists to visit. India is revising plans to build a medical tourism resort, providing superior accommodation in "a hotel and hospital combination". Rajasthan has great potential to be a serious player in the global healthcare services industry. Governments perhaps need to limit expenditure on international visitors and focus on maintaining the health of their own citizens via stronger regulatory systems.

Medical tourism can gives great contribution in Indian economy if managed well could be a progressive step towards quality health care for foreign medical tourists.

REFERENCES

1. Heritage & Culture Tourism by Ravi Chauhan
2. India Tourism Website
3. Tourism development in India by Bhatia .A.K , 1989
4. Tourism development in India by Shetty.Leela, 1991
5. Tourism development resource conservation , Negi Jagmohan

WEBSITE

6. www.wikipedia.com

ELECTRONIC COLLABORATING FRAMEWORK FOR DIGITAL SAARC CAMPAIGN

KAPIL GOYAL
ASST. PROFESSOR
DEPARTMENT OF COMPUTER SCIENCE & IT
DAV COLLEGE
AMRITSAR

ABSTRACT

The objective of my research manuscript is to suggest and voice my ideas in the formation of Electronic Collaborating Framework (ECF) for Digital SAARC Campaign. I wish to have more interactive cum informative, participative and outcome oriented debate and ideate on opportunities and challenges. My research paper will highlight various Metrics and Models to accelerate Digital Initiative in SAARC Nations. By virtue of my research guidelines, I wish to suggest measures for more secure, stable and efficient ECF. Working strategy on National and Global Information Infrastructure has to look forward and must devise means for eco-friendly sustainable solutions. Social Inclusion Metric will also help in achieving Millennium development goal (MDG).

KEYWORDS

Electronic Collaborating Framework (ECF), Metrics and Models, Social Inclusion Metric, SAARC Economies.

INTRODUCTION

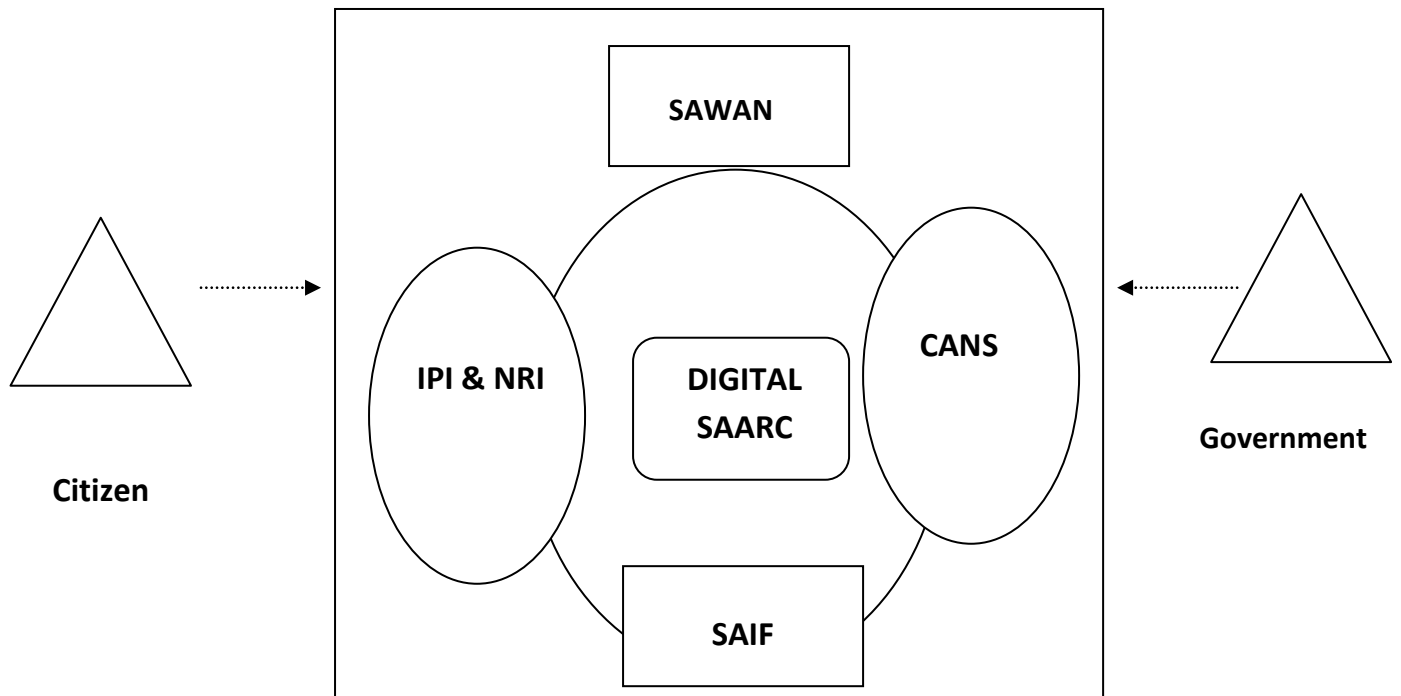
SAARC is an organization of South Asian nations, founded in 1985 and dedicated to economic, technological, social, and cultural development across south Asia. SAARC economies have recognized the info-evolution in the Information and Communication Technology (ICT) sector since long. At the same these nations have also experienced opportunities and challenges while implementing Digital policies and practices. I have given two important references of my previous research metrics on SAIF and SAWAN Frameworks, South Asia Internet Framework and South Asia Wide area Network. These metrics have certainly help towards an enabling universal internet access environment. Internet for inclusive and secure growth will also help in archiving sustainable development in South Asia. Efforts must be made to promote People to people engagement using common electronic interface in the enhancement of telecommunication channels and effective utilization of ICT infrastructure (NII & GII) to bride digital divide. In order to leverage potential of technological revolution these nations must step forward to scale social and economic measures. To achieve this they must utilizes optimal sharing of available resources and enhanced cooperation in technology transfer, standardization and human resource development etc.

SIGNIFICANCE OF RESEARCH

The various measure and metrics shown below are network oriented ideas that can make this regional Conference more interactive, informative, and participative and outcome oriented to address opportunities and challenges as well.

1. To penetrate, enhance and scale Internet penetration Index (IPI) in South Asia by inventing "Electronic Partnership Framework" for Cross-Border Investing in view of social economical aspects.
2. SAARC to formulate South Asia Wide Area Network.(SAWAN) that would further cut down telecommunication cost.
3. SAARC Countries to have to have direct optical fiber link Using Fiber Theory [FTH].
4. SAARC must have its own Outsourcing Framework to Accelerate flow of cross borders outsourcing by virtue of Global Software Impex Board (GSIB) as a mechanism to initiate e-Business/e-Commerce transaction.
5. SAARC continent should work on ISOC theory to have united and common Domain name for Regional Electronic Interface (.SRC) to be accessed by all concerned regional nations.
6. Regional Electronic Interface must support multilingual aspects that should speak regional languages well understand by all.
7. SAARC must introduce Common Currency (Digital Currency via Asia Currency Unit [ACU]) by virtue of IEFA (Internet economy framework of Asia)
8. SAARC must have Uniform Call Rate under (One Asia Plan) in order to further reduce the communication cost for voice, data, and video conferencing. It will boost Internet access to meet need based informative concept.
9. Community Access Network for South Asia (CANS) to set up Civic Framework. It would create mutual interest among citizens for scaling civic networking protocols.
10. Accelerate flow of cross borders e-Business flow [eBusiness Without Borders]
11. Both public and private sector [PPP] should come with Internet Policy to educate communities to bridge Digital Divide.
12. The state govt. of various south Asian nations must formulate Internet strategy [INET] for social economical inclusion for sustainable development.
13. At the same time by keeping security into mind government should suggest measures and prepare Cyber Crime Guru [CCG] to cope with cyber attack.
14. Working strategy on [50*15 Policy] i.e. by the year 2015, at least to make 50 % of SAARC population to be able to access Internet and be Online at any cost. Imagine if half the South Asia (SAARC) had Internet access. This is the vision behind the 50x15 initiative to enable affordable Internet access and computing capabilities for 50 percent of the South Asian population by the year 2015. SAARC nations must take initiatives for joint training methodology (Indians to train Pakistan's BPO staff)
15. SAARC must define standards for local languages Multilingual support [SMF]
16. To further improve The Networked Readiness Index [NRI] Rankings in order to scale countries index. It measures the propensity for countries to exploit the opportunities offered by information and communications technology.
17. To further enhance NRI principal funds like USO must be given due considerations.
18. SAARC should come out with E-Participation Index (EP1) in order to assess the quality, relevance, usefulness, and willingness of regional governments for providing online information and participatory tools and services to the people.
19. Last but not the least SAARC countries must be committed to offer Value Added Services to their citizens to re-structuring Social Informative Framework into hard but true reality.
20. Improvement in The Networked Readiness Index [NRI] report for robust ICT infrastructure.
21. SAARC should also highlights at mass level the environmental sustainable issues and concern to minimize digital garbage (eWaste).
22. SAARC should come with WEBINAR concept so that communities should be able to view voice and converge their thoughts, concern and action using WWW.

FIG. 1



Electronic Collaborating framework

STATISTICS AND WEB ANALYSIS

The Networked Readiness Index 2014 Report Statistics.

The World Economic Forum's **Networked Readiness Index (NRI)** measures the propensity for countries to exploit the opportunities offered by information and communications technology (ICT). The NRI is a composite of three components: the environment for ICT offered by a given country or community (market, political, regulatory, and infrastructure environment), the readiness of the country's key stakeholders (individuals, businesses, and governments) to use ICT, and the usage of ICT among these stakeholders.

TABLE 1

Global-Asia Rank	Country/Economy	Score/ grade
76/2	Sri Lanka	3.85
83.1	INDIA	3.93
111/3	Pakistan	3.33
119/5	Bangladesh	3.03
123/4	Nepal	3.21
94/5	Bhutan	3.68
??/?	Afganistan	???
???.?	Maldives	?..?

CONCLUSION

Much has been said, much has been seen, much has been experienced but still much needs to be done. As a researcher and academician I would like to conclude my ongoing research theories by suggesting more network oriented strategies. I firm believe by doing so we can think of truly Digital SAARC Campaign and generations down to come will find benefits if ICT revolution.

REFERENCES

1. Digital Empowerment Foundation and ISOC Event Report 2009 Web Link inet.defindia.net/
2. Digital Inclusion Network, forums- emocracy.org/groups/inclusion
3. John v Meg, The Networked Readiness Index Report by World Economic Forum 2014. pp XVII
4. SAARC charter of democracy, Web Address <http://www.saarc-sec.org>
5. SAARC research project on safeguarding traditional knowledge and traditional cultural expressions of south Asia pp xxii
6. Sample Articles from Digital Divide Network, URL www.digitaldivide.net
7. South Asia Free Trade Agreement articles pp 574

E-COMMERCE IN INDIA: CURRENT DEVELOPMENT

BISWAJIT SAHA
ASST. PROFESSOR
COMPUTER SCIENCE & ENGINEERING DEPARTMENT
DR. B. C.ROY ENGINEERING COLLEGE
DURGAPUR

ABSTRACT

The term Electronic commerce has been around for the past few years and has become the latest buzzword in the Indian business scenario. Electronic commerce industry in India is growing every day by leaps and bounds. This paper discusses about the current state of affairs of electronic commerce industry in India. In doing so first some basic guidelines about online shopping have been described along with the advantages and disadvantages of online shopping. Also a discussion has been made about fresh funding amounting to billions of dollars in existing electronic commerce companies of India and setting up of new and sometimes joint ventures in the electronic commerce industry. The fact that according to media reports, the Indian electronic commerce based companies are facing a great challenge from overseas companies like Amazon has also been highlighted. This paper also throws light on jobs in electronic commerce industry being considered now as a new career option. Regulatory bodies and law making entities involvement and a probable change in laws related to electronic commerce industry has also been discussed about.

KEYWORDS

Electronic Commerce, Online shopping, Online business, Funding.

INTRODUCTION

Electronic commerce, usually known as E-commerce or eCommerce, is doing business in products or services using the Internet which is the major backbone for e-commerce transactions.

E-commerce businesses usually employ some or all of the following practices [1]:

- Provide E tail or "virtual storefronts" on websites with online catalogues, sometimes gathered into a "virtual mall".
- Buy or sell on websites or online marketplaces.
- Gather and use demographic data through web contacts and social media.
- Use electronic data interchange, the business-to-business exchange of data.
- Reach prospective and established customers by E-mail or fax (for example, with newsletters).
- Use business-to-business buying and selling.
- Provide secure business transactions.

According to Flipkart CEO Sachin Bansal, India is going to be the third biggest e-commerce market by value in the world after the US and China. It is a highly capital-intensive business. Online retail is worth \$3.1 billion, or 10% of the organized retail market, and is estimated to grow to \$22 billion, or over 15% of the organized retail market, in five years, according to a November 2013 report by brokerage firm CLSA. Surprisingly the revival of investor interest comes after two years, when most of the venture capital firms steered clear of local e-commerce companies. Starting from 2012 to the beginning of this year, hundreds of sites such as Indiaplaza.com and Urban Touch, which raised anywhere between \$1 million and \$10 million each has shut shop as investors become increasingly cost-conscious about giving money to e-commerce start-ups because of high cash burn and lower-than-expected sales growth. Though the situation seems to be changing now because large global financiers such as Morgan Stanley, Singapore's state-run investment firm Temasek Holdings and US investment firm BlackRock are queuing up to invest in India's e-commerce businesses [2].

Vani Kola, managing director at Kalaari Capital which is an investor in Snapdeal opines that the explosive growth of Flipkart and Snapdeal shows that Indian shoppers are willing to buy a range of products online, which has given a strong boost to investor confidence. Since mobile commerce has taken great strides so the connectivity problem is solved to a large extent. E-commerce firms now have ready access to people in towns and villages. Shoppers in India are increasingly using their smart phones to browse and buy products. Flipkart, Snapdeal and Shopclues have declared that up to 35% of their traffic comes from the mobile phone. With the high penetration of phones in India and with improving Internet connectivity, e-commerce firms are expected to reach millions of new users in the coming years. The Flipkart buyout of Mynttra has also convinced many investors that large sites such as Flipkart, Snapdeal and Amazon would be willing to buy smaller online firms that build differentiated businesses or innovative technologies [2].

E-commerce can also be used in a number of advantageous ways for successfully running micro, small and medium sized enterprises. Reference [3] analyzes the problems existing in the electronic commerce set up of micro, small and medium enterprises of India. A solution is proposed keeping in mind the existing cyber laws and other regulations, which will be conducive to micro, small and medium sized enterprises launching electronic commerce.

ONLINE SHOPPING

According to a survey by Associated Chambers of Commerce and Industry of India (ASSOCHAM), shopping trends of Indian customers have witnessed a significant change this summer - online shopping has shown more than 155 per cent rise as compared to last year's 85 per cent. Online shopping is highly convenient, cheaper and gives the buyer an abundance of choice from around the world. It saves time, energy and money while providing more options in terms of brands, designs etc. Travelling to a shopping mall or a brick and mortar store means spending time commuting and sweating, in some cases wasting money on fuel and parking fee. Also, good deals or discounts are not always available in traditional stores as compared to online stores. Due to online shopping anyone from a relatively small town in India can buy products of top brands having excellent quality to match their counterparts from big cities and also save a good amount of money on top of it [4].

In order to get the best out of online shopping few guidelines are provided below [4]:

1. Discounts, coupon or promotional code: Online shopping helps us to get heavy discounts almost throughout the year and coupon code helps us further. In order to get the code in the merchant's website the word 'coupon' or 'promotional code' is to be entered to get a discount on the product or on shipping costs or both. But coupon codes are on select products and vary from one type of product to another. So caution has to be exercised while using coupon codes.
2. Shopping cart: After having the products in the electronic cart a customer should save the cart and wait for a day or two. The online shopping portal might send an additional coupon code to convince the purchaser to complete the purchase transaction.
3. Comparison: Before purchasing a product a customer should visit various price comparison websites to have a clear picture of the best online deal available for his chosen product.
4. Social networking sites: Social networking sites go a long way in shaping the course of online shopping. Lot of shopping portals give special discount coupons and announce their sale season first on sites like Facebook, Twitter etc.

5. Customer Reviews: Reviews help us in making an informed decision. Since the touch and feel factor is absent in online shopping the customer reviews helps a lot in making a purchase decision.

Some of the factors that make online shopping an irresistible option are heavy discounts - almost throughout the year, customer-centric policies, flexible delivery timelines and free returns.

ADVANTAGES OF E-SHOPPING

The advantages of e-shopping are many. Apart from the convenience of buying a product from home and saving lot of time and money it has some more distinct advantages. The following are some of the advantages of e-shopping:

1. Heavy discounts – offered almost throughout the year.
2. Customer-centric policies.
3. Flexible delivery timelines.
4. Free returns within a stipulated time period– no questions asked.

DISADVANTAGES OF E-SHOPPING

Though e-shopping comes with lot of advantages it has its own disadvantages as well. The following are some of the disadvantages of e-shopping:

1. Lack of touch and feel factor of the items to be purchased.
2. Confidential financial data related to the customer may be stolen by hackers.
3. In some cases shipping costs increases the final price of items and they may cost more than the brick and mortar store.
4. Though a promise is made to deliver the items purchased within a short span of time sometimes delay in shipping might spoil the spirit of online shopping.

OVERVIEW OF PROMINENT E-COMMERCE COMPANIES

During the past decade and particularly during the last few years there has been a spurt of E-commerce companies in India catering to various segments of the market. Below a discussion is made about some of the Indian companies who have emerged very strongly in the E-commerce business by offering the most optimum e-commerce solution while taking great care of the privacy and security of the customers using these e-commerce websites [5].

Flipkart

Website: (www.flipkart.com)

Flipkart is an Indian e-commerce company headquartered in Bangalore, Karnataka. It was founded by Sachin Bansal and Binny Bansal in 2007. In its initial years, Flipkart concentrated on online sales of books, but it later on expanded to electronic goods and a diversity of other products. Flipkart offers multiple payment methods like credit card, debit card, net banking, e-gift voucher, and the major of all Cash on Delivery. The cash-on-delivery model adopted by Flipkart has proven to be of great significance since credit card and net banking penetration is still very low in India.

Snapdeal

Website: (www.snapdeal.com)

Snapdeal is a leading online marketplace, headquartered in New Delhi, India. Snapdeal features products across categories like mobiles, electronics, fashion accessories, apparel, footwear, kids, home and kitchen, sports, books; and services like restaurants, spas & entertainment amongst others. The company was started by Kunal Bahl, a Wharton graduate and Rohit Bansal, alumnus of IIT Delhi, in February 2010. Snapdeal also provides discounted deals by connecting with local merchants.

Fashionandyou

Website: (www.fashionandyou.com)

Fashion and You is a private invitation only shopping club, based in Gurgaon, India. It was founded by Harish Bahl in November, 2009. The fashion site features collections by top designers for men, women and children for up to 80% off retail prices. Fashion and You obtain authentic designer merchandise straight from the brand and provides it exclusively to its members through limited-time events.

Myntra

Website: (www.myntra.com)

Myntra was established by Mukesh Bansal, Ashutosh Lawania, and Vineet Saxena in February 2007. All three are IIT graduates, and have worked for several start-ups. Myntra is headquartered in Bangalore and has been funded by Venture Capital funds like IndoUS, IDG & Accel Partners. Myntra.com works as an online shopping retailer of fashion and casual lifestyle products. The company started off in the business of personalization of products, and soon expanded to set up regional offices in New Delhi, Mumbai and Chennai.

Inkfruit

Website: (www.inkfruit.com)

Inkfruit is an online t-shirt store, where t-shirt designs are submitted and voted for by a group of people. It was initiated in December 2007 (then called Gnome) by Fingerprints Fashion Inc., based in Mumbai, India. Kashyap Dalal, an alumnus of IIT Bombay and IIM Lucknow is the CEO of Inkfruit. This concept is taken to India by Inkfruit from Threadless. The community of Inkfruit submits t-shirt designs. These designs are put to vote on a scale of 1 to 5. The design that receives most votes 'wins', gets printed and is put for sale. The member whose design is selected gets paid a winning amount.

Dealsandyou

Website: (www.dealsandyou.com)

Dealsandyou is a deals website to find the best deals in Indian shopping. The site provides offers for local services such as full body massages or buffet restaurants. Shopping using these deals in the website is a nice experience which can save a great deal of money as well.

Homeshop18

Website: (www.homeshop18.com)

HomeShop18 is the online and on-air retail and distribution venture of Network 18 Group, headquartered in NOIDA, India. HomeShop18 was launched on 9 April, 2008 as India's first 24-hour Home Shopping TV channel, where anchors performed live demonstration of products on sale. The television channel established HomeShop18's foothold in Indian retail because of high television penetration. Later, as the internet reach grew all over the country, HomeShop18 expanded to the internet.

Yebhi.com

Website: (www.yebhi.com)

Yebhi.com is an Indian Online shopping e-commerce portal for Home, Lifestyle & Fashion. It was launched in the year 2009. Yebhi, which began as BigShoeBazaar.com, has a registered user base of about 1.5 million people, out of which about half a million have transacted on the site. On July' 10th 2012, Big Shoe Bazaar India Pvt Ltd. owner of Brand Yebhi.com announced that it has raised ₹100 Cr in Series C round of funding led by Fidelity Growth Partners India and Qualcomm.

Indiangiftsportal

Website: (www.indiangiftsportal.com)

Indian Gifts Portal is an online gifts super-market that makes sending a gift to dear ones a pleasure. It offers a wide range of gift-options, most of which are exclusive Indian products.

Caratlane

Website: (www.caratlane.com)

Caratlane is India's first online jewellery store with an assorted range of diamond jewellery designs to offer every customer. They offer more than 1,40,000 loose diamonds, and over 1000 ready to choose diamond jewellery online like diamond rings, pendants, earrings, bracelets, bangles and gold coins for all budgets. The quality & authenticity of diamond jewellery is validated with BIS hallmarking and Certification from International labs like GIA, IGI, HRD and AGS. The website offers discount up to 25 percent of prices. This advantage is achieved with very low inventory cost, minimal overhead cost, no intermediaries and in-house manufacturing facility. Buying jewellery online in India is more challenging with the lack of touch and feel factor. To counter this, caratlane.com also offers 'try at home' facility before buying a jewellery online, to ensure complete satisfaction of look and size. The clients also receive personalized service from the qualified jewellery consultants every time they buy jewellery online. With easy payment options including convenient 6 or 12-month EMIs, customers can enjoy free, insured delivery anywhere in India.

FUNDING AND NEW VENTURES

According to latest media reports, Wipro's Azim Premji has made investments in Myntra and Snapdeal. NRN Murthy of Infosys reputedly has made investments in Amazon. Premji Invest is the investment arm of Mr. Azim Premji. Myntra and Snapdeal have got findings to the tune of \$50 million and \$100 million respectively from a group of investors including Premji Invest. Recently, Amazon and Mr. Murthy's family office, Catamaran Ventures, floated a Joint Venture to help small and medium businesses join the online business platform. Catamaran Ventures holds a stake of 51% in the joint venture. Experts believe that the two investments differ in the sense that Premji's investments are venture capitalist type investments that have a very high risk-reward ratio. On the other hand, in case of Catamaran it is setting up fully functional business operations and managing those operations. Experts say that while one has taken a portfolio investment approach the other has made a more strategic move [6].

SNAPDEAL FUNDING

Ratan Tata, the 76-year old chairman emeritus of Tata Sons, is said to be considering a personal investment in Snapdeal, an e-commerce company. He may buy out an early investor in Snapdeal through a secondary sale. He might remain to be a minority investor in his personal capacity in the e-tailer. But the real significance would be the euphoria it would create for the four-year-old firm. He had visited the firm's headquarters in Delhi about a month ago and addressed employees. Snapdeal which has crossed \$1 billion in gross merchandise sale by value currently is busy fending off a challenge from the big online retail company Amazon for number 2 position in the domestic e-commerce market. The investment would be testimony to the growing interest of established business houses in India's prospering e-commerce industry, which is expected to hit \$9 billion over the next two years, according to US venture capitalist Accel Partners. The potential investment by Tata would bring fresh life for Snapdeal, with both Flipkart and Amazon declaring open war for dominance of India's fast-growing e-commerce market which has attracted top dollars from financial investors [7].

BLUESTONE

Ratan Tata, the former Tata Group chairman and now chairman emeritus of Tata Sons, has made a personal investment in online jewellery retailer Bluestone, which is three year-old e-commerce company selling jewellery targeted at women buyers. The size of his investment remains undisclosed though. Bluestone is going to gain a lot because Tata group's brand Tanishq emerged as a billion dollar jewellery retailing enterprise under his leadership. According to Vani Kola, MD, Kalaari Capital, having Ratan Tata as a mentor and getting access to him will enlighten the team of Bluestone to a very large extent. Bluestone is a Bangalore-based company founded by IIT graduate Gaurav Singh Kushwaha and Vidya Nataraj, and was seed-funded by the serial entrepreneur duo Meena Ganesh and K Ganesh. Venture Capital funds Accel Partners, Kalaari and Saama Capital are Bluestone's existing investors. Bluestone is a vertically integrated online jeweller having its own manufacturing, design and delivery functions. It is expected that online jewellery retail is going to become one of the fastest growing segments in India's e-commerce market which is projected to become an \$9 billion industry in the next two years. The current share of online jewellery sales in the \$50 billion domestic jewellery market is a minuscule 0.5% providing it with enough space for growth. Higher merchandise value, hefty margins and low inventory costs make online jewellery a highly lucrative prospect [8].

MYDALA

According to media reports, daily-deals site Mydala has held talks with heavyweight internet investors including Russian billionaire Yuri Milner's DST Global and Sweden's Kinnevik as it hopes to raise \$40 million of fresh funds to expand operations. Mydala is also said to be in discussions with Japan's Softbank and Tiger Global, the largest institutional investor in Flipkart. The Delhi-based company plans to raise \$30 million in fresh capital and \$10 million in secondary sale. DST Global is one of the largest internet oriented investment funds globally while Kinnevik is a big investor in e-commerce and online marketplace platforms across high growth markets. Mydala, founded in 2009 is betting on becoming an advertising and promotional platform for small and mid-sized merchants instead of only offering discounts on services like spas and restaurants. Mydala's focus is mainly on the mobile platform and customers from non-metro cities and this has helped in its growth to a large extent. It currently receives 50 million unique visitors monthly out of which 80% are through the mobile platform [9].

BOMBAY DYEING

According to media reports, Bombay Dyeing, the 135 year old textile major, in its quest to become a more youth-friendly brand, is moving into the e-tail domain and planning to come up with a cell phone friendly virtual platform, including mobile apps very quickly. The company launched the web site mybombaydyeing.com few months ago. The bed and bathroom product range is already available on other e-tail channels like Flipkart, Jabong, Fabfurnish, etc. Also many traditional brands like Nalli Silks, Croma, GRT Jewellers, and Arvind Brands are going online to boost sales. The sale strategy of many of these brands was through brick and mortar store. But they are now using or going to use the electronic way as an additional way of retailing. One of the main advantages being due to lack of real estate investment lot of capital is saved. K Rajagopalan, CEO, Retailers Association of India, stated that many traditional retailers are implementing the 'click and collect' model where the customer can select a product online and collect it from the outlet at a later stage [10].

ONLINE TRAVEL COMPANIES

According to media reports, as demand for tailor-made holiday packages goes up among Indian travellers early-stage venture capital (VC) has started to flow into the customized online travel domain. After funds were provided to the two-year-old start up TravelTriangle by Asia-focused private equity firm SAIF Partners, US-based venture fund Matrix Partners India is picking up a significant minority stake in WeAreHolidays.com, founded by three former employees of MakeMyTrip. Sachin Bhatia, who is also the co-founder of MakeMyTrip, is also an angel investor in the online travel marketplace. Existing angel investors Blume Ventures and GSF Superangel Investors have co-invested for the Delhi-based online travel firm. WeAreHolidays is going to use this first round of institutional funding to grow its business and deepen its technology and analytics expertise. Founded in 2011 by Wadhwa, Harkirat Singh and Mohit Piplani, WeAreHolidays enables travellers to plan and book their holidays online. The company works on a technology-enabled managed marketplace model to help people research, plan, customize, book and share their holidays. The Indian travel and airline booking market is largely dominated by the bigger online players like MakeMyTrip, Golbibo and Yatra. However, specialized, technology-based ventures are starting to get attraction from a growing set of mature and seasoned travellers. Both TravelTriangle and WeAreHolidays concentrate on outbound travel, as margins are better compared to selling domestic packages. TravelTriangle is an open marketplace with four operators selling directly to customers, on the other hand WeAreHolidays works through its customer care agents. It is estimated to be making an average transaction of more than Rs 2 lakh per customer with about 15-20% commission coming its way. According to Deepak Wadhwa, co-founder & CEO of WeAreHolidays.com, Indians travelling overseas for leisure is a \$5-7 billion market and is growing annually at a rate of 40%. Out of this, 10% comprise customized holidays - a segment which is growing much faster than other segments. At present, the company is growing at a rate of 30% month-on-month basis.

Combined with an increase in the number of affordable international travel options and higher disposable incomes, India has become the fastest growing outbound travel market [11].

AMAZON CHALLENGE

Flipkart, Snapdeal and Jabong dominate the e-commerce sales in India. According to analysts the largest challenge to local sites comes from Amazon.com Inc.'s India unit which has become operational now. At the same time large global sites such as Japan's Rakuten Inc. and others are likely to enter India over the next few years. The world's largest online retailer Amazon after launching its India marketplace in June last year has already built one of the biggest product collections in the country. Amazon which is investing lot of money in India for its e-commerce business is in favour of allowing foreign direct investment (FDI) in e-commerce because this will benefit the company in ways too many. At present global online retailers like Amazon and eBay Inc. are not allowed to sell products they have sourced themselves, and have to rely on third-party suppliers. Their fully owned platforms are marketplaces for these suppliers. According to Amit Agarwal, the country manager of Amazon Seller Services Pvt. Ltd the company is expanding at a very fast pace in the country. During the last 11 months, the number of their sellers has gone up by more than 50 times—currently they have more than 5,000 sellers and the number is growing very rapidly every day. He claims that in at least 10 categories like books, music, movies, toys, etc they have built the largest selection in India. Further in many of the categories, their selection has grown four to five times post launch. But the other large global company, eBay, has been largely unsuccessful in India. According to documents available with the ministry of corporate affairs eBay registered a sales figure of just Rs.50.8 crores in India for the year ended 31 March 2012. This has forced the company to invest heavily in Snapdeal as it seeks to find a meaningful presence in the country [12].

E-COMMERCE INDUSTRY AS A CAREER OPTION

According to a survey by industry body ASSOCHAM, India's e-commerce market is a rapidly expanding sector, throwing up thousands of new job opportunities every year. Also as per a CRISIL research report, ecommerce in India is estimated to grow at 50-55% annually for the next three years and is touted to become Rs 50,000-crore industry by 2016. According to Vinish Kathuria, COO, Digital Quotient due to the rapidly changing consumer behaviour and shopping patterns there will be continued growth of e-commerce industry in the coming years as a result of which there will be lot of jobs coming up in this industry. Further he added that this is an ideal industry for people who are fast-paced, fuelled by passion, highly creative and for whom comfort is not a priority. Moreover, there is a positive growth attitude for this sector. E-commerce offers a dynamic work environment. It exposes a professional to all the powerful core essentials of business functioning like product marketing, supply chain, pricing and profit management, customer acquisition, cross-selling, up-selling, customer service and much more. Very few jobs and industry present such a holistic picture. Globally, the sector is booming and is expected to grow to \$675 billion by 2016. Moreover, not only does the e-commerce industry have the hottest jobs in present times, but also the coolest work environment. The job market in this relatively new industry is flourishing like no other industry. Rajiv Srivatsa, COO and co-founder, Urban Ladder while sharing his views on the employment scenario in this industry pointed out that there are plenty of opportunities available because the industry is young and evolving continuously. New profiles and newer job descriptions have been created specifically for this industry and people are getting a chance to innovate and explore new opportunities since there is a lot of learning along the way as there are not any set of rigid rules. He also pointed out that most of successful e-commerce companies have started out as small three-four member teams, but have grown into 1000+ member organisations today. This has given lot of employees the much needed exposure and growth they would have found impossible to achieve in more established companies where hierarchy and experience take precedence over talent. The growth opportunities in this industry would be huge considering the industry to be growing at a very rapid pace. According to Alope Bajpai, CEO and co-founder, ixigo.com the e-commerce industry is experiencing an upsurge in growth and this is the right time for aspiring individuals to turn to this industry. Apart from a huge demand for solid web app developers and quality experts there are opportunities for content writers, graphic designers and digital marketers who also have a huge role to play. E-commerce companies typically exhibit an informal working culture, with lower levels of hierarchy in comparison to traditional industries and MNCs. E-commerce is a fast-paced industry so prospective candidates must display great communication skills, flexibility and enthusiasm for the constant innovativeness that is required in this industry. According to Ashu Malhotra, senior VP HR, Jabong.com, hiring activities are expected to grow by over 30% in this sector and may help create upto 50,000 employment opportunities in the next two to three years. As per a study by Nielsen, almost one-fourth of MBA students from India's top tier business schools, including the IIMs, prefer working for the fledgling e-commerce sector, over traditional favourites like consulting and financial services jobs [13].

MODIFICATION OF IT ACT, 2000

The government in order to further boost the rapidly expanding over \$2-billion online shopping market of the country is likely to modify the Information Technology Act, 2000 to remove legal obstacles in e-commerce transactions. Under the proposed Communications Convergence Bill, the government plans to modify the IT Act, 2000 to provide legal recognition for transactions carried out using electronic data interchange and other means of electronic communication. Besides, the Government wants to draft a set of globally acceptable guidelines to increase the legal predictability for electronic commerce (e-commerce) and adopt the United Nations General Assembly's (UNGA) recommended Model on Electronic Commerce (MLEC). According to UN Commission on International Trade Law, MLEC seeks to enable and facilitate transactions done using electronic means by providing governments with internationally acceptable rules aimed at removing legal obstacles and increasing legal predictability for e-commerce. The government has already constituted a committee to develop a conceptual framework for Communications Convergence Bill, which was originally drafted in 2000 under the BJP-led NDA Government. The Department of Telecom (DoT) is likely to finalise the draft Bill before the Winter Session of Parliament. The government's step to modify the IT Act, 2000 is in perfect synchronisation with its ambitious project worth around Rs 35,000 crore which aims to provide high-speed broadband connectivity to 2.50 lakh Gram Panchayats in India. According to telecom minister Ravi Shankar Prasad, the National Optical Fibre Network will lead to an explosive growth of e-commerce in the country. A joint study by consultancy firm PwC and industry body ASSOCHAM predicts that the size of the e-retail industry is expected to touch \$10-20 billion by 2017-2020 and e-commerce firms are expected to spend up to \$1.9 billion by 2017-2020 on infrastructure, logistics and warehousing. Another report by management consulting firm Technopak estimates the \$2.3 billion e-tailing market to reach \$32 billion by 2020 [14].

CONCLUSION

According to media reports, Flipkart has raised \$1.7 billion in fresh funds while Amazon has drawn in funds worth \$2 billion into the flourishing Indian e-commerce market. This may result in investors shying away from investing in small and medium sized e-tailers which may eventually wipe them out. The future market may be a race between three – Amazon, Flipkart and Snapdeal. Amazon has started a price war as it is very positive about the e-commerce market of India. However specialised online retailers such as HealthKart and Urban Ladder may not be hit by the huge investments of the big e-commerce companies. Snapdeal, a home grown company fights against both Amazon and domestic rival Flipkart to become the number one e-commerce company of India, in a fast growing market projected to touch \$9 billion by 2016. At present India have 243 million internet users which are continuing to grow at a fast rate owing to increasing smart phone penetration even in rural India. It must be mentioned that e-commerce market is a fiercely competitive one. Experts say that Venture Capitalists will perhaps not invest any further into any other home grown e-commerce companies other than Flipkart and Snapdeal because the gap between these two and other companies are increasing. The relatively smaller companies will perhaps not be able to catch up with the two in terms of growth and revenue generation. Amazon a US based company may focus on growth in India through acquisitions. A strategy it has implemented successfully in its home market. Looking towards the foreign markets of US and China it can be seen that even in those countries the fight is basically between two players. In case of US the competition is between Amazon and Ebay while in case of China the rivals are Alibaba and Tencent. So quite likely in India the fight will also be restricted between two or three companies like - Amazon, Flipkart and Snapdeal. These companies have a wide range of products to sell and offer lot of discounts to the customers, much more than any other e-tailers. Hence they have an ever expanding base of customers and increasing revenue [15].

Flipkart claims to have 22 million registered users. According to media reports Flipkart's investors are looking towards a possible US listing at a valuation topping \$20 billion in the next 36 months. Snapdeal is also not far behind. Apart from Flipkart and Amazon, it is the third important player in the blooming e-commerce market of India. Business analysts expect offline retail players like Reliance Retail, Tatas, Aditya Birla and Future Group to increase their investments in digital retail. Walmart has already announced plans for digital B2B retail in India. According to a recent report by consultancy firm Technopak, India's internet user base is expected to grow to over 400 million in the next five years. The report further added that India's e-tailing market is expected to reach anywhere between \$19 billion and \$38 billion from the current \$2 billion by the end of this decade. The smart phone user bases will more than quadruple from the current 65 million in the same time frame. Both Flipkart, which has 50% of its overall sales coming from mobiles and Amazon have stated that they will invest more money to enhance their mobile platforms. Overall, the Indian retail market is expected to grow to at least a trillion dollars in size from the \$500 billion at present by the end of this decade. This growth will mostly be in the e-tailing sector because brick and mortar stores or the traditional retail stores have to overcome lot of constraints in their growth path [16].

It can be seen that several important events are taking place in the arena of e-commerce. However, it can be safely concluded that the future of e-commerce is very bright for some companies who are receiving big funding while it is not so bright for others. But it is certain that the e-commerce industry will witness lot of game changers in the near future to come. E-commerce itself has given birth to a revolution which is changing the way businesses are being carried out and products and services being bought and sold. Newer and smarter ways of running a business successfully are being evolved. Geographic distance is hardly proving to be a deterrent factor in carrying out business. Our country has witnessed the roll out of broadband internet services as well as 3G and 4G wireless communication services. It is expected that with the introduction of newer and faster communication technologies e-commerce is set to reach greater heights in the years to come.

REFERENCES

1. <http://en.wikipedia.org/wiki/E-commerce>
2. <http://www.livemint.com/Industry/Z5LsukijKgjfdbU3oiTDBO/Indias-ecommerce-boom.html>
3. SAHA, BISWAJIT. "ELECTRONIC COMMERCE ADOPTION BY MICRO, SMALL AND MEDIUM SIZED ENTERPRISES." International Journal of Research in Computer Application & Management 4.7 (2014).
4. <http://timesofindia.indiatimes.com/life-style/home-garden/E-shopping-made-easy/articleshow/39545171.cms>
5. <http://www.siliconindia.com/news/business/10-Best-ECommerce-Companies-in-India-nid-143370-cid-3.html>
6. <http://timesofindia.indiatimes.com/tech/tech-news/New-rivalry-Its-Amazon-NRN-Murthy-vs-Flipkart-Azim-Premji/articleshow/40212300.cms>
7. <http://timesofindia.indiatimes.com/tech/tech-news/Ratan-Tata-may-invest-in-e-tailer-Snapdeal/articleshow/39712508.cms>
8. <http://timesofindia.indiatimes.com/tech/tech-news/Ratan-Tata-buys-into-e-jewellery-company/articleshow/42200767.cms>
9. <http://timesofindia.indiatimes.com/tech/tech-news/Global-biggies-eye-stake-in-deal-site-Mydala/articleshow/40033587.cms>
10. <http://timesofindia.indiatimes.com/business/india-business/Bombay-Dyeing-takes-e-tailing-route-to-target-youth/articleshow/40531861.cms>
11. <http://timesofindia.indiatimes.com/business/india-business/VCS-buy-into-online-travel-companies/articleshow/39641246.cms>
12. <http://www.livemint.com/Industry/Z5LsukijKgjfdbU3oiTDBO/Indias-ecommerce-boom.html>
13. Site:<http://timesofindia.indiatimes.com/tech/jobs/E-commerce-industry-as-a-career-option-An-overview/articleshow/40405068.cms>
14. <http://timesofindia.indiatimes.com/tech/tech-news/Government-may-modify-IT-Act-to-remove-hurdles-in-e-commerce/articleshow/42541338.cms>
15. <http://timesofindia.indiatimes.com/tech/tech-news/Online-biggies-may-wipe-out-small-players/articleshow/39330786.cms>
16. <http://timesofindia.indiatimes.com/tech/tech-news/Flipkart-Amazon-build-3-billion-war-chest-nearly-the-size-of-Indian-online-retail-market/articleshow/39379711.cms>

KING MAKERS OF BUSINESS

DR. JEYASREE RAMANATHAN
ASST. PROFESSOR
PGP COLLEGE OF ARTS & SCIENCES
NAMAKKAL

ABSTRACT

In today's speedy world, marketers must concentrate the end users rather the products or services. If they are satisfied, the product and the company will survive in the market for a long period. Man as a human being their part is vital in two places. One as an employee in management and another one as customer in marketing. To keep in mind everything, this conceptual paper will deal with the customer span of life, new application in information technology for handling the customers. Strategies can be adopted to retain them.

KEYWORDS

Customer, CRM, life cycle, strategy, technology.

INTRODUCTION

As global competition grows, communication and technology channels open up new markets, and products and services are translated into a wide array of choices for our audiences, companies must work harder than ever to gain and keep customers at a competitive cost. Consumers have more knowledge, more power and more influence than ever before in history. Thousands of new companies are ready to help place consumers in the center of their business models. Change is accelerating and it's really just the beginning. Interruption is coming to your business, whether you're ready or not, it's just a matter of time. In this new era of customer service, only the companies that are obsessed with the client will survive.

In this new age, companies must focus their strategy, energy, processes and budgets to improve their knowledge and commitment to customers. It is imperative that companies make it their priority to use innovative Customer Relationship Management methodologies and to know how to implement customer-centric strategies, together with the use of adequate technologies to aid in this process.

OBJECTIVES OF THE STUDY

Every company wants to satisfy their customers by providing them quality products and services. Customer service is very important for any company and it serves as a backbone of a company by which it enhances the level of satisfaction of its customers. It allows companies to interact with their customers so that they can better their products and services according to their preferences, and it also results in free advertisement in form of word-of-mouth advertising. Unlike in earlier times where customer service was limited to only big companies, nowadays even smaller companies are interacting with their customers through various CRM applications.

In summary, Customer relationship management (CRM) covers methods and technologies used by companies to manage their relationships with clients. Information stored on existing customers (and potential customers) is analyzed and used to this end. Automated CRM processes are often used to generate automatic personalized marketing based on the customer information stored in the system. So, it is needed to analyse CRM for the success of a business.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is a philosophy that encompasses the strategies, practices, and methodologies that an organization follows when interacting with its customers, prospects and contacts. It is a corporate level strategy that focus on creating and maintaining relationships with customers in an organized way. Typically, CRM covers end-to-end processes across Marketing, Sales and Service & Contact Center. It involves direct interaction, such as sales and/or service related processes, as well as forecasting and analysis of customer trends and behaviors, which ultimately serve to enhance the customer's overall experience.

CRM is a term frequently used in marketing. However, the term CRM can be considered both as a business marketing strategy and as an IT system or application. Many commercial CRM software packages are available in the market which vary in their approach to CRM, however, CRM is not a technology itself, but rather a holistic approach to a company's philosophy, emphasizes on the customer strategy. Simply stated, Customer Relationship Management is a new strategy for delivering superior customer service in order to effectively acquire, develop, and retain your company's most important assets—its customers.

In particular, it demands acquiring an understanding of the kinds of things that are important to each and every individual customer and developing programs which consistently satisfy those needs during every customer interaction. It is important to note that "customers" are no longer just traditional end users or consumers, but potentially they can be partners or resellers or any group that requires information or services from an organization.

CUSTOMER LIFE CYCLE

When approaching this model, it is important to know the basics of the Customer Life Cycle (CLC), to understand how to relate with customers and prospects with the purpose of implementing customer-centric strategies:

The life cycle of a consumer is divided into 3 main parts, with some intermediate stages:

- 1) Acquisition Opportunity**
- 2) Retention Opportunity**
- 3) New Sales & Cross-sell Opportunity.**

The customer life cycle is often depicted by an ellipse, representing the fact that customer retention truly is a cycle and the goal of effective CRM is to get the customer to move through the cycle again and again.

1) ACQUISITION OPPORTUNITY

In the first part of the cycle (acquisition) a company must determine the size of its market potential and clearly define who your target customers are. This result will provide critical information needed to determine how much investment should be done to "acquire" customers and what kind of media can be used. If a consumer products company, such as a video game company, will not use the same channels of communication, type of messages, or content and marketing strategies as a software development company. The result will be confusion, late assignments, and projects left undone. If the company can be moved to use specific channels of communication, and develop a strategy based on what their customers want and need, a true miracle of innovation can take place.

2) RETENTION OPPORTUNITY

The "retention opportunity" determines the type of communication you have to do, not to attract new customers, but to keep the current ones. For example, for a commercial company, it is very important to have repeat customers. One way to do that is to develop direct communication channels, such as loyalty programs, socially engaged customer support and crowd-sourcing, which will in-turn, generate brand loyalty. This phase is closely related with customer

satisfaction, if the customer is happy with the service and products, he/ she will be inspired to invest more and will feel more confident with the service. In addition to becoming a brand advocate, thus helping with new customer acquisition. As you see, it is truly a never ending cycle.

3) NEW SALES & CROSS-SELL OPPORTUNITY

As the last part of "life cycle of the consumer" is "the sales opportunity", this refers to the window of opportunity for the company with a single client and answers the question: What more can you sell to one person? Concepts such as: How to increase the average ticket, how to move the customer to Premium, etc. Like the previous case, directed and strategic communication will help to grow sales.

In this way, when all the previous phases are performing as desired, the last phase will be more likely to be achieved as a natural consequence of the previous phases, helping close the cycle to start again. This part of the customer life cycle is why fast food places ask if you want "fries with that?" They are taking advantage of the opportunity to increase average ticket sales, and studies have shown that simply asking works wonders.

CRM STRATEGIES: TOWARDS CUSTOMER-CENTRIC STRATEGY

Customer Relationship Management as business and marketing strategy, refers to the administration of all interactions that a business may have with its customers. It focuses on optimizing the customer life cycle as a whole. Furthermore, CRM is an industry term that gathers information, methodologies, software and Internet capabilities to manage efficient and profitable business relationships with customers.

The main objective of CRM is to help companies to understand customer behavior better in order to achieve better day-to-day customized care. Treating customers as individuals will result into higher profits for the company and better customer satisfaction. In this way, business can earn customer loyalty, thus generating a buzz through referrals that will further contribute to customer acquisition. We are in the age of customer obsession, every business and professional seems to be talking about the customer-centric approach.

However, now that we are living the "age of the customer," it is not enough to follow the traditional principle of "the customer is always right". The goal of CRM as a marketing model, is to evolve from a marketing oriented model based on a product-centric marketing structure, to one that deals with each customer individually: The so-called Customer Centricity Model.

CONCLUSION

CRM is about strengthening the relationship with customers through reliable, quality human interactions and the effective fulfillment of obligations by the most appropriate resources. Technology is the catalyst that makes this possible by enabling individuals across the enterprise to be more efficient and effective in the delivery of superior customer service. The sales manager who tunes his clients' radios, the credit card manager who wants to know what the purchasing profiles are of each of his or her customers, the telephone company designing programs tailored to dispersed families who want to stay in touch, all are joined together by the knowledge that proactively managing their relationships with their clients is an investment in their future and a key to their success.

In order to succeed at the implementation of CRM, we must first understand the customer interaction cycle, the moments of truth where opportunities exist to make a positive impression on a customer. We must also realize that the effective management of the customer involves the integration of the appropriate activities and information at all stages of the cycle. This means an understanding of and an appreciation for the enabling role of technology as that integrating factor. We must supply our people with a solution that allows them to communicate with one another, share information, and work cooperatively to provide a consistent and reliable service experience throughout the customer life cycle.

REFERENCES

1. Anton, John . 1999. Customer Relationship Management. Upper Saddle River, NJ: Prentice Hall.
2. Chopra, Henry . 1998. Managing Customer Relationships in the Financial Industry (Knowledge, Speed, Relevance, Timing, and Execution). London: NCR Corp.
3. Economist Intelligence Unit. 1998. Managing Customer Relationships: Lessons From Leaders. London: The Economist Publishers.

WEBSITE

4. www.crm.com



HIGH FREQUENCY TRADING: A NEW CHALLENGE FOR THE MARKET REGULATORS

ABHAY KUMAR
ASST. PROFESSOR
NMIMS UNIVERSITY
MUMBAI

ABSTRACT

Trading in Financial markets has come a long way from floor based trading to screen based trading and now High frequency Trading. In High frequency Trading (HFT, hereafter) securities are turned over very quickly by leveraging on latest technology and with very low latency rate. On one hand High frequency Trading is getting popular because of high speed of order execution at reduced cost, on the other hand it is also being blamed for most of the financial market crashes in recent past. Forward Market Commission (FMC) has banned on HFT in mini and micro contract on commodity bourses with effect from January 1, 2013. There is further demand to ban it or to reduce the speed of HFT transactions. As the players know that market risk has increased many folds under HFT. One wrong command or fat finger can bring disaster in the market. At the same time we also understand the importance of technology. Use of latest technology in the market helps all stakeholders to cut delivery time and costs. Nobody can deny the fact that technology has brought more liquidity and accessibility in the market. Academicians, exchanges and regulators have all agreed that advance technology favours the market. Therefore, banning the use of latest technology may not be the solution. It is certainly a challenge for both regulators and exchanges to manage HFT efficiently. But if they are well equipped to handle the technological advancement with proper policy in place, it is not so difficult also.

KEYWORDS

Algorithmic trading, High frequency Trading, Flash Trading, Forward Market Commission.

INTRODUCTION

High Frequency Trading is online trading of financial products with very high speed and frequency. A transaction can be executed in less than ten millisecond of time. It requires highly sophisticated high-speed computer loaded with complex algorithms that speed up their decision making. High Frequency Traders try to identify and capture price discrepancies present in the market by using computerized quantitative models. It is programmed such that orders are executed automatically on the basis of information captured electronically from different sources. Decisions are made at very high speed before human traders are even aware of it. HFT Trading can be in cash segments, F&O segment, in different scrip and there is also facility of putting stop loss too. Algorithms programmed in software breaks large block of shares into smaller lots and help traders to make profit by buying and selling securities at a small price differential. Investments are held for very short periods of time may be for a few seconds and normally positions are not carried overnight. Arbitrage opportunity that comes from continuously changing stock prices is exploited by transacting thousands of shares a second. These opportunities are short lived and spread is also very small thus a large volume of trading makes traders to operate in profit.

A small mistake or error in HFT can cause severe damage to the market because of high trading speed. HFT was made responsible for all unusual movement and volatility in the market recent past. Few burning examples are Flash crash of DJIA in 2010. Dow lost almost 1000 points (Appx. 9%) in 20 minutes time and recovered over 600 points within few minutes. The other victim of HFT was a company called Knight Capital. The total loss to the company was \$440 million in 45 minutes. Just after switching on the system, it has started losing almost \$10 million a minute. It seemed that the company started buying high and selling low at high speed. In India, BSE had to cancel all the trades of Muhurra trading during 2010 as BSE derivative turnover shot to many times its daily average. The problem occurred when an algo based system of a trader started buying and selling repeatedly. The problem on the listing day of Facebook shares was also attributed to HFT. Initial trades of shares are delayed by half an hour and thereafter verification of trade by traders could not be done for about two hours. Despite all these evidence, research conducted by academicians in US has shown that HFT does not affect volatility rather it reduces it. The study says that volatility is caused more by macroeconomic factors than by computer programme that permits fast trading at small bid ask spread.

ALGORITHMIC TRADING

Algorithmic trading is a programme based trading that allows automatic order execution. The computer programme is developed by an analyst or trader to execute order at lightning fast speed to take advantage of the price differential. Rules like buy low and sell high, timing and quantity of the order is built into the programme. These predefined rules into computer software reduce latency in placing, confirming, and cancelling orders. Algorithmic trading (algo trading in short) follows strict rules based on advanced mathematical models for trading. It may not always be operating at high frequency. On the other hand HFT executes large number of trade at very short span of time and is dependent on the development of algorithms. Thus it is clear that all algorithmic trading is not HFT but all HFT is algorithmic trading. In other words we can say that HFT is a subset of Algorithmic trading.

FLASH TRADING

It is a special class of algorithmic trading which allows traders to view orders from other market participants a fraction of second before other market players with the help of powerful computer. This gives advantage to the flash traders to see the demand and supply position and judge the market sentiments before others.

HFT IN INDIA

Selected brokers of Mumbai, Chennai, Hyderabad, Delhi and Bangalore were offering this product to high net worth clients who are into high volume trading and could provide substantial margin. Mostly the clients are high net worth Individuals, Financial Institutions such as pension funds, mutual funds, buy side institutional traders and Sell side traders. Buy side traders use HFT to divide large trades into several small trades in order to reduce market impact and risk. On the other hand sell side traders, such as market makers and hedge funds, provide liquidity to the market by generating and executing orders automatically

WHY HFT IS CATCHING UP?

HFT is catching up all over the world. In USA HFT trading accounts for 75% of total trading. In India approximately 30% trading is done through HFT. Presently the numbers of brokers those provide this service is very less and number of investors those trading on HFT are also very less.

But as the market advances, we may see 100 % trading through HFT in the days to come. Four main reasons for growing popularity of HFT are first, decimalization of stock prices was one of the most important reasons for development of HFT. Second, High-performance computing systems and development of software for advanced trading technology has developed inbuilt programme for arbitration between exchanges and financial instruments. Third, Increase in market volatility has increased profit opportunity for HFT traders. Fourth, Small tick size has also helped in development of HFT as high frequency helps in generating profit even at small margin.

COMMON STRATEGIES FOLLOWED BY HFT TRADERS

The main aim of high frequency trader is to make profit more than market by taking lesser risk. To meet the objective they follow different strategies. Some of the strategies adopted by High Frequency Traders are as follows:

- Maintaining a smaller holding periods varying from milliseconds to a few minutes without carrying positions overnight.
- Splitting large orders into small orders to match the flow of opposite orders. This increases the volume of transaction and reduces the market impact cost.
- Trading on news i.e. using computerized modeling techniques for automatic text reading and analysis of data in real time. Automatic decision is taken to execute, cancel, or replace orders based on new information on prices or demand.
- Exploiting arbitrage opportunity between different markets or between different assets occurring due to price differentials. Traders could buy in one exchange and sell in another or buy one asset and sell other if they have different price but should have theoretically same price. Latency is kept very assuming that prices will realign immediately.
- Developing trading programme to forecast short term price, trading volume based on past experience. Software helps to select which type of financial instrument (for example, stocks, options, or futures) to buy or sell, quantity, price, timing, and location (Exchange) of the trades.
- Trades for very thin margin by aiming to make just a fraction of penny per share which accumulates significant amount because of large trading.
- Buying price averaging- The volume buying could be done at different price points giving the buyer the benefit of cost averaging and the buy/sell could be done in micro seconds.
- Selling price averaging- algorithmic trading was more suitable for trading in frontline stocks that had ample liquidity because when a sell order was generated, it should be executable. For HNIs, who have on hand a large volume of shares, they could set different price points for sale to average the selling price; and greater the market volatility, the greater is the opportunity in automated trading.

TABLE 1: AVERAGE TRADE DURATION

Category	Reaction Speed	Average Trade Duration
Very Low-Frequency	up to several hours	1 week or more
Low-Frequency	up to a few minutes	1 day to 1 week
Medium-Frequency	up to a few seconds	10 minutes to 1 day
High-Frequency	100 milliseconds or less	1 second to 10 minutes
Very High-Frequency	10 millisecond or less	1 second or less

(Source://www.stat.cmu.edu/~abrock/algotrading/page4.html)

BENEFITS OF HFT

- ✓ The trading is as per mathematical programme built into system, therefore, there is no room for human errors.
- ✓ HFT is helpful to day traders as human emotions and weaknesses do not play any role in trading. Day traders increase or decrease lot size on the expectation of profit or loss which may result in loss, this human weakness can be avoided in HFT
- ✓ The race for speed has also benefited technology suppliers. Demand for hardware, software, middleware, smart order systems, risk reporting system and security has gone up.
- ✓ HFT has reduced bid-ask spread substantially. Thereby, impact cost of the borrowers has decreased.
- ✓ HFT has increased market efficiency and liquidity to equity markets.

SHORTCOMINGS OF HFT

It is feared that the use of high-speed computerized programs for high-speed trading might create high-speed hard hitting risks. Machine executes order much faster than human can intervene, one wrong command can bring big financial crisis globally in seconds. Few shortcoming of HFT are as follows:

- Statistical arbitrage of HFT across markets, assets and instruments leads to greater correlations. This reduces the benefits of diversification to the investors and leading to increased risk. Sometimes algorithmic trading can push prices too high or too low from intrinsic values of shares that may increase volatility.
- Most of the retail investors do not use HFT, therefore won't be able to make money from Short term arbitrage opportunity. In the other words we can say that High Frequency Traders make profits at the expense of bona fide but less sophisticated small investors.
- High Frequency Traders prefer large cap liquid scrip, therefore, trading is concentrated on a small number of stocks.
- Speed of transaction may increase number of errors.
- Cost of trading may go up as high frequency traders buy the asset from seller and sell it to the end user and earn some margin.
- Liquidity provided by High Frequency Traders is for a very short time as the nature of most of the orders is immediate or cancel.
- The higher the frequency the more investment in IT and infrastructure is required. Significant investment is required for Co-located servers, trading software, and good programmers.
- In the past it may not have committed any big loss or damage but the same may not be true for the future. It may cause large market movement in future putting investors in big loss.

BOX 1: SEBI GUIDELINES ON ALGO TRADING**Following are the few guidelines by SEBI**

The market regulator Securities and Exchange Board of India (SEBI) has set new guidelines on Algorithmic trading as many traders are adopting technology for the purpose of trading in financial instruments. SEBI's new guideline aims to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

- The stock exchange shall have arrangements, procedures and system capability to manage the load on their systems in such a manner so as to achieve consistent response time to all stock brokers.
- In order to ensure maintenance of orderly trading in the market, stock exchange shall put in place effective economic disincentives with regard to high daily order-to-trade ratio of algo orders of the stock broker.
- The stock exchange shall ensure that all algorithmic orders are necessarily routed through broker servers located in India and the stock exchange has appropriate risk controls mechanism to address the risk emanating from algorithmic orders and trades.
- The stock exchange may seek details of trading strategies used by the algo for such purposes viz. inquiry, surveillance, investigation, etc.
- The stock exchange shall include a report on algorithmic trading on the stock exchange in the Monthly Development Report (MDR) submitted to SEBI
- Stock exchange shall ensure that the stock broker shall provide the facility of algorithmic trading only upon the prior permission of the stock exchange.
- For stock brokers already providing algo trading, the stock exchange shall ensure that the risk controls specified in this circular are implemented by the stock broker.
- The stock broker, desirous of placing orders generated using algos, shall submit to the respective stock exchange that it has real-time monitoring systems, and shall maintain logs of all trading activities and shall inform the stock exchange on any modification or change to the approved algos or systems used for algos.

Source: www.edelweiss.in

CONCLUSION

There is an argument that why should we have HFT when market is working quite fine without it. Here question arises that should we stop use of new technology in market operations? Can we go alone with the old system when all other developing and developed economy is resorting to the use of latest technology? The answer is obvious "No". Rather than banning technology it is wise that exchanges should upgrade themselves with more powerful servers and next generation of computers with high speed. They need to develop strong warning system. Maintaining sufficient amount of investor protection fund will help in meeting with any contingencies in future. Presently Stock Exchanges do not go deep into algo trading programmes of brokers. But as per the new circular of SEBI, Stock Exchanges can seek details of trading strategy. Though, some of the brokers oppose this saying that this will be an infringement of intellectual property as software developed by them is proprietary property. They feel that secrecy of the software is must in this kind of business to make profit. Retail investors should not worry much so far as they understand the market and invest for long period. They should not sell in panic when market is falling unreasonably. And their position should always be accompanied with limit order. They should understand that despite big hue and cry there is no confirmation of loss to investors because of HFT. At last, like any other technology, HFT too have advantages and disadvantages. It depends upon stakeholder how effectively they convert advantages in their favour by managing the disadvantages. Use of advanced technology should be encouraged in all the fields to increase efficiency. Investor awareness programmes will certainly help regulatory in removing the phobia of HFT among small market players.

REFERENCES

1. Economic Times (Mumbai edition) April 2, 2012, October 26, 2010
2. Business Standard (Mumbai edition) March 30, 2012.

WEBSITES

3. www.edelweiss.com
4. www.sebi.com
5. www.stat.cmu.edu/abrock/algotrading/page4.html
6. www.bloomberg.com
7. www.nseindia.com



FINANCING OF INDIA'S GROWTH ENGINE: MICRO, SMALL AND MEDIUM ENTERPRISE

BHAMINI GARG
ASST. PROFESSOR
SATYAWATI COLLEGE
UNIVERSITY OF DELHI
DELHI

ABSTRACT

Micro, Small and Medium Enterprises (MSME) is the backbone of Indian Economy. These are recognized as important constituents in the lubrication and development of Indian economy. In this era of Globalization, MSMEs have to meet the global competition that it faces today by upgrading their competencies. But the biggest challenge that MSME faces is the lack of availability of adequate credit. Finance is the lifeblood of any business. It is the primary key for unlocking potential success of the MSMEs. Recognizing the importance of this credit, Government rolled out various schemes for ensuring sustainable growth of the MSME sector. This paper highlights the various financial problems that MSME is beset with. It attempts to show that although the sector is showing impressive growth, it still faces the problem of credit availability. The paper attempts to document the various financing options that MSME takes advantage of in order to improve their competitiveness as it contributes a vital part to the Indian Economy. The paper concluded by analysing that since they play an instrumental role in development of the country, their financing needs must be fulfilled with adequate measures and methods.

JEL CODES

G20, G21, G24, G28.

KEYWORDS

Credit, Financing Options, Micro, Small and Medium Enterprise, Schemes.

INTRODUCTION

Micro, Small and Medium Enterprises (MSME), India's growth engine is essential to achieving the targeted growth rate of our nation. It continues to remain the backbone of India's Economy. MSME contribute nearly 8% to the national GDP employing over 8 crore people in nearly 4 crore enterprises. It is a vital part of Indian Economy as it contributes over 45% of industrial production and around 40% of total exports. So, India is emerging as a major MSME hub in the future times to come. MSME's provides means of livelihood along with socio economic development of India. Given the size of this industry and exponential growth, it plays a major role in progress of Indian Economy. MSME is generally driven by individual creativity and innovation at its most rudimentary level and thus this sector nurtures budding entrepreneurs in this way. In the last five-year plan, this sector demonstrated an average growth of 12%, raising the share of the manufacturing sector in GDP to 16%. Since they are widely dispersed across the country this makes them highly important from regional perspective and as a means to promote balanced and equitable growth all over the country. With the country moving towards a more inclusive growth agenda, a robust MSME sector can accelerate the growth rate, as these do not necessitate huge investments while simultaneously acting as ancillary units to larger industries. It is an acknowledged fact that the MSME sector can help realise the target of the proposed National Manufacturing Policy of raising the share of the manufacturing sector in GDP from 16% at present to 25% by the end of 2022.

Albeit the sector has shown impressive potential, it also faces a number of challenges to its growth story. MSMEs suffer the high cost of credit which does not reach them on time. There is inadequate capital infusion compounded by insufficient data on credit requirement. This is traditionally being one of the biggest hurdles today that MSME faces i.e. Finance. Finance is a quintessential requirement of any business and the need for the same for MSMEs. Many a promising business has failed to get off the ground because of the lack of finance, which is a big disappointment. The best of plans can fail if adequate finance is not there. The use of finance is such that its role in development of any organisation cannot be underplayed; it quite simply is the most crucial factor in the success or failure of any organisation. It may also be defined as a primary key for unlocking potential success. It is extremely important to recognize its importance and keep on improving until there is an optimal solution.

MSMEs need credit support not only for running the enterprise and fulfilling the operational requirements but also for diversification, modernization/up gradation of facilities, capacity expansion, etc. Inadequate access to credit is a major problem facing MSMEs today. Generally, such enterprises operate on tight budgets, often financed through owner's own contribution, loans from friends and relatives and some bank credit. They are often unable to procure adequate financial resources for the purchase of machinery, equipment and raw materials as well as for meeting day-to-day expenses. MSME need to face the global competition as globalization has come into existence and thus will need to upgrade their competencies to avoid obsolescence and get competitive advantage. Though, Globalization has expanded the market facilitating supply of superior technology, this has also forced them to face cut throat competition from large domestic firms and MNC's. But the biggest challenge that MSME faces is availability of adequate credit, high cost of credit, collateral requirements, and limited access to equity capital. As we all know that Finance is the life blood of any business therefore it is necessary to have smooth flow of finance to keep MSME working at the most optimum level as also competing with the global peers. With exposure to global economies, volatile customer preferences; organizations need to enhance their products for which there is a need for finance to keep them working effectively. Recognizing the importance of easy and adequate availability of credit for ensuring sustainable growth of the MSME sector, the government rolled out several schemes. MSMEs generally have no or very little track record which acts as a bottleneck in their way to getting reasonable access to credit. The banks while looking to lend to MSMEs are looking for collaterals to safeguard against a possibility of Non Performing Assets (NPA), which is not always possible for MSMEs to provide. Even the finance that the organisations are able to get is charged at exorbitant rates which are not always rational. This study attempts to document the traditional financing methods, alternative financing methods, some of the new financial aids and General Financial Aids to provide them with a roadmap for optimal use.

OBJECTIVES OF THE STUDY

- To understand the challenges or financing problems in the current scenario faced by MSMEs.
- To understand the various financing options for MSMEs.

LITERATURE REVIEW

Sabharwal, (2000) analysed that small businesses and enterprises in India suffer from a great deal of indebtedness and are subject to exploitation in the credit market through high interest rates and lack of convenient access to credit. They need credit to fund their working capital needs on a day-to-day basis as well as long term needs like emergencies or other income related activities. They need credit to smoothen out seasonal fluctuations in cash flow arising from business activities and consumer demand. They also need credit as an insurance against minor spikes and troughs with respect to income and expenditure. Since cash flows for the majority of small businesses like vegetable vendors are small and savings are small as well, they typically tend to rely on credit for other consumption needs like education, food, housing, household functions etc. And this is backed by the fact that India has no social security net that will take care of basic amenities like health, education and so on for the poor. To meet these credit needs they need access to financial institutions that can provide them with

credit at lower rates and at reasonable terms than the traditional money lender. The traditional source of lending in the formal sector i.e., public sector banks have been extending support to these businesses. Hallberg, (2001) argued that the financing of small and medium enterprises (SMEs) has attracted much attention in recent years and has become an important topic for economists and policymakers working on financial and economic development. This interest is driven in part by the fact that SMEs account for the majority of firms in an economy and a significant share of employment. Renner et. al, (2008) SMEs are a major source of entrepreneurial skills and creativity and contribute to economic and social cohesion. They hold the key to innovation and are also emerging as global players, by participating in worldwide production and supply chains. Singh & Belwal, (2008) The problems in the areas of securing finances for establishing and running SMEs, lack of entrepreneurial and management competence and exposure, problems in finding the markets and distribution networks; limited opportunities for promotion and participation; limited amount of government and institutional support; absence of technological know-how and integration mechanism; and rampant corruption in an undisguised or disguised form, as major bottlenecks. Fumo et al., (2011) Financial and competitive barriers are the main barriers faced by the analyzed MSEs. These barriers vary according to the field of activity of the enterprises. Bradford, (1993) analysed Many Micro Enterprises highlight certain common problems: undercapitalization and low ability to command loan finance due to insufficient collateral, track record or financial expertise, lack of broad-based management skills, inadequate understanding of cash flow management and heavy dependence on local markets and a limited number of customers.

Subrahmanya Bala, (2011) has probed the impact of globalization on the exports potentials of the small enterprises. The study shows that share of SSI export in total export has increased in protection period but remain more or less stagnated during the liberalization period. However, the correlation co-efficient in liberalization period is higher than that of protection period suggesting that the relationship between the total export and SSI export has become stronger in liberalization period. This may be due to the drastic change in composition of SSI export items from traditional to non-traditional and growth in its contribution to total export through trading houses, export houses and subcontracting relation with large enterprises. Thus, the current policy of increasing competitiveness through infusion of improved technology, finance, and marketing techniques should be emphasized.

RESEARCH METHODOLOGY

The present research is analytical in nature. Information has been collected from various sources websites, books, articles, journals and company(s) database.

CHALLENGES FACED BY MSMEs

Despite showing a robust growth rate of over 10% over the last 5 years, the MSME sector is beset with following financial problems:-

Non-availability of adequate and timely credit;

- High cost of credit;
- Collateral requirements;
- Limited access to equity capital;
- Shortage of Financial resources.

FINANCING OPTIONS FOR THE MSMEs

Traditionally MSME have relied on following sources of finance namely:-

- Retained Earnings
- Personal Savings, Loan from relatives, loans from unregulated market
- Institutional Financing like SCB
- Venture Capital Financing

Among these, Commercial Banks appears to be the largest source of financing to the SME.

A. TRADITIONAL FINANCING OPTIONS

➤ FINANCIAL SUPPORT FROM BANKS

Public sector banks have been pioneers in providing financial assistance to several MSMEs which can approach the banks for loans under various schemes. The government of India has shown strong commitment to double the credit flow to this sector in the next five years. Hence the RBI has mandated scheduled commercial banks to achieve 20% year-on-year credit growth to the MSME sector. Banks have a vital role to play in addressing several problems faced by the sector today. Banks have to view themselves not just as providers of credit but as partners in the growth of these enterprises. The working capital needs of the sector are largely met by the banking sector, including Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Urban Co- operative Banks (UCBs), National Small Industries Corporation (NSIC), factoring companies, etc.

As the availability of timely and adequate credit is a key requirement for this sector, banks should introduce single window facility for providing loans to MSMEs. For this purpose, they can set up Centralized Processing Centres specifically to cater to such clients, who will handle the appraisal, sanction, documentation, monitoring, renewal and enhancement activities. As in any area, there would be a higher failure rate for start-up MSMEs. However, despite the risk, the financing of these enterprises is a must for ensuring inclusive growth. Banks will, therefore, be required to build up their risk assessment and risk management capabilities and provide for any instances of failures as a part of their risk mitigation process.

Typical barriers to accessing bank finance for MSMEs include a lack of collateral (real estate security), brief or nonexistent business. track records, fragile financial and management systems, and the uncertainty of profitability (especially for R&D companies).

➤ GOVERNMENT INSTITUTES AND SCHEMES

The long term credit funds of MSMEs are mainly provided by the institutions like Small Industries Development Bank of India (SIDBI), State Financial Corporation's (SFCs), Non-Banking Financial Companies (NBFCs). SIDBI has been constantly working on building various institutional mechanisms to cater to the emerging needs of the MSME sector. The various subsidiaries of SIDBI such as SIDBI Venture Capital Limited, SME Rating Agency of India Ltd (SMERA), and India SME Asset Reconstruction Company Ltd facilitate in easier flow of credit to SMEs. Ratings will play an important role for financing MSMEs as they do for large enterprises.

National Small Industries Corporation (NSIC) is another institute that provides financial and marketing assistance to the small scale unit. Small Industries Development Agency (SIDA) provides single window services to the Small Scale Industries.

Credit Guarantee Fund Trust for Small Industries (CGTST) set up by Government of India (GOI) and SIDBI-The trust provides guarantee cover for credit facilities up to 1 crore. Such guarantees permit banks to provide collateral free finance to the MSMEs on the basis of the viability of their project. The corpus of the Trust was proposed to be enhanced from the level of Rs.7 billion to Rs.25 billion. The main objective of the Trust was to facilitate hassle free credit to the SSI sector and encourage banks to shift from security based lending to merit based lending.

There is Credit Linked Capital subsidy Scheme that facilitates technology up gradation.

Interest Subsidy scheme of IPR which works effectively with the active assistance of banks and financial institutions helped in dispensation for labour intensive industry by extending the facility of 2% interest subvention for handlooms, handicrafts, carpets and small and medium enterprises.

B. ALTERNATIVE FINANCING OPTIONS

In spite of the various schemes and policies created to augment financial support to MSME and the growth in credit limits of banks, they still faces the problem of availability of adequate finance. Small businesses thus rely on other alternative sources of finance which includes Factoring, Venture capital Funds and Supply Chain Finance etc. We will hereby discuss the alternative financing possibilities for the MSME.

➤ FACTORING

Factoring is a form of receivables finance whereby a business assigns its accounts receivables (i.e. invoices) to a finance company (a factor) at a discount in exchange for immediate money with which to finance continued business. To facilitate factoring services the Government has recently passed the Factoring Regulation Bill that would address delays in payment and liquidity problems of micro and small enterprises. The delayed payment cycle by the large scale customers of MSMEs have an adverse effect on their operational facets and fund recycling efforts. Timely payments from large customers will help SMEs reduce interest costs, improve profitability and have a positive impact on the long-term health and sustainability of India's MSME sector. MSMEs with large corporate customers have receivables of 90 to 120 days of sales on their balance sheets, as against 45 days stipulated by the Micro, Small, and Medium Enterprises Development (MSMED) Act.

Factoring is capable of providing MSMEs with the liquidity needed against their receivables and can be efficient alternate source of working capital. Factors buy the right to collect on invoices raised against any sales by the SME and releases 80-90% of the invoice value to the firm. It is on account of its superior conversion time of receivables into cash, absence of geographical restraints, non requirement collateral security etc makes it a much preferred and superior product than bank finance.

The Indian factoring market is still at a nascent stage as statistics reveal that there are nearly 10 factoring companies in India with Canbank factors and SBI Global Factors being two of the oldest.

➤ SUPPLY CHAIN FINANCE

This mode of financing enables MSME to receive short term credit against the volume supplied during the payment receivable period. Like HSBC has a Distributor Finance Programme (DFP) which assists in creating a support framework for financing and collection of any MSME client's delivery chain. Thus it can prove to be another route to finance the working capital of MSME.

➤ VENTURE CAPITAL FUNDS

Venture Capital is emerging as an important source of finance for small and medium-sized firms, especially for starting the business and business expansion. An entrepreneur usually starts the business with his own funds, and those borrowed from banks. It is during expansion that they find it difficult to raise funds. Even though many MSMEs have profitable projects and expansion plans, they find it difficult to get finance for their projects, as bankers may not be willing to fund high risk projects. In order to provide financial support to such entrepreneurial talent and business skills, the concept of venture capital emerged.

Venture capital is a means of equity financing for rapidly-growing private companies. Finance may be required for the start-up, expansion or purchase of a company. Venture capitalists provide funds known as Venture Capital Fund to these firms after carefully scrutinizing the projects. Their main aim is to earn higher returns on their investments, but their methods are different from the traditional moneylenders. They take active part in the management of the company as well as provide the expertise and qualities of good bankers, technologist's planners and managers.

As funds required by MSMEs are too large for microfinance institutions and too small or too risky for commercial banks, this is one of the primal issues that the Venture Capital component addresses this part of the investment promotion of the consolidated project for MSME development in India. Traditionally, Venture Capitalists in India have shied from the MSME sector. The non-corporate structure and small size of majority of MSMEs in India makes the Venture Capitalists and Private Equity Players reluctant to investing in them due to higher transaction costs and difficulties in exits out of such investments. However, the Venture Capital scenario in India is rapidly changing. Alternative funding like Venture Capital is picking up in the India, including in the MSME sector. Moreover, the Venture Capitalists are expanding their reach into areas besides the traditional Venture Capital sectors like Information Technology (IT), clean energy, healthcare, pharmaceuticals, retail etc is also growing. It is difficult for the MSMEs to derive Venture Capital. This is due to information asymmetry in the market, inability of the MSMEs to articulate their ideas through business models and low profit margins that the MSMEs generate during their initial years.

ADVANTAGES OF VENTURE CAPITAL FUNDING

- It injects long-term equity finance which provides a solid capital base for future growth.
- Venture capitalists are rewarded by business success and capital gain. The venture capitalist is able to provide practical advice and assistance to the company based on past experience.
- The venture capitalist also has a network of contacts in many areas that can add value to the company, such as in recruiting key personnel, providing contacts in international markets, introductions to strategic partners, and if needed, co-investments with other venture capital firms when additional rounds of financing are required.

MODE AND CRITERIA OF INVESTMENT

MODE

- Venture capital provides financial assistance primarily by way of equity or equity-linked capital investment.
- It also endeavours to provide mentoring support and other value addition to enable funded companies to achieve rapid growth and achieve and maintain their competitive edge in domestic and international markets.
- The Venture Capital fund seeks a strategic stake in the funded companies with board representation and other rights as venture capital investor.

CRITERIA

Venture capitalists are higher risk investors and, in accepting these risks, they desire a higher return on their investment. The venture capitalist manages the risk/reward ratio by only investing in businesses which fit their investment criteria and after having completed extensive due diligence. The Criteria is as follows:-

- Strong and committed core team
- Growth potential
- Long-term competitive advantage
- Viable business plan
- A clear exit plan
- Clear Financial Projections
- Modus Operandi of company

INSTITUTIONS OFFERING VENTURE CAPITAL FUNDING

- SIDBI Venture Capital Limited (SVCL)
- IFCI Venture Capital Funds Limited (IVCF)
- Helion Venture Partners/ Erasmic Venture Fund
- Accel India Venture Fund/ SeedFund
- Upstream Ventures
- Aavishkaar India Micro Venture Capital Fund (AIMVCF)
- IL&FS Trust Company Limited
- Infinity Venture India Fund
- Walden International Investment Group
- SEAF India Investment and Growth Fund
- ICICI Bank's SME venture capital fund
- IDBI Bank's SME venture capital fund etc.

C. NEW FINANCIAL AIDS**➤ MSME EXCHANGE**

There is a general lack of awareness among MSMEs about equity capital, stock markets and funding options, other than banks. So far, there have been only debt-financing options, without any access to alternative equity options. The small and medium exchanges for MSMEs listing norms unlike the regular listing on a SME platform through an IPO are a major introduction. Meant for MSMEs with a paid-up capital of less than 25 crore INR, it empowers them to tap into the capital markets by getting listed on the exchange without having to make any initial public offering. To enable MSMEs to get over the liquidity crisis that they continue facing, regulators have mandated market making in the MSMEs Exchange platform, to ensure that liquidity is generated.

Moreover, the sector is highly unorganised and fragmented, and the new MSME exchange will facilitate the creation of a financial ecosystem for MSMEs in India. The trend in this sector has been of overleveraging debts for lack of opportunity to raise equity capital. The revised ecosystem therefore has to justify opportunities of raising equity capital, balancing the debt equity ratios of companies and facilitate these enterprises to sustain a healthy balance sheet. The need for Indian MSMEs to acquire capital at low cost to compete at a global level is one of the key factors behind the creation of this revised framework.

The newly introduced MSME exchange will acknowledge the expansion aspirations of these MSMEs and help them find solutions to their financial requirement. Companies will be high on the valuation matrix, once they get listed on the exchange. The tax benefits are immense as well. By remaining unlisted, any company attracts a 15% long-term capital gains tax on the sale of shares, while a listed company attracts none. The listing will also hopefully bring about a sea change in transparency and corporate governance in the listed firms and ensure better visibility among investors.

COMPLIANCE NORMS TO BE FOLLOWED BY MSMEs

- They need to submit half-yearly financial results instead of quarterly ones.
- They can send the abridged version of the annual report with the details of the profit-and-loss account and balance sheet to the shareholders, instead of a full annual report.
- They can make the soft copy of the annual report available on their website. They can send the soft copy to the Exchange, regulators and the Registrar also.
- The enlistment also comes with a market making support for three years in the secondary market which will ideally help create the desired liquidity for MSMEs. Considering the fact that there are 15 million to 20 million investors in the capital market who can invest in these companies through any of the branches and franchisees of more than 1600 BSE members, the influence on the investor base for these MSMEs will be manifold, thus improving their valuation and promoting wealth creation.

➤ SECURITIZATION OF MSME CREDIT

With a view to widen the scope of assistance to MSMEs, the process of asset securitization offered opportunities to purchase the MSME portfolio from originators and channelize funds to the sector. The portfolio so purchased was either retained by the purchaser or sold to the investors in the capital markets through structuring of suitable instruments.

D. GENERAL FINANCING SCHEMES

These are few financing schemes drafted for the MSMEs, which the industry could approach for (depending on their requirement). Almost all the public sector banks do provide the following schemes namely:-

- SME Credit Card – Loans upto INR 10 lakh for micro enterprises.
- SME Smart Score – Loan upto INR 50 Lakh for manufacturing, trade and services segments to meet working capital needs and for acquisition of fixed assets.
- SBI Smile – It provides interest free loan as equity assistance upto a maximum of INR 10 lakh.
- Non Corporate Loan from INR 25 lakh to INR 10 crore.
- SME Credit Plus – It provides a clean cash credit policy to meet contingencies.

CONCLUSION

MSME has recorded 10% growth in recent years despite economic slowdown but issues related to credit like adequacy, timely availability, costs and mortgages; continue to be the concern for MSMEs. In the decades to come, MSME sector will continue to be one of the engines for growth for the country's economy, and presents a significant business opportunity for both banks and alternative service providers. MSMEs are the best vehicle for inclusive growth, to create local demand and consumption. The MSMEs of yesterday are the large corporates of today and could be MNCs of tomorrow. Thus, the banks and other agencies should take pride while servicing the MSMEs as they are playing an instrumental role in the formation of MNCs of tomorrow. MSMEs themselves have to be on their toes, in this rapidly changing business environment, and keep evolving to stay clear of all the potential pitfalls that confront them in their progress from small enterprises to large corporations. Today also, MSME sector is largely dependent on self finance. Profit margins are thin due to stiff competition and small size. Since 1948, successive governments have been making intense efforts to encourage MSME but the sector continues to be under financial stress. The office of Development Commissioner was established for MSME in 1954 and a dedicated ministry for MSME in 1999. The SIDBI is the principal financial institution for promotion, development and financing of MSME in addition to Commercial Banks, State financial corporations and State Industrial Development Corporation. Today, the government's drive for Financial Inclusion could benefit MSME. The extent of Financial Inclusion in MSME is high and notwithstanding the increase in credit outstanding in recent years, access to adequate and timely availability of from banking system is still a critical problem being faced by this sector. Alternative sources thus steps in and assist the MSMEs in their growth and development. Access to finance is important to improve their competitiveness as they need to invest in new technologies and innovative capabilities. The Government could consider dedicating specialized financial schemes, for addressing difficulties in assessing and providing credit for the MSME, as also providing line of credit to firms which are under financial stress.

REFERENCES

1. Access to Financing for SMEs: A proposed initiative, Sankar De, Centre for Analytical Finance, Indian School of Business.
2. Bhavani, T.A. (2011). "Dynamic Business Environments: What These Mean for Indian Small Enterprises" in *"Micro and Small Enterprises in India: Era of Reforms"* Keshab Das (Ed) pp. 27-45.
3. Bradford Jane, (1993). Banks and Small Firms: An Insight National Westminster Bank Quarterly Review.
4. Chandok, Vijay (2006). "New Ways of Financing Small and Medium Enterprises", CAB Calling July-September 2006 Edition.
5. Gatti, R. and Honorati, M., (2007). Informality among Formal Firms: Firm-level, Cross country Evidence on Tax Compliance and Access to Credit, *CEPR Discussion Paper 6597 and World Bank Policy Research Working Paper 4476*.
6. Government of India (2002). India Vision 2020, Planning Commission India, retrieved January 15, 2011, from www.india.gov.in.
7. Panandiker, Pai, D.H. (1996). "Status of SMEs in terms of their competitive strength", paper presented for the *IX International Conference on Small and Medium Enterprises*", New Delhi, 17-19 April, WASME.
8. Peter F. Drucker: 'Managing in the next Society', Truman Talley Books, St. Martin's Press, New York.
9. Poddar R Sandeep (2010). SMEs and their changing role in Indian Economy, APJRB,1(3).
10. Rajesh K. Singh, Suresh K. Garg, S.G. Deshmukh, (2008). "Strategy development by SMEs for competitiveness: a review", *Benchmarking: An International Journal*, Vol. 15 Issue: 5, pp.525 – 547.
11. Report of the PM's Task Force on MSMEs, January 2010 (Chairman: Shri T.K.A.Nair)
12. Thiripurasundari, K and V. Gurumurthy (2009). "Challenges for Small Scale Industries in the Era of Globalisation" in *"Small and Medium Enterprises under Globalisation: Challenges and Opportunities"* L. Rathakrishnan (Ed), Page No.332-346.
13. Transformation of Small Firms in India. New Delhi: Oxford University Press.

A STUDY OF UNORGANISED SECTOR IN INDIA: UNORGANISED RETAIL PERSPECTIVE

KANWALJEET
ASST. PROFESSOR
CHAUDHARY DEVI LAL UNIVERSITY
SIRSA

ABSTRACT

Unorganised retail accounts for 97% of the total retail market in India. All the kiriyana stores, paan beedi shops, street vendors and hawkers etc which sell us goods and utilities but are not part of any organised system i.e are basically family owned and managed are known as unorganised retailers. Since this sector is a very large part of the Indian economy and one of its pillar stone as it employs a large number of population. This paper tries to understand various problems related to the unorganised sector including retail and the various problems faced by it and how to overcome the problems.

KEYWORDS

retail market, Indian economy.

INTRODUCTION

As per "Ministry of Labour and Employment " definition: Unorganized sector means an enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten.

Indian economy is dominated by agriculture sector on employment front with retail sector enjoying the second place. This is in fact the largest private industry in India and poised to witness a major shift on account of the opening of the retail industry to multi-brand foreign direct investment (FDI). Retail sector in India is anticipated to grow around 25-30% annually. The contribution of retail industry to GDP of India was between 8-10 per cent in 2007, and reached the figure of 22 per cent by 2010. The recent decision by Government of India to allow 100 per cent FDI in multi-brand retail has generated a lot of interest amongst all the stakeholders on the likely impact of this decision.

In spite of all these developments taking place on the economic front for the development of organised sector in India we still have a huge unorganised sector which will continue to dominate over the organised sector in the near future and will continue to be a pillar stone for earning livelihood for a large number of population in India, and this sector has its own issues and problems which also needs to be looked into and to be sorted out, be it problems faced by the workers or issues related to women workers or any other problem which is being faced by the unorganised sector and which needs to be immediately redressed.

This paper keeping unorganised retail in focus tries to highlight the various problems which are being faced in the unorganised sector and tries to find some feasible solution for the same and what should be done to salvage the situation being faced by the sector and its sub parts on a day to day basis and how they can be mitigated if not removed.

CHARACTERISTIC OF INFORMAL / UNORGANIZED SECTOR

- Low productivity compared to formal sector
- Lower wages to workers
- Poor working conditions
- Excessive seasonality of employment
- Absence of social security measures
- Negation of social standard
- Poor human capital base (in terms of education, skill and training) as well as lower mobilization status of the work force
- Any effective legal action against it is seen as a step of impairing

CHARACTERISTICS OF UNORGANIZED WORKERS (UW)

- Have limited or no education or other skills.
- Are hugely scattered and don't have political pressure groups
- Don't have fixed jobs i.e. have seasonality as compared to formal sector workers.
- Social stratification is more in them in rural areas on the basis of Caste and sub-castes.
- Still today, they act as "bonded labour" in some cases due to low incomes & permanent indebtedness.
- Have insufficient labour laws relating to them.
- Work in very poor working environment.

ISSUES INVOLVED

- Insufficient labour laws
- No social security
- No guaranteed minimum wages
- Bonded labour (they don't complain about this because if they do their master may remove them) considering their ignorance)
- Child Labour (they are the most exploited among them)
- Working Women – issue of harassment at work place
- Low literacy among them
- Low incomes which they don't complain about
- Vulnerable to diseases

CATEGORIES OF TRADITIONAL RETAILERS**• FRUIT AND VEGETABLE SELLERS**

Sells fruit and vegetables.

• Food Store

Reseller of bakery products. Also sells dairy and processed food and beverages.

- **Non -Vegetable Store**

Sells chicken and mutton (supplemented by fish), or predominantly fish.

- **Kirana I**

Sells bakery products, dairy and processed food, home and personal care, and beverages.

- **Kirana II**

Sells categories available at a *Kirana I* store plus cereals, pulses, spices, and edible oils.

- **Modern Independent Stores**

Sells categories available at a *Kirana II* store and has self- service. Operates single or several stores (but not an organized chain of stores).

- **Apparel**

Sells men's wear, women's wear, innerwear, kids' and infant wear.

- **Footwear**

Sells men's wear, women's wear, and kid's wear.

- **CDIT (Consumer Durables & IT)**

Sells electronics, small appliances, durables, telecom, and IT products.

- **Furnishing**

Sells home linen and upholstery.

- **Hardware**

Sells sanitary-ware, taps and faucets, door fittings, and tiles.

- **General Merchandize**

Includes lightning, stationery, toys, gifts, utensils, and crockery stores.

WHAT HAS BEEN AND NEEDS TO BE DONE FOR THE SECTOR

1) Government has formed national commission to address this issue.

2) Social Security measures :- Social Security can be defined as "the provision of benefits to households and individuals through public or collective arrangements to protect against low or declining standard of living arising from a number of basic risks and needs.

Some examples of social security measures:

- Medical care of all sorts
- Provident Funds/Gratuity
- Medical Care of all sorts
- Payment of gratuity Act 1971
- Workmen compensation Act 1923
- Maternity benefit Act 1971
- Employees state insurance Act 1948
- Employees provident fund and the miscellaneous provisions act 1952

3) Introduction of Health insurance scheme – "SWASTHYA BIMA YOJNA"

4) Modernization of Unorganized Retail

The government should launch a time-bound "national *kirana* and wetmarket reform" programme. The key elements of this programme should be the following:

1. Assist the formation of co-operatives or associations of kirana stores, which in turn can undertake direct procurement of products from manufacturers and farmers. By eliminating intermediaries, kirana stores can obtain their supplies at lower prices, while farmers get better prices for their produce. The European and US experience of co-operative retailing needs to be studied in greater detail.
2. Encourage setting up of modern large cash-and-carry outlets, which could supply not only to kirana stores but also to licensed hawkers at wholesale rates. The case in China where the central government is using Metro Cash & Carry to modernize the entire supply chain and source directly from farmers is a case in point.
3. Make available credit at reasonable rates from banks and micro-credit institutions for expansion and modernization of traditional retailers. While a liberal branch expansion for Indian and foreign banks would help, the study recommends the promotion of innovative banking solutions for unorganized retail like Syndicate Bank's lending for small business linked with the collection of daily or weekly pigmy deposits.
4. Convert all uncovered wetmarkets to covered ones and modernize those markets in a time-bound manner with emphasis on hygiene, convenience to shoppers, proper approach roads, entry, exits, etc. PPPs should be formed between the government and existing small shops on the pattern of the "Industrial Infrastructure Upgradation Scheme" being successfully undertaken to improve infrastructure in existing industrial clusters.
5. Facilitate the formation of farmers' co-operatives to directly sell to organized retailers. In this case, while the government could provide tax incentives and capital subsidies, equity support should be avoided.

5) Regulation of organized retail

New restrictions on organized retailers are not advocated as this will dampen the modernization efforts of traditional retail. However, the study stress the need for organized retailers formulating certain "private codes of conduct" governing their relationships with suppliers including manufacturers, wholesalers, and farmers. The experience in Argentina, Mexico and Colombia could be studied in this regard. These steps could be complemented by the Competition Commission enforcing rules against collusion and predatory pricing as in the US, UK and France. The government may also consider enacting legislation if that ensures the implementation of a code of conduct by large organized retailers. Organized retail is subject to a number of licensing requirements at the central, state, and local levels that are cumbersome. A fresh look at the gamut of regulations is called for with a view to simplifying and compressing the time taken for the issue of permits. A move towards a nationwide uniform licensing regime for organized retail in all states and union territories is suggested.

6) Modernization of apmc mandis

Modernization of government regulated markets in the states is suggested on the lines on the NDDB Safal *mandi* model in Bangalore. The infrastructure of these markets needs to be improved by providing closed places for trading, better access roads, and also better hygiene with an effective waste disposal system.

CONCLUSION

Now once we have tried to understand the basics of the unorganised sector, what basically it means, what comes under its preview and how retail is an ntegral part of the unorganised ecosystem, we can safely conclude that unorganised sector is going to remain an pillar stone of or economy for a long time to come because it is part of day to day life of individuals which is difficult to replace easily. Along with this we can also say that there are also a few problems which exist for basically the workers who are in this sector , they have poor policy framework to guard them and minimal social security but the government is trying to do its part by introducing and implementing various laws but they need to improved upon and strictly implemented with modifications so that this sector and its workers continue to contribute their share in the development of the nation.

REFERENCES

1. Shalla Sameer Ahmad ,Mehta Manmeet Singh - "Foreign Direct Investment and Unorganised Retail Sector – A Case Study" , IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X. Volume 8, Issue 3 (Mar. - Apr. 2013), PP 01-05.
2. Jain Dhiraj , Talreja Monika – " Changing Consumer Perception Towards Organised Retailing From Unorganised Retailing – An Empirical Analysis , International Journal of Marketing, Financial Services & Management Research ISSN 2277- 3622 Vol.2, No. 6, June (2013).
3. http://www.ewise.com/current-affairs/problems-of-unorganised-sector-workers_art5253e5adee10f.html#.U7eETfmSyZQ
4. <http://innovationalchemy.com/2008/06/the-unorganized-retail-segment-in-india-what-are-the-innovation-challenges/>
5. <http://www.authorstream.com/Presentation/slyboogy-1552909-problems-unorganized-sector-india/>
6. http://www.wscpedia.org/index.php?option=com_content&view=article&id=177:women-workers-in-unorganized-sector-problems-and-prospects&catid=17:completed-projects
7. <http://www.slideshare.net/ChandniAgarwal1/unorgansied-sector-in-india>
8. <http://infochangeindia.org/agenda/women-a-work/understanding-the-unorganised-sector.html>
9. Agarwal Vaishli and Sanjay Mishra (2008), Role of Retailers in redusing inventory andimproving customer satisfaction: An empirical study of consumer durables – Indian Journal of Marketing, (36-43) (2008)
10. Bhatnagar Gitanjali , Retail Revolution -Indian Journal of Marketing, (13-17) (2004)
11. Joseph Mathew, Nirupama soundararajan, Manisha Gupta, and Sanghamitra Sahu Impact of Organised Retailing on Unorganised Sector Working paper ICRIER, 222 (2008)
12. Baseer Amatual and G.Laxmi Prabha, Prospects and problems of Indian retailing - IndianJournal of Marketing,(26-28) (2007)
13. Dave Sumita, Shikha Sondhi and Saket Ranjan Praveer,Effectivness of E-Tailing in the era of Techno Revolution in retailing With respect to Vending Machines-Journal of Marketing and Communication, 4, (71-79) (2008) Gupta C.P. Rajeev Agarwal and Madhulica sinha Organised Retailing and its effect on consumer buying behavior with special reference to Agra city - Journal of Marketing and Communication, 4, (80-88) (2008)
14. Dixon, T J. The Role of Retailing in Urban Regenera-tion, Local Economy, 20(2), 168-182 (2005)
15. Venkatshwarlu,H. and C.V.Ranjani, Small Vs Mall - Indian Journal of Marketing,29-33 (2007)



DATAMINING METHODOLOGIES AND ITS APPLIED APPLICATIONS

M.DHANAMALAR
ASST. PROFESSOR
DEPARTMENT OF COMPUTER SCIENCE
KRISTU JAYANTI COLLEGE
BANGALORE

ABSTRACT

Data mining is the process of analyzing data from different perspectives and summarizing it into useful information. Data mining software is one of a number of analytical tools for analyzing data. It allows users to analyze data from many different dimensions or angles, categorize it, and summarize the relationships identified. Technically, data mining is the process of finding correlations or patterns among dozens of fields in large relational databases.

KEYWORDS

Data mining, KDD, Prediction, Descriptive.

I. INTRODUCTION

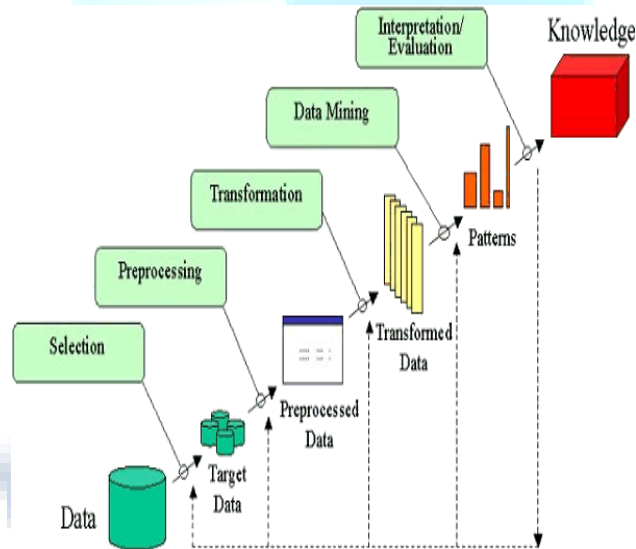
Data Mining is the method of extracting information from huge data sets through the use of Algorithms and techniques drawn from the field of Statistics, Pattern Recognition, Machine Learning and Data Base. The evolution of Information Technology has created large amount of databases. The training in databases and information technology has given growth to an approach to store and function this precious data for additional decision making. Knowledge discovery in databases is the method of discovering suitable knowledge from a collection of data. This largely used data mining technique is a method that includes data preparation and selection, data cleansing, incorporating previous knowledge on data sets and interpreting perfect solutions from the detected results.

II. PROCESS

The terms knowledge discovery and data mining are different KDD refers to the overall process of discovering useful knowledge from data. The objective of the KDD process is to extract knowledge from data in the context of large databases. Data mining refers to the application of algorithms for removing patterns from data without the additional steps of the KDD process. The whole process of finding and interpreting patterns from data involves the continual application of the following steps:

1. Learning the application domain, the appropriate prior knowledge, the aims of the application
2. Making a target data set: Selecting a data set, or focusing on a subset of variables, or data samples, on which finding is to be performed.

FIGURE I: KNOWLEDGE DISCOVERY PROCESS



1. Data cleaning and pre-processing: Elimination of noise or outliers, collecting required information to model or account for noise. Strategies for handling missing data fields. Accounting for time sequence information and known deviations.
2. Data reduction and transformation: Finding useful features to represent the data depending on the goal of the task. By means of dimensionality reduction or transformation methods to reduce the effective number of variables under consideration or to find invariant representations for the data.
3. Selecting the functions of data mining. Deciding whether the goal of the KDD process is classification, regression, clustering, etc.
4. Choosing the mining algorithm): Selecting method to be used for searching for patterns in the data. Deciding which models and parameters may be appropriate. Matching a particular data mining method with the overall criteria of the KDD process.
5. Data mining: Searching for patterns of interest in a exact representational form or a set of such representations as classification rules or trees, regression, clustering, and so forth.
6. Pattern evolution and knowledge presentation.
7. Practice of discovered knowledge.

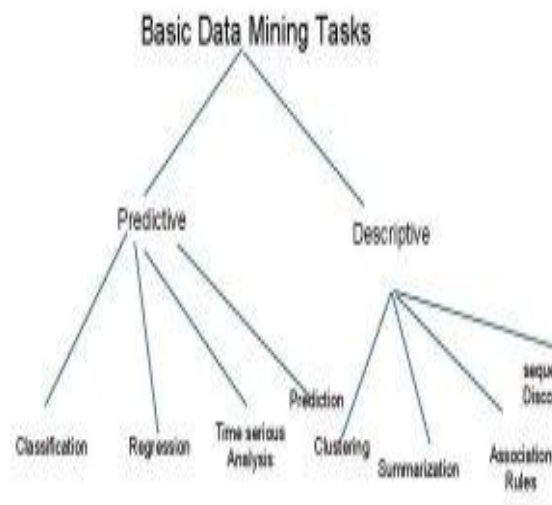
DATA MINING APPLICATIONS

- **Marketing:** Customer profiling, retention, identification of potential customer, market segmentation.
- **Fraud detection:** Identify credit card fraud and intrusion detection.
- **Scientific data analysis:** Identify the research decision making data.
- **Telecommunication Industry:** Most developing industries providing several services such as fax, pager, cellular phone, Internet messenger, images, e-mail, web data transmission etc. Due to the development of new computer and communication technologies, the telecommunication industry is quickly growing.

- *Retail Industry:* It accumulates large amount data from on sales, customer purchasing history, goods transportation, consumption and services. It is normal that the quantity of data collected will continue to expand rapidly because of increasing ease, availability and popularity of web. It aids in identifying customer buying patterns and trends. That clues to improved quality of customer service and good customer retention and fulfillment.
- *Text and web mining:* used to hunt text or information on web or specified raw data.
- *Biological Data Analysis:* Now a days we see that there is massive development in field of biology such as genomics, proteomics, functional Genomics and biomedical research. Biological data mining is very significant part of Bioinformatics.
- Any other applications that contain large amount of data.

III. DATA MINING TECHNIQUES

FIGURE II: DATA MINING TECHNIQUES



Predictive Data mining

Predictive analytics is an part of data mining that deals with extracting information from data and using it to forecast trends and behaviour patterns. Often the strange event of interest is in the future, but predictive analytics can be realistic to any type of unknown whether it be in the past, present or future. The goal of a predictive data mining model is to predict the future outcomes based on passed records with known answers.

Descriptive Data mining

Descriptive data mining emphasis on finding patterns describing the data that can be interpreted by humans, and creates new, nontrivial information based on the available data set. The aim of a descriptive data mining model is consequently to discover patterns in the data and to appreciate the relationships between attributes represented by the data

Classification

Classification is a data mining function that allocates items in a collection to target categories or classes. The aim of classification is to correctly predict the target class for each case in the data. A classification task arises with a data set in which the class assignments are known. For example, a classification model that forecasts credit risk could be developed based on observed data for many loan applicants over a period of time. Classifications are discrete and do not imply order. Continuous, floating-point values would direct a numerical, rather than a categorical, target. A predictive model with a numerical target customs a regression algorithm, not a classification algorithm. The simplest type of classification problem is binary classification. In binary classification, the target attribute has only two possible values: for example, high credit rating or low credit rating. Multiclass targets have more than two values: for example, low, medium, high, or unknown credit rating. In the model build (training) process, a classification algorithm finds relationships between the values of the predictors and the values of the target. Different classification algorithms use unlike techniques for finding relationships. These relationships are shortened in a model, which can then be applied to a diverse data set in which the class assignments are strange.

Classification models are tested by relating the predicted values to known target values in a set of test data. The past data for a classification project is typically separated into two data sets: one for building the model; the other for testing the model.

Regression

Regression is a data mining (machine learning) technique used to fit an equation to a dataset. Regression is a data mining function that guesses a number. Age, weight, distance, temperature, income, or sales could all be predicted using regression techniques. For example, a regression model could be used to predict children's height, given their age, weight, and other factors. Regression models are tested by computing various statistics that measure the difference between the predicted values and the expected values. The simplest form of regression, linear regression, uses the formula of a straight line ($y = mx + b$) and determines the appropriate values for m and b to predict the value of y based upon a given value of x . Advanced techniques, such as multiple regression, allow the use of more than one input variable and allow for the fitting of more complex models, such as a quadratic equation.

Time series analysis

Time series analysis includes methods for analysing time series data in order to abstract meaningful statistics and other characteristics of the data. Time series forecasting is the use of a model to compute future values based on formerly observed values. The purpose of time-series data mining is to try to eradicate all meaningful knowledge from the shape of data. Even if humans have a natural capacity to perform these tasks, it relics a multifarious problem for computers.

Prediction

Predicting the identity of one thing based purely on the description of another, related thing

- Not necessarily future events, just unknowns
- Based on the relationship between a thing that you can know and a thing you need to predict
- Most prediction techniques are based on Mathematical models
 - Simple statistical models such as regression
 - Non-linear statistics such as power series
 - Neural networks, RBFs, etc.
- All based on fitting a curve through the data, that is, finding a relationship from the predictors to the predicted

Clustering

Clustering is a procedure of partitioning a set of data (or objects) into a set of meaningful sub-classes, called clusters. Help users realize the natural grouping or structure in a data set. Used either as a stand-alone tool to get vision into data distribution or as a pre-processing step for other algorithms. A subset of objects such that the distance between any two objects in the cluster is less than the distance between any object in the cluster and any object not located inside it. A connected region of a multidimensional space containing a relatively high density of objects.

Summarization

Data Summarization encapsulates evolutionary data included both primitive and derived data, in order to create a derived evolutionary data that is overall in nature. Data summarization offers the capacity to give data consumers simplify view of disparate bulks of data. Data summarization in very large multi-dimensional datasets as in the case of data warehouses is a very challenging work.

Association rule

Association rule is a popular and well researched method for discovering interesting relations between variables in large databases. It is intended to identify strong rules discovered in databases. Assumed a set of transactions, find rules that will predict the happening of an item based on the occurrences of other items in the transaction.

Given a set of transactions T, the goal of association rule mining is to find all rules having

- support \geq minsup threshold
- confidence \geq minconf threshold

Two-step approach:

1. Frequent Itemset Generation

- Generate all itemsets whose support \geq minsup

2. Rule Generation

- Generate high confidence rules from each frequent itemset, where each rule is a binary partitioning of a frequent itemset

Sequence discover

Frequent Sequence Mining is used to discover a set of patterns shared among objects which have between them a specific order. For instance, a retail shop may possess a transaction database which specifies which products were acquired by each customer over time. The sequence mining task is to discover a set of attributes, shared across time among a large number of objects in a given database. For example, consider the sales database of a bookstore, where the objects represent customers and the attributes represent authors or books. Let's say that the database records the books bought by each customer over a period of time. The discovered patterns are the sequences of books most frequently bought by the customers.

IV CONCLUSION

In this report an in-depth study of the varied data mining techniques was made. It also discusses two data mining techniques predictive model and descriptive model. It is important to understand both cultures and expectation and objectives of the categories to successful implementation of above techniques.

REFERENCES

1. A Survey on data mining techniques, Ranshul Chaudhary¹, Prabhdeep Singh², Rajiv Mahajan³
2. "Data mining articles", <http://www.data-miningarticles.com/info/data-mining-introduction>
3. Frequent Sequences MOHAMMED J. ZAKI zaki@cs.rpi.edu Computer Science Department, Rensselaer Polytechnic Institute, Troy NY.
4. <http://www.philippe-fourmier-viger.com/spmf/SPADE.pdf>
5. SPADE: An Efficient Algorithm for Mining
6. Survey of classification techniques in data mining in Proceedings of the International Multi Conference of Engineers and Computer Scientists 2009 Vol I IMECS 2009, March 18 - 20, 2009, Hong Kong-classification

A STUDY ON WORKERS PARTICIPATION IN MANAGERIAL DECISION MAKING WITH REFERENCE TO PEARL GLOBAL INDUSTRIES LIMITED, CHENNAI

G. V. SOBHA
FACULTY
DEPARTMENT OF MANAGEMENT STUDIES
NATIONAL INSTITUTE OF TECHNOLOGY
TRICHY

ABSTRACT

This project entitled "A study on workers participation in managerial decision making with reference to pearl Global Industries limited, Chennai. The main objective of the study is to analyze the level of workers participation in managerial decision making and to know the factors which hinders the participation of employees towards the decision making process. The research methodology adopted in the research is descriptive and the sampling method used in the study is simple random sampling in order to give equal importance to the population. The data was collected through survey using questionnaire and personal interview with the employees and the sample size was 170 from the total population. Percentage analysis, chi square and weighted average analysis was used in the study. Out of analysis it was found that there is a high level of employee involvement in the decision making process but with some discriminations towards age, experience etc because the organization have a misconception that people are not worthwhile to take decisions on their own. So the company was suggested to change their attitude towards the employee and trust them that they are the main asset of an organization and they were capable of taking decisions within their boundaries. And also it is been suggested to conduct some enlightening programs for the employees for developing their self confidence which in turn will motivate employees to participate in all the managerial activities.

KEYWORDS

Decision making, Employee Engagement, Employee Involvement, Employee Participation.

INTRODUCTION

Employees are considered as the main asset to most of the organization. It is the reason why organization needs to retain and give more importance to them in the organization. Giving importance or considering as an asset means that should be articulated by means of participation in various decision making processes.

If the employees are considered to offer suggestion on various decisions they feel that they more important and feel proud to work for the organization. Such kind of participation will definitely motivate the employees, which in turn improves the performance of the employees and organization.

Employees are encourages to share their ideas in the decision making process of the firm by participating in activities such as establishing goals, formulating work schedules, and making suggestions. Some other forms of participative management include increasing the responsibility of employees by forming self management teams, assessment centers, and seek for performance feedback. The ideas that generated by employees were considered and adequate respect will be provided by the management.

It can be done if the managers have strong cooperative relationship with their subordinated. Major advantages of participative management include increased productivity, quality, enhancing communications and cutting production cost. Participative management sticks employees being responsible and accountable for their work.

Workers' participation in management is involvement of workers only in such areas of activities of the enterprise where they can make some positive contribution for the betterment of an enterprise. Such participation should facilitate effective utilization of available resources and implementation of long term plans.

The concept of workers participation in management crystallizes the concept of industrial equality, and indicates an attempt on the part of the employer to build his employees into a team which works towards the realization of common objectives. It has a unique motivational power and great psychological value. Workers' participation in management aids two way communication which results in better flow of ideas and opinions. This helps the management to design and implement employee-friendly policies with minimum resistance. It also gives the employees a sense of belonging and commitment to the organization and ensures that the capabilities of workers are properly utilized and that they are able to make significant contribution to the effectiveness and economic welfare of the organization Thus, effective participation enable the enterprise to make use of its manpower for the maximum achievement of its declared objectives. The study aims to examine the concept of workers participation in management and perception of employees toward the management of Pearl Global Industries Limited.

REVIEW OF LITERATURE

Edward G. Wertheim (1976) in his article, "Worker Participation and Industrial Relations – The Trend toward Decentralization", recent developments in worker participation in the context of overall patterns in industrial relations. In Europe, it appears as a complement to traditional patterns, an attempt to decentralize influence. Efforts toward worker control are likely to have limited appeal in places such as the United States and Britain where labor perceives industrial relations as already fairly decentralized.

Raghavan. A.V.S. (1978) has suggested in his study, "Workers' Participation in BHEL" Workers' participation in management is enshrined in the Indian constitution which provides for "the participation of workers in the management of undertakings, establishments, or other organizations engaged in any industry." After a brief survey of several approaches in the private and the public sector organizations, an experiment carried out at one of the public sector organizations (Bharat Heavy Electricals Limited) is described here.

Clyde summers (1978) The study titled, "worker participation in corporate management - the united states version" The National Labor Relations Act established a statutory framework for employee representation through unions in a system of collective bargaining. To be sure, the law in the U.S. does not require employee membership on corporate boards, as does the law in Denmark or Germany. But the union may have a more effective voice in management decisions through its strength at the bargaining table than it would through minority representation in the corporate board meeting.

Chris A. Jecchinis (1979) Research work titled, "Employees' Participation in Management: International Experiences and the Prospects for Canada" The experiences of certain successful West European practices in employee's participation within undertaking recommend the establishment of complementary institutional arrangements in the existing system of labor-management relations in Canada which, at the present, is based only on the institution of collective bargaining.

Milton Derber (1980) the article titled, "Collective Bargaining, Mutuality, and Workers Participation in Management: An International Analysis" worker participation in management has expanded in varying degrees, in different forms and at different levels. In West Europe both collective bargaining and mutualism have expanded dramatically and workers participation in management seems destined to advance.

Surya Mookherjee (1991) brought out a study on, "Workers' Participation in Bharat Heavy Electricals Ltd. (BHEL): The Case of Tiruchi" The promotion of employee participation in management as a national objective in contemporary India seems to be acquiring increasing importance Public policy on labor. The

Government of India has been continuously laying special emphasis on strengthening the practice of labor participation in manufacturing and service organizations.

Bjorne Grimsrud Torunn Kvinge (2006) the study titled, "Productivity Puzzles should employee participation be an issue?" Employee participation adds to productivity growth. The overall picture is mixed. Participation may lead to significant but not substantial higher productivity. The theoretical predictions, pointing to the importance of institutional setting and a need to establish quality cooperation and long-term commitment from both management and workers, seem to be supported by the empirical results.

Ruth Alas (2007) made an attempt to study, "The impact of employee participation on job satisfaction during change process" Estonia has succeeded in replacing a planned economy with a free market economy. Still, a lot has to be done to achieve a quality level comparable with developed countries in the European Union. The main problem is: how to change Estonian business organizations even faster than organizations change in developed countries.

Yusuf Noah (2008) The study entitled, "A Study of Worker Participation in Management Decision Making within Selected Establishments in Lagos, Nigeria" worker participation in management decision making within the Nigerian work environment. The study involved a survey in which a total of two hundred and twenty seven (217) non management employees drawn from two work organizations in Lagos (Flour Mills Nigeria Plc and Niger Insurance Plc) were used as subjects.

Owolabi Lateef Kuyea and Abdul-Hameed Adeola Sulaimonb (2011) made an attempt to study, "employee involvement in decision making and firms Performance in the manufacturing sector in Nigeria" employee involvement in decision making and firms' performance in the manufacturing sector in Nigeria. Data were generated by means of questionnaires to 670 manufacturing firms on employee involvement in decision making and performance variables.

NEED OF STUDY

In most of the organization workers participation in decision making plays a major role and have an impact in the performance of employees and the development of the organization in the modern era. So the project entitles "A study on worker's participation in managerial decision making with reference to Pearls Global Industries Limited, Chennai was taken for the study to identify the level of employee participation in their managerial activities.

STATEMENT OF THE PROBLEM

The present study deals with the workers participation in managerial decision making of Pearl Global Industries Limited and how it influences the employer employee relationship. During initial analysis, found some problems that affecting the employees to participate in decision making activities. This study will help the management to know more about the problems that affecting employees participation in managerial decision and they can give better offers to participate in the decision making activities.

OBJECTIVES OF THE STUDY

The primary objective of the study is to know about the workers participation in managerial decision making of Pearl Global Industries Ltd.

The secondary objectives are to

- Analyze the general attitude of workers participation in management decision making and to find out if decisions taken by workers participation in management are implemented or not.
- Identify the workers level of involvement in decision making process in the organizations
- To determine the factors which resist workers to participate in decision making.

HYPOTHESES

The following were the hypothesis formulated for the attainment of the objectives. There is a relationship between respondents' socio economic status with the level of involvement in decision making and the suggestions motivated by their superiors.

1. A young employees tend to have a high level of involvement in decision making process than the older employees as they are very keen on knowing about the organization and its decision making processes.
2. Women employees would more likely to participate in managerial activity than men as the organization involves mostly of women workers.
3. Employees with moderate to high level of experience would tend to participate in decision making process than the new or less experienced employees
4. Young employees would be get motivated than the older employees when provided with the suggestions.
5. Suggestions given by the experienced employee would be given more importance in the organization than the younger employees.

RESEARCH METHODOLOGY

The study was done based on the facts and it describes the current state of affairs and hence Descriptive research was used. It investigates the recent issues and challenges in the participation of decision making process. The study was conducted for the period of 3 months from February 2013 to April 2013 at Pearl Global Industries Limited, Chennai. Data were collected through primary and secondary sources. Data were collected directly by the researcher through observation, interview and questionnaire method and Secondary data were collected from various Websites Magazines, Books and journals etc. Sample size of the study is restricted to 170 respondents and it can select from the target population of 300. Simple random sampling is used in this study so as to give equal chance for the target population. These data were helped to collect both qualitative and quantitative data by structure questionnaire.

RESULTS AND DISCUSSION

The Findings revealed the demographic composition of respondents at Pearl Global Industries Ltd. Table No.1 to 4 reflects majority of respondents are between the ages of 25-30 years, Female. It is also revealed that majority of respondents have very low educational qualification with 1-3 years of experience. These findings reflect the demographic structure of work force at Pearl Global Industries Ltd.

TABLE NO. 1: AGE WISE DISTRIBUTION OF RESPONDENTS

Age Group	No of Respondents	Percentage
Below 20 years	5	3
20-25 years	31	18
25-30 years	73	43
30-35 years	33	19
35-40 years	22	13
Above 40 years	6	4
Total	170	100

Source: Primary data

TABLE NO. 2: GENDER WISE DISTRIBUTION OF RESPONDENTS

Gender	No of Respondents	Percentage
Male	60	35
Female	110	65
Total	170	100

Source: Primary data

TABLE NO. 3: EDUCATION QUALIFICATION OF RESPONDENTS

Qualification	No of Respondents	Percentage
Upto 10 th	39	23
12 th	54	32
ITI	11	6
Diploma	20	12
UG	34	20
PG	12	7
Total	170	100

Source: Primary data

TABLE NO. 4: EXPERIENCE LEVEL OF RESPONDENTS

Experience	No of Respondents	Percentage
Below 1year	16	9
1-3 years	81	48
3-6 years	66	39
Above 6years	7	4
Total	170	100

Source: Primary data

TABLE NO. 5: RESPONDENTS LEVEL OF PARTICIPATION IN MANAGERIAL ACTIVITY

Level of opinion	No of Respondents	Percentage
Strongly agree	113	66
Agree	28	16
Neutral	13	8
Disagree	10	6
Strongly disagree	6	4
Total	170	100

Source: Primary data

It is evident from Table No. 5 that the respondents were agreed to participate in managerial activity. As evident from Table No.7, it is revealed that 82% of total respondents agreed that they don't have any problem in participating managerial activities. When analyzing the factors that could influence the level of involvement in decision making Table No.6 to 8 shows the relationship between age, gender and experience with the involvement in decision making process.

TABLE NO. 6: RELATIONSHIP BETWEEN THE AGE OF THE RESPONDENT AND THE WORKERS PARTICIPATE IN MANAGERIAL ACTIVITY

Cross Tabulation						
Age of the respondent	The workers are allowed to participate in managerial activity					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
<20	0	0	0	2	3	5
20-25	1	0	4	2	24	31
25-30	5	0	2	18	48	73
30-35	0	4	2	3	24	33
35-40	0	6	2	2	12	22
>40	0	0	3	1	2	6
Total	6	10	13	28	113	170

Source: Primary data

Chi-Square Tests			
Pearson Chi-Square	Value	Df	Asymp. Sig. (2-sided)
	59.334	20	.000
P<0.05			

TABLE NO. 7: RELATIONSHIP BETWEEN THE GENDER AND THE WORKERS PARTICIPATION IN MANAGERIAL ACTIVITY

CROSS TABULATION

Gender	The workers are allowed to participate in managerial activity					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Male	0	3	7	8	42	60
Female	6	7	6	20	71	110
Total	6	10	13	28	113	170

Source: Primary data

Chi square Test			
Pearson Chi-Square	Value	Df	Asymp. Sig. (2-sided)
	6.083	4	.193

p>0.05

TABLE NO. 8: RELATIONSHIP BETWEEN THE EXPERIENCE OF THE RESPONDENT AND THE WORKERS PARTICIPATE IN MANAGERIAL ACTIVITY

Experience	The workers are allowed to participate in managerial activity					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Below 1year	0	4	3	2	7	16
1-3 years	4	4	4	24	45	81
3-6 years	2	2	6	2	54	66
Above 6 years	0	0	0	0	7	7
Total	6	10	13	28	113	170

Source: Primary data

Chi-Square Tests			
Pearson Chi-Square	Value	Df	Asymp. Sig. (2-sided)
	40.051	12	.000

P<0.05

TABLE NO. 9: RELATIONSHIP BETWEEN THE AGE OF THE RESPONDENT AND THE SUGGESTIONS MOTIVATE BY THE SUPERIORS
CROSS TABULATION

Age of the respondents	Suggestions motivate by the superiors					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
<20	0	0	0	2	3	5
20-25	6	0	9	5	11	31
25-30	0	6	20	23	24	73
30-35	0	0	8	15	10	33
35-40	0	0	10	6	6	22
>40	2	0	3	0	1	6
Total	8	6	50	51	55	170

Source: Primary data

Chi-Square Tests			
Pearson Chi-Square	Value	Df	Asymp. Sig. (2-sided)
	52.127	20	.000

P<0.05

TABLE NO.10 RELATIONSHIP BETWEEN THE EXPERIENCE OF THE RESPONDENT AND THE SUGGESTIONS MOTIVATE BY THE SUPERIORS
CROSS TABULATION

Experience	Suggestions motivate by the superiors					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
<1year	2	0	4	3	7	16
1-3 years	1	3	28	29	20	81
3-6 years	5	3	15	19	24	66
>6 years	0	0	3	0	4	7
Total	8	6	50	51	55	170

Source: Primary data

Chi-Square Tests			
Pearson Chi-Square	Value	Df	Asymp. Sig. (2-sided)
	16.393	12	.174

P>0.05

As shown in Table No.6 above, respondents under the age of 35 had agreed that they were allowed to participate in managerial activity, and shows statistically significant relationship between respondent age and the level of involvement in decision making process. When comparing with the experience, there is a statistical significant relationship between the respondent experience and the level of participation in decision making process. It is revealed that respondents having the experience between 1 and 6 were allowed to participate in decision making process than less/highly experienced employees. Table No. 9 and Table No. 10 reveals the relationship between the respondent's suggestions motivated by their superior and the respondent's age and experience. It is found that there is statistically significant relationship between age and suggestions motivated by their superior. It reveals that suggestions given by young employees were accepted and motivated because; they possess new knowledge and skill also more talented than older employees; there is no significant relationship between experience and suggestions provided were motivated by superiors. It demonstrated that there should be equivalent level of importance been given to all employees when suggestions were provided.

TABLE NO. 11: EMPLOYEES ATTITUDE TOWARDS MANAGEMENT

Opinion	Rank					Total	Weighted average
	5	4	3	2	1		
The management committee members were honest	55 (275)	74 (296)	17 (51)	10 (20)	14 (14)	656	3.858
Take timely decision	59 (295)	88 (352)	14 (42)	4 (8)	5 (5)	702	4.129
They were action oriented	53 (265)	69 (276)	18 (54)	20 (40)	10 (10)	645	3.794
Proper supervision of overall activities of the company	63 (315)	60 (240)	33 (99)	4 (8)	10 (10)	672	3.952
Management committee were well aware about rules & responsibilities	56 (280)	71 (284)	21 (63)	9 (18)	13 (13)	658	3.870

Source: Primary data

TABLE NO. 12: PARTICIPATION LEVEL OF EMPLOYEES IN VARIOUS DECISION MAKING ACTIVITIES

Opinion	Rank					Total	Weighted average
	5	4	3	2	1		
Welfare and safety measures	102 (510)	49 (196)	19 (57)	0 (0)	0 (0)	763	4.488
Changes in production technique	22 (110)	74 (296)	55 (165)	11 (22)	8 (8)	601	3.535
When rules and regulations changes	28 (140)	55 (220)	73 (219)	10 (20)	4 (4)	603	3.547
Decisions on promotions & transfers	30 (150)	68 (272)	51 (153)	16 (32)	5 (5)	612	3.6
On grievance settlement	80 (400)	50 (200)	36 (108)	4 (8)	0 (0)	716	4.211
On work distribution	50 (250)	58 (232)	37 (111)	16 (32)	9 (9)	634	3.729
Hours of work / decisions on overtime	38 (190)	57 (228)	59 (177)	10 (20)	6 (6)	621	3.652
Suggestions on new product development	40 (200)	53 (212)	47 (141)	13 (26)	17 (17)	596	3.505
On training	55 (275)	59 (236)	42 (126)	14 (28)	0 (0)	665	3.911
On wage/salary	42 (210)	57 (228)	35 (105)	10 (20)	26 (26)	589	3.464

Source: Primary data

Table No.11 reveals the attitude of employees towards management by using the weighted average method. The weighted average method reveals the fact that employee's attitude towards management is satisfactory and most of the activities management would take timely decision and have proper supervision over all the activities and employees have moderately good attitude on the honesty and integrity of management. This study emphasized that level of involvement depends on the attitude of employees towards management. If employees have highly good attitude towards the management, there would be high level of participation in the decision making process. Table No.12 shows the level of employee participation in various decision making activities. It reveals that there is high level of involvement in welfare and safety concerned decision making and on grievance settlements in an organization; and shows medium to high level of involvement in taking decisions such as production technique, work standards, on work distribution, with regard to promotions and transfers, suggestions on new product and shows moderate level of participation on decisions with regard to wage and salary.

FINDINGS

- The majority of the respondents 86% has agreed that the employees were allowed to get participate in managerial decision making.
- From the study 62% of the respondents have agreed that their suggestions are always accepted and motivated by their superiors.
- The study shows that, there is relationship between the age of the respondent and their participation level in managerial decision making.
- From the analysis, the chi-square test reveals that there is significant relationship between the gender of the respondent and the workers participate in managerial activity.
- The study describes that, there is significant relationship between the experience and their participation level.
- From the chi-square test it has been identified that, there is significant relationship between the age and suggestions motivate by their superiors. From the cross tabulation it has been observed that majority of respondents were under the age group of 25-30.
- From chi square analysis, it reveals that there is no relationship between the experience and suggestions motivate by their superiors.
- It is revealed from weighted average method that employees do participate in the decision making process of welfare activities.
- From the study it has been identified that, the management has taken timely decision have the weighted value of (4.129). It means that majority of the employees have the positive attitude towards the management when decisions were taken timely.

SUGGESTIONS

- The top management thinks that workers are not competent enough to take decisions. So it is suggested that the management may improve and change the attitude towards the employees and recognize their potential in order to motivate them.
- Only under the age of 25-30 respondents have strongly agreed that they do participate in managerial activity and the suggestions will be motivate by the superiors. So the management may consider and motivate the suggestions given by employees irrespective of the level of age group.
- Majority of the respondents who have 3-6 years of experience accepted that they were participate in managerial activity. So it has been suggested that the organization can consider of getting more information, ideas and suggestions irrespective of the years of experience as fresher's also come up with new ideas.
- The employees are not get opportunity for giving suggestion in production technique, new product design and development, policy making decisions. They are only involved in employee related decision making activities such as welfare & safety measures, grievance settlements, on training, work distribution and allocation of works.
- So the organization may conduct seminars, conferences, and extensive workers' education programs in order to gain more ideas from most talented people in the respective areas, moreover by participating the employees can empower themselves to take decisions at the tactical and strategic level.

CONCLUSIONS

Based on the findings of the study it revealed that workers at Pearls Global industries limited are generally much involved and allowed to participate in the decision making process. On the other hands there is some discrimination in participation in terms of age, experience, and educational qualifications. The study therefore confirmed that there is significant relationship between the socio-economic status and the level of involvement. In this organization there is a good relationship maintained between the workers and their managers. But the employees feel that the top management does not recognize and use the potential of employees. Because the top management think that workers are not competent enough to take decisions. So it is suggested that the management may improve and change the attitude towards the employees and recognize their potential and utilize then effectively. The attitude of employees towards management is satisfied because they take timely decision and there is proper supervision of overall activities. But the Workers feel that the management committee members were not honest and they were not action oriented. So the management has to take immediate action for implementing decisions in order to create a trust among the workers. The employees are not get opportunity for giving suggestion in production technique, new product design and development, policy making decisions. They are only involved in employee related decision making activities such as welfare & safety measures, grievance settlements, on training, work distribution and allocation of works. So the organization may conduct seminars, conferences, and extensive workers' education programmes in order to gain more ideas from most talented people in the respective areas, moreover by participating the employees can empower themselves to take decisions.

LIMITATIONS

- The time period for study was very limited.
- Study restricted to pearl global limited, Chennai only. So we can't generalize the result to other firms under this industry.
- The respondents of the questionnaire were very busy and could not afford more time so that the sample size was restricted to 170 and may not represent the whole employee population.

SCOPE FOR FURTHER RESEARCH

This project gives opportunity to the company to know about the employees opinion towards their participation on managerial decision making which help them to harmonize the relationship between the workers and management. This project is much useful to the management to know about the workers/employees views and suggestions about the managerial activities of the firm. This project needs extensive research to know their involvement and to identify the factors which hinders them to participate in decision making process. By analyzing those factors the organization can take corrective actions for the employees to be participated in the managerial activities.

REFERENCES

BOOKS

1. Kothari CR, Research methodology, New Age International Private Limited Publishers, second edition.
2. Stephen P Robins, "Organizational Behavior", 11th Edition, prentice hall of India, New Delhi.

JOURNAL AND OTHER ARTICLE

3. Edward G. Wertheim (1976) "Worker Participation and Industrial Relations – The Trend toward Decentralization" Industrial Relations, vol. 31, No. 1, pp 98-111.
4. Clyde Summers (1978), the study titled, "worker participation in corporate management - the united states version" Journal of comparative corporate law and securities regulation, pp 157-186.

5. Chris A. Jecchinis, (1979), "Employees' Participation in Management: International Experiences and the Prospects for Canada" Industrial Relations, vol. 34, No.3, p. 490-515.
6. Milton Derber, (1980) "Collective Bargaining, Mutuality, and Workers Participation in Management: An International Analysis" Industrial Relations, vol. 35, No.2, pp 187-201.
7. Bjerne Grimsrud Torunn Kving, (2006), "Productivity Puzzles – should employee participation be an issue?" Nordic Journal of Political Economy, Volume 32, pp 139-167.
8. Ruth Alas, (2007), "The impact of employee participation on job satisfaction during change process" Problems and Perspectives in Management, Volume 5, Issue 4, pp 28-33.
9. Yusuf Noah, (2008) "A Study of Worker Participation in Management Decision Making Within Selected Establishments in Lagos, Nigeria" Journal of Soc. Sci., Volume 17 No.1, pp 31-39.
10. Abdul-Hameed Adeola Sulaimonb and Owolabi Lateef Kuyea, (2011), "Employee involvement in decision making and firms Performance in the manufacturing sector in Nigeria" Serbian Journal of Management, Volume No. 6 (1) pp 1 – 15.
11. Raghavan, (July 1978), "Workers' Participation in BHEL" Vikalpa, Vol. 3, No. 3, pp 163-166.
12. Surya Mookherjee, (April-June 1991), "Workers' Participation in Bharat Heavy Electricals Ltd. (BHEL): The Case of Tiruchi" Vol.16, No.2, pp 41-62.

APPENDIX

QUESTIONNAIRE

A STUDY ON WORKERS PARTICIPATION IN MANAGERIAL DECISION MAKING IN PERLS GLOBAL INDUSTRIES LIMITED, CHENNAI

Name _____

Age : (a) <20 (b) 21-25 (c) 26-30 (d) 31-35 (e) 36-40 (f) >40

Designation : (a) Unskilled worker (b) Skilled worker (c) Supervisor (d) Executive

Gender : (a) Male (b) Female

Qualification: (a) Up to 10th (b) +2 (c) ITI (d) Diploma (e) UG (f) PG

Marital status: (a) Single (b) Married

Income Level: (a) Rs2000-5000 (b) Rs5001-10000 (c) Rs10001-15000 (d) >15001

Experience : (a) <1Yrs (b) 1-3Yrs (c) 3-6Yrs (d) >6Yrs

1. Do you agree the Workers are allowed to participate in Managerial activity?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
2. Do you agree organization consider every employee to participate in decision making?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
3. Do you attend the meetings conducted by the management regularly?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
4. Is WPM concept useful in improving relations between manager and employee/worker?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
5. Does the standing orders of the company known to you?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
6. Does your Management is Supportive and encouraging in your personal growth & development?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
7. How for you are satisfied towards Training and Development program?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
8. The Top Management of this Organization takes efforts to recognize and use the potentials of employees
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
9. Do you agree that the suggestions given by the workers are always accepted and motivated by the superior?
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
10. Departmental communication is necessary for mutual understanding and it prevails in this organization.
(a) Strongly agree (b) Agree (c) Moderate (d) Disagree (e) Strongly disagree
11. People are mostly open with one another and share information willingly.
(a) All ways (b) Most of the time (c) Sometimes (d) Rarely (e) Very Rarely
12. Do you feel your Top Management have the Integrity and openness?
(a) Yes (b) No
13. Are they encouraging your new ideas/suggestions?
(a) Yes (b) No
14. Employees are kept informed about the policy decisions.
(a) All ways (b) Many times (c) Sometimes (d) Not informed (e) Not at all informed
15. Whether your organization conducts meetings periodically?
(a) Yes (b) No
16. If yes your opinion about conduction meetings
(a) Highly satisfied (b) Satisfied (c) Neutral (d) Dissatisfied (e) Highly dissatisfied
17. Whether the decisions taken in the meeting are implemented?
(a) Yes (b) no
18. To what extent participative management is helpful in achieving your organizational goals?
(a) To high extent (b) to moderate extent (c) to some extent (d) to low extent (e) not at all

19. Is the company give effective participation for employees on the following decision making activities? Mark 5- Strongly agree, 4- Agree, 3- Neither agree nor disagree, 2- Disagree, 1- Strongly Disagree

Participation on	5	4	3	2	1
Decision about welfare and safety measures					
Changes in production technique					
When rules and regulations changes					
Decisions on promotions & transfers					
On grievance settlement					
On work distribution					
Hours of work / decisions on overtime					
Suggestions on new product development					
On training					
On wage/salary					

20. Kindly rate yours opinion about Worker Participation Management?
Mark 5- To high extent, 4-To moderate extent, 3-To some extent, 2-Don't know, 1-Not at all

	5	4	3	2	1
1) Maintaining better industrial relations					
2) Higher productivity					
3) Job satisfaction					
4) Better discipline					
5) Smooth functioning					
6) Increase worker morale					
7) Better quality					
8) Create interest among workers					
9) Develop the workers personality					
10) Eliminating wastage					

21. Workers attitude towards management?
Mark 5- Strongly agree, 4- Agree, 3- Neither agree nor disagree, 2- Disagree, 1- Strongly Disagree

Workers attitude towards Management	5	4	3	2	1
The management committee members are honest					
Take timely decision					
They are action oriented					
Proper supervision of overall activities of the company					
Management committee are well aware about rules & responsibilities					



THE EFFECTS OF ELECTRONIC PAYMENT CHANNELS ON GROWTH OF DEPOSIT BASE OF NIGERIAN DEPOSIT MONEY BANKS

AHMADU ABUBAKAR
ASST. LECTURER
DEPARTMENT OF BUSINESS MANAGEMENT
FEDERAL UNIVERSITY
DUTSIN-MA

ABSTRACT

The world has witnessed an upsurge of electronic payment instruments meant to facilitate trade and simplify payments before the introduction of electronic payment into Nigerian banking system; customers had to walk into the banking hall to do transactions of all kind. They had to queue up and spend more hours to talk to a teller to make their transactions. This study examined the effects of electronic payment channels on growth of deposit base of Nigerian deposit money banks. The study employed multiple regression technique in the analysis of the time series data sourced for the study for the period 2005- 2012. The study revealed that a positive relationship exist between automated teller machine and total deposits. It was also discovered that there is no significant relationship between point of sale transaction value and total deposits. The study concludes that ATM is the most patronize electronic payment channel due to increased public awareness and enhanced public confidence, and that there exists positive relationship between automated teller machine transaction value and total deposits of Nigerian deposit money banks. It was therefore recommended that banks that want to improve their deposit base must ensure that their automated teller machines are well functional and loaded with fit notes at all times. It was also recommended that banks should create more awareness to the customers' on the usefulness and benefits of using point of sale devices to make payments. Perhaps, when this is done, it will increase the point of sale patronage rate.

JEL CODE

G21

KEYWORDS

Electronic payment channels, Deposit money banks, Growth, Nigeria.

INTRODUCTION

The world has witnessed an upsurge of electronic payment instruments meant to facilitate trade and simplify payments before the introduction of electronic payment into Nigerian banking system; customers had to walk into the banking hall to do transactions of all kind. They had to queue up and spend more hours to talk to a teller to make their transactions. Inconveniences caused by these long queues discourage most customers who sometimes renegade from the queues in annoyance. For many years, bankers, IT experts, entrepreneurs and others have advocated for the replacement of physical cash and the introduction of more flexible, efficient and cost effective retail payment solutions (Siyanbola, 2013).

The current inclination of Nigeria's central bank which is the predominant regulator in the sector appears to be to shape policy towards a Portuguese model in the mold of SIBS (Sociedade Interbancaria de Servicos-Interbank Services Company). SIBS was founded in 1983 and provides secure payment solutions including fully integrated cards, ATM and POS multi-system management (Visa, American Express, MasterCard etc), multi-vendor multi-application processing and security management to support ATM, POS, On-line and mobile transactions. The Nigerian vehicle envisaged by the CBN to play this role is evidently Nigerian Inter-Bank Settlements System (NIBSS) owned by the banks, discount houses and central bank, with its board chaired by a CBN Deputy Governor.

NIBSS Plc was set up in 1993 and commenced operations in June 1994. NIBSS has put in place infrastructures for handling inter-bank payments, inter-bank funds transfer and settlements and operates the Nigeria Automated Clearing System (NACS) electronic funds transfer, Automated Direct Credits and Automated Direct Debits. NIBSS has acquired technologies for the operation of the Nigeria Central Switch (NCS). The other recent policy initiative from the CBN is the cancellation of the N100 charge levied by banks on ATM usage by customers of other banks with the objective of reducing cost of alternatives to cash. While these initiatives may be attractive from the user/cost perspective (since NIBSS has a shared services, rather than profit objective), one consequence may be to discourage private, entrepreneurial initiatives (Agbaje & Ayanbadejo, 2013).

Nigeria did not embrace electronic banking early, compared to developed countries of the world. In the year 1986, Societe Generale Bank of Nigeria (SGBN) introduced online, real-time banking within its 5 branches in Lagos metropolis. However, many of the Nigerian banks adopted electronic banking system in the early 2000s. Today the ATM, Mobile, Web, and POS are major e-payment instruments currently in use in Nigeria. In the recent years electronic banking has been viewed as a driving force that is changing the landscape of the banking industry fundamentally, in particular, towards a more competitive industry. E-banking has blurred the boundaries between different financial institutions, enabled new financial products and services and made existing financial services available in different packages (Okoro, 2014).

The Central Bank of Nigeria on April 28, 2011 announced its intent to implement a cashless policy in Nigeria. The policy is currently in operation in some states of the federation. It started in Lagos state in January 1, 2013 and later extended to six other states, and then to the remaining part of the country after monitoring its success in Lagos and the other six states. The policy stipulates a cash handling charge on daily cash withdrawals that exceeds ₦500,000 for individuals and ₦3,000,000 for corporate bodies. The new policy on cash-based transactions (deposits and withdrawals) in banks, aims at reducing not eliminating the amount of physical (notes and coins) circulating in the economy, and encouraging more electronic based transactions (payments for goods, services, requesting for account information, transfers, etc). The introduction of this policy by CBN has compelled banks to develop and utilize alternative delivery channels. The most recently delivery channel introduced is online or electronic banking also known as e-banking.

This study examines the effects of electronic payment channels on growth of deposit base of the Nigerian deposit money banks focusing on automated teller machine (ATM) and point of sale (POS).

SIGNIFICANCE OF THE STUDY

The findings of the study will assist stakeholders in the banking sector ascertain the effects of automated teller machine and point of sale terminals on deposit base of Nigerian deposit money banks. The study has recommended new strategy that banks should adopt in using electronic payment instruments in improving their deposit base. This study will also help the general public by creating awareness on the benefits of electronic banking. It is also hoped that the awareness that this study will create will drastically reduce the cost of handling cash by encouraging customers' to embrace alternative electronic payment delivery channels.

The study will also serve as a useful reference material for students, academicians, institutions, corporate bodies and corporate managers who are interested in the subject of electronic banking.

STATEMENT OF THE PROBLEM

The CBN estimated the direct cost of cash to the financial system as ₦114 billion (\$718.75 million at ₦150/\$) as at 2009 and projected the figure to rise to ₦192 billion (\$1.2 billion) in 2012. Cash in transit, cash processing and vault management costs make up 24%, 67% and 9% respectively of total direct cost of cash. CBN data also indicates that Pre-Cashless Lagos, cash constituted 85% of commercial payments in Nigeria. Apart from direct cost, other costs include robberies and cash-related crimes, corruption and money laundering, non-financial sector costs of cash processing by all entities across the value chain, government revenue leakages and inefficiency treasury management (Agbaje & Ayanbadejo, 2013).

In recent years in Nigeria, there has been persistent public outcry as regards the new challenges, the electronic banking since its inception has brought to financial institutions (banks) and general public. To many people, banking transactions via the internet are insecure and often congested. Hence, interruption is usually experienced in banking operations due to network failures. This hindered customers from carrying out transactions at that point in time. Besides, many people do not know what e-banking entails, or how to use its products. This aids in revealing the secret PIN number (in the case of ATM card and other cards transaction) to the third party by the illiterate cardholders (customers) at any time they want to make withdrawals as they always request for assistance. Consequently there are increases in fraudulent activities in the banking industry. The CBN Annual Report and Statement of Accounts, (2009) have it that, the number of reported cases of attempted or successful fraud and/or forgery in the banking industry rose in 2009. According to the report, seventy percent of the fraud cases were perpetrated via the electronic system. These issues to this group of people have posed problems to the smooth operations of electronic banking in Nigeria (Ekwueme, Egbunike & Amara, 2012).

Traditional banking system was often characterized by delay and inefficiency in the delivery of financial services which led to introduction of electronic banking. The introduction of electronic banking system which was supposed to bring about efficiency and effectiveness in service delivery, reduce queues and cash handling, rather resulted to disappointment to customers. Most customers complain of time wasted in banks, mostly due to long queues and network downtime due to poor connectivity between central server and the branches. Bank customers still handle too much cash and rarely people discuss about electronic banking products and services offered by banks.

OBJECTIVES OF THE STUDY

The main objective of the study is to examine the effects of electronic payment system on growth of deposit base of the Nigerian deposit money banks. Specifically, the study objectives are:

1. To examine the effects of the value of automated teller machine (ATM) transactions on growth of deposit base of the Nigerian deposit money banks.
2. To examine the effects of the value of point of sale (POS) transactions on growth of deposit base of the Nigerian deposit money banks.

RESEARCH HYPOTHESES

In order to analyze the data, the following hypotheses were tested:

H₀₁: There is significant relationship between the value of automated teller machine (ATM) transactions and total deposits of Nigerian deposit money banks.

H₀₂: There is significant relationship between the value of point of sale (POS) and total deposits of Nigerian deposit money banks.

LITERATURE REVIEW

DEFINITION OF ELECTRONIC BANKING

Electronic banking can also be defined as the variety of platforms than just such as internet banking (or online banking), telephone (or offline banking) whereby customers access these services using an intelligent electronic device, like a personal computer, Personal digital assistant (PDA), automated teller machine (ATM), point of sale (POS), kiosk or touch tone telephone (Alagheband, 2006). Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer, a mobile phone, telephone or digital television.

Electronic banking is the delivery of banking services and products through the use of electronic means irrespective of place, time and distance. Such products and services can include deposit-taking, lending, account management, the provision of financial advice, electronic bill payment, and the provision of other electronic payment products and services such as electronic money (Dogarawa, 2005).

Electronic banking is generally referred to providing banking services to customers through electronic media. A number of services are offered by banks to its customers through this electronic channel (Azouzi, 2009).

Okoro (2014) defines electronic banking as the delivery of banking products and services to the customers and general public electronically through the use of electronic banking instruments or products like Automated Teller Machine (ATM), Mobile, internet (Web), and point of sales (POS) among others.

From the above definitions, the researcher therefore, defines electronic banking as the provision of variety of banking services at any point in time other than the banking hall through electronic and mobile platforms.

DELIVERY CHANNELS OF E-BANKING

E-banking services are delivered through various means called electronic delivery channel. The various delivery channels for electronic banking are explained below.

AUTOMATED TELLER MACHINE (ATM)

ATMs can be dispensed as computer terminal, having record keeping system and cash vault in one unit, permitting customers to enter the bank's book keeping system with a card holding Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank's computerized records 24 hours a day. Banks offer different retail banking services through ATM cards to its customers. When a card is slotted into a machine the magnetic reader of the machine reads the magnetic stripe and verify for processing (Rose, 1999). ATM is also called 24-hour tellers. They are electronic terminals which give consumers the opportunity to bank at almost any time (Federal Trade Commission, 2006). ATMs are first introduced to function as cash dispensing machines (Abor, 2004). The introduction of ATM serves as genesis and bedrock of electronic banking. It has been a common feature in the United Kingdom, France, and Japan banking system, but Nigeria never had experience until Societe Generale Bank blazed the trail in November 1990 and popularly referred to as "cash point 24" at their Broad Street and Apapa Branches (Idowu, 2005). Idowu further stated that ATM is basically a cash dispenser, but this is not all, it has a unique of 24/7 service facility, that is the machine unattended to i.e. "stand alone" or "wall mounted" (outside or inside the banking hall) allows you to transact limited business without referring to any bank staff except in case of problem and difficulty round the clock. Siyanbola (2013) revealed that ATM is the commonest form of electronic banking which has gain popularity among the people including unlettered customers.

POINT OF SALE (POS)

Point – of – Sale transfer terminals allow consumers to pay for retail purchase with a check card, a new name for debit card. This card looks like a credit card but with a significant difference. The money for the purchase is transferred immediately from your account to the store's account. Increased banking productivity results from the use of EFT POS to service customers shopping payment requirements instead of clerical duties in handling cheques and cash withdrawals for shopping. Further more, the system continues after banking hours, hence, continual productivity for the bank even after banking hours. It also saves customers time and energy in getting to the bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities (Abor, 2004). POS are the location where a transaction occurs. A terminal or POS is generally referred to the hardware and software used for check out, the equivalent of an electronic cash register. A POS manages the selling process by a sales person accessible inter-face. The system allows the creation and printing of receipts (Siyanbola, 2013).

ELECTRONIC CARD

This is a physical plastic card that uniquely identifies the holder and is used in transacting businesses on the internet, automated teller machine (ATM) and Point of Sales (POS) terminal (Carow & Statan, 2000). This includes debit and credit cards, debit cards are linked to local bank accounts and offer immediate

confirmation of payment while credit card can be used for assessing local and international networks. As credit cards are widely accepted in most countries, the underlying infrastructures and operational rules are the dominant cards in Nigeria, they are also known as ATM cards and their usage is wider than POS transactions given the current limited deployment of POS terminals (Siyabolola, 2013). Agboola (2003) further confirmed that credit cards are plastic cards encoded with electro-magnetic identification- the card is incorporated with circuit on which value is loaded. Customers can use the card to carry out transactions on the ATMs deployed by the issuing banks at strategic locations as well as Point of Sale terminals with designated signs of the producer of such card. Among the companies that are offering this service to banks is Visa International, which is the leading payment solution system with presence in about 120 countries globally, the Master card Inc. which is about the second largest credit card brand. He further said that debit card is an electronic card with very advanced feature including the use of microchip, where transaction is validated against the chip rather than a magnetic stripe. Among the companies that are offering this service to banks are also Visa International, Master card incorporated and an indigenous company called Smart Switch Nigeria Limited

PERSONAL COMPUTER BANKING SERVICES

PC – Banking is a service which allows the bank's customers to access information about their accounts via a proprietary network, usually with the help of proprietary software installed on their personal computer. Once access is gained, the customer can perform a lot of retail banking functions. The increasing awareness of the importance of computer literacy has resulted in increasing the use of personal computers. This certainly supports the growth of PC banking which virtually establishes a branch in the customers' home or office, and offers 24-hour service, seven days a week. It also has the benefits of Telephone Banking and ATMs (Abor, 2004). Customers can perform many transactions electronically using a personal computer, such as viewing their account balances, request transfers between accounts and pay bills. Imiefoh (2012) maintained that PC banking is a form of online banking that enables customers to execute bank transactions from a PC via a modem. He supported Abor by saying that in most PC banking ventures; the bank offers the customer a proprietary financial software program that allows the customer to perform financial transactions from his or her home computer. The customer then dials into the bank with his or her modem, downloads data, and runs the programs that are resident on the customer's computer. Currently many banks in Nigeria offer PC banking systems that allow customer to obtain account balances and credit card statements, pay bills, and transfer funds between accounts.

EFFECTS OF ELECTRONIC BANKING

Agboola (2001) indicated that the introduction of electronic banking has brought about various innovations that now dictate the pace for banking activities. This according to him has far reaching effects on both the customer and personnel requirements. For example, a customer can monitor his account from the comfort of his bed room rather than going to the bank, and this in turn, will reduce the number of customers that will visit the bank for transactions, thereby affording the banks more time to provide excellence service.

Siyabolola (2013) in his study the effect of cashless banking on Nigerian economy classified the impact of electronic banking in Nigeria into positive and negative impacts. He considered prompt settlements of transactions, reduction in the frequency of visits to the banks, stimulation of cashless policy, clearance of good and reduction in cash management cost as the positive impacts of electronic banking. While erratic power supplies and communication link, non-existence of computer back up, inadequacy of fund to invest in information technology, replacement of work force by machine, high banking charges for the use of e-banking machines, low public acceptance due to high rate of e-fraud, inadequate securities around the ATM location and encouragement of excessive withdrawals were considered negative impacts of electronic banking. However, the issue of high bank charges for use of e-banking machines is now history because the CBN has stopped charges for usage of ATM. Oluwatolani, Joshua and Philip (2011) opined that the impact of information technology in banking industries can not be over-emphasized. They maintained that IT has provided flexible and convenient services to customers. Most current e-banking applications make use of internet which allows customers to obtain current account balances at any time. They further said that customers do not need to bother themselves once money have been deposited or withdrawn from accounts as most banks in Nigeria employs the use of short message service (SMS) to intimate customers of their balances immediately the transaction is performed.

Imiefoh (2012) revealed that the advent of the internet has a significant impact on banking services that are traditionally offered by the branches to the customers. With the help of internet, customers can do their banking activities anytime and any where as long as internet access is available. Customers are not only the beneficiary of this new service in the banking system in Nigeria, that is making use of the internet banking; deposit money banks may greatly increase their market coverage and better track customers as well. Electronic mail in banking system improves communication between individuals and the banks. Banking processes are made more efficient and cost effective by integrating other aspects of banking operations, such as treasury management and financial control.

Santiago and Francisco (2008) cited in Ogbuji, Onuoha and Izoga (2012) explored the interaction between Automated Teller Machines (ATMs) and Point of Sales (POS) devices as well as the effects of these interactions on the overall demand for currency in Australia. It was found that the growth of ATMs negatively affect POS adoption which, in turn, suggests that the promotion of cards relative to cash is diminished by the co-existence and joint promotion of these two rival technologies.

Okibo and Wario (2014) in their study effects of e-banking on growth of customer base in Kenyan banks revealed that e-banking has enhanced the growth of the customer base for e-banking institutions in Kenya, through enhancing banking services accessibility to a larger population in the country.

Ogbuji et al (2012) in their study analysis of the negative effects of the automated teller machine (ATM) as a channel for delivering banking services in Nigeria found that the ATM system of delivering banking services not only contribute to the increasing rate of bank fraud but equally lures Nigerians into extravagant spending.

Okoro (2014) in his study impact of electronic banking instruments on the intermediation efficiency of the Nigerian economy, using time series data for 2006-2011 revealed that significant relationship exist between ATM, POS, internet service values and the intermediation efficiency of the Nigerian economy. However, it was also revealed that there is no significant relationship between mobile service value and intermediation efficiency of the Nigerian economy within the period of study.

RESEARCH METHODOLOGY

The Ex-post factor research design was adopted for this study because the study was entirely based on secondary data. This is similar to research design adopted by Hassan, Mamman and Farouk (2013). The population of the study consists of all deposit money banks in Nigeria. Secondary source of data was used for this study, and the data were sourced from Central Bank of Nigeria's annual reports, 2013 half year economic review and statistical bulletin. The study covers the period 2005- 2012.

The key variable of growth that was measured in relation to deposit money banks in the study is total deposits of all deposit money banks in Nigeria, and this constitute the dependent variable. While the independent variables of electronic payment channels that were measured are automated teller machine (ATM) and point of sale (POS) values of all deposit money banks in Nigeria.

The technique of data analysis that was adopted for this study is inferential statistics. Multiple Regressions was used to find out whether relationship exists between electronic payment channel variables and growth variable identified in the study.

The total deposits (TD_t) was regressed on automated teller machine (ATM_t) and point of sale (POS_t) using the researcher's model. The model is stated below:

$$TD_t = b_0 + b_1ATM_t + b_2POS_t + e_t \quad (1)$$

Where TD_t = Value of total deposits at time t

b_0 = Intercept

b_1, b_2 = Parameters of regression model

ATM_t = Value of automated teller machine at time t

POS_t = Value of point of sale at time t

e_t = Error Term

The estimation of the coefficients of the model and interpretation was done using statistical package for social sciences (SPSS 19.0) in order to test the robustness of the model.

RESULTS AND DISCUSSIONS

TEST OF HYPOTHESES

Secondary data was used in testing the study hypotheses. Information relating to automated teller machine (ATM), point of sale (POS) and total deposits of deposit money banks in Nigeria were gathered from CBN annual reports various years, 2013 half year economic review and statistical bulletin.

TEST OF HYPOTHESES ONE AND TWO

Test of hypotheses one and two was done using multiple regression model generated from the data in table 1.

TABLE 1: TOTAL DEPOSIT OF DEPOSIT MONEY BANKS IN NIGERIA AND MARKET SHARE IN THE E-PAYMENT MARKET IN 2005- 2012

Year	Total deposits (₦'bn)	ATM Value (₦'bn)	POS Value (₦'bn)
2005	120.4	17.3	30.6
2006	195.6	63.2	20.2
2007	234.5	131.6	6.4
2008	393.8	399.7	16.1
2009	472.2	548.6	11.0
2010	467.6	954.0	12.7
2011	1218.0	1561.8	31.0
2012	2072.8	1984.6	4.1

Source: CBN Annual Report & Statement of Accounts, 2006, 2007 & 2011

CBN 2013 Half Year Economic Review
CBN 2013 Statistical Bulletin

The model is re-stated as follows:

$$TD_t = b_0 + b_1ATM_t + b_2POS_t + e_t \tag{2}$$

The hypotheses are re-stated below:

H₀₁: There is significant relationship between the value of automated teller machine (ATM) transactions and total deposits of Nigerian deposit money banks.

H₀₂: There is significant relationship between the value of point of sale (POS) transactions and total deposits of Nigerian deposit money banks.

TABLE 2: REGRESSION RESULTS

	TD _t	Constants	ATM _t	PoS _t
Beta Coefficient	-----	143.756	.949	-.264
R²	.909	-----	-----	-----
Adjusted R²	.873	-----	-----	-----
Std error	-	205.414	.125	9.040
F-ratio	24.979 (0.002)	-----	-----	-----
t-statistic	-----	0.700 (.515)	6.791 (0.001)	-.604 (.536)
DW statistic	1.267	-----	-----	-----
Coll. VIF	-----	-----	1.036	1.036
N	8	8	8	8

Source: SPSS Output

Table 2 revealed that about 87 percent of the variation in total deposits of Nigerian deposit money banks can be attributed to ATM and POS. The highly significant F-ratio of 24.979 at 1 percent confirms that the coefficients are not equal to zero. The Durbin-Watson statistic of 1.267 and VIF values which are greater than zero confirm non-auto correlation of random variables and non-perfect collinearity of predictor variables respectively.

Hypothesis One: A linear positive relationship exists between values of ATM transactions and total deposits of Nigerian DMBS as it is confirmed by regression coefficient of .949 in table 2. The highly significant t-value (6.791) at 1 percent indicates the importance of ATM in predicting the total deposits of Nigerian DMBS. The low standard error (.125) in relation to half value of the coefficient (0.4745) confirms that the coefficients are not equal to zero. The study therefore, rejects the null hypothesis and concludes that there is positive significant relationship between ATM and total deposits. The implication of this finding is that ATM is probably the most patronize of all electronic payment channels due increased public awareness and confidence. The fact that some deposit money banks compelled their customers to use the ATM for transactions below certain threshold may also account for its positive on deposit growth.

Hypothesis Two: A linear negative relationship between value of point of sale transactions and total deposits of Nigerian deposit money banks as it is shown by regression coefficient of -.264 in table 2. The t-ratio (0.700) is not significant and that means that POS is a very weak predictor of total deposits of Nigerian DMBS. The study therefore, fails to reject the null hypothesis and concludes that there is no significant relationship between the value of point of sale transactions and total deposits of Nigerian deposit money banks. The implication of this result may be as a result of customers' preference for on-line transactions against off-line activities through point of sale (POS). Low level of awareness and inadequate number of POS terminals may also account for this non-significant impact.

FINDINGS

This study examined the effects of electronic payment channels on growth of deposit base of Nigerian DMBS. Total deposits was used as dependent variable, while automated teller machine and point of sale values were used as the independent variables. A total deposit was regressed on ATM and POS and the following findings were discovered: That a positive significant relationship exists between automated teller machine and total deposits of Nigerian DMBS. However, there is no significant relationship between point of sale (POS) and total deposits of Nigerian deposit money banks within the period of study.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are hereby offered:

1. Positive relationship exists between ATM and total deposits of Nigerian DMBS. Therefore, banks that want to improve their deposit base must ensure that their ATMs are functional and loaded with fit notes at all times.
2. Banks should create more awareness to the general public and customers in particular on the usefulness and benefits of using Point of sale (POS).
3. Banks should also ensure that adequate POS terminals are made available at shopping centre, filling stations, schools and other strategic locations.

- The Central Bank of Nigeria should ensure that all banks comply with the CBN guidelines on automated teller machine and point of sale. This will ensure that the problems of network unavailability, non-prompt resolution of dispense error issues, security and fraud related issues, and other operational challenges are overcome.

CONCLUSIONS

The study concludes that ATM is the most patronized electronic payment channel due to increased public awareness and enhanced public confidence, and that there exists positive relationship between automated teller machine and total deposits of Nigerian DMBs. The study also concludes that point of sale is yet to create any significant impact on deposit growth of Nigerian deposit money banks.

LIMITATIONS

The study only covers the period 2005- 2012 due to lack available data for other periods. The study also covers only deposit money banks in Nigeria. Micro finance banks and non- interest banks were not included in the study. As such, the study conclusions can only be limited to deposit money banks.

SCOPE FOR FURTHER STUDY

Although, the secondary data covers all the deposit money banks in Nigeria, there is need for further research involving other types of banks. It is therefore, recommended that further research would be useful in the following related areas:

- The Effects of Electronic Banking on the Growth of Customers Base in Nigerian Deposit Money Banks.
- The Perceived Effects of Electronic Banking on the Growth of Non-interest Banks in Nigeria.

REFERENCES

- Abor J., (2004), *“Technological Innovations and Banking in Ghana: An Evaluation of Customers’ Perception.”* University of Ghana, Legon, Accra.
- Agbaje, O. and K. Ayanbadejo (2013), *“Electronic Payment and Economic Growth in Nigeria.”* Report by RTC Advisory Services Ltd.
- Agboola, A.A. (2001), *“Impact of Computer Automation on the Banking Services in Lagos,”* Journal of Social Sciences, Vol.7, No.1, pp. 29- 36.
- Agboola, A.A. (2003), *“Information Technology, Bank Automation, and Attitude of Workers in Nigerian Banks,”* Journal of Social Sciences, Vol.7, No. 3, pp. 215- 222.
- Alagheband P. (2006): *“Adoption of Electronic Banking Services by Iranian Customers,”* Thesis, Lulea University of Technology, Sweden.
- Azouzi, D. (2009), *“The Adoption of Electronic Banking in Tunisia: An Exploratory Study,”* Journal of Internet Banking and Commerce, Vol.14, No.3, pp. 1- 11.
- Carow, K.A. and M.E. Staten (2000), *“Plastic Choices: Consumer Usage of Bank Cards Vs Proprietary Credit Cards”* a working study.
- Central Bank of Nigeria (2006), *“Annual Report & Statement of Accounts”*. Retrieved August 26, 2014 from <http://www.cenbank.org>
- Central Bank of Nigeria (2007), *“Annual Report & Statement of Accounts”*. Retrieved August 26, 2014 from <http://www.cenbank.org>.
- Central Bank of Nigeria (2011), *“Annual Report & Statement of Accounts”*. Retrieved August 26, 2014 from <http://www.cenbank.org>.
- Central Bank of Nigeria (2013), *“Half Year Economic Review”*. Retrieved August 26, 2014 from <http://www.cenbank.org>.
- Central Bank of Nigeria (2013), *“Statistical Bulletin”*. Retrieved August 26, 2014 from <http://www.cenbank.org>.
- Daniel, E. (1999), *“Provision of Electronic Banking in the UK and Republic of Ireland,”* International Journal of Bank Marketing, Vol. 17, No 2, pp. 72- 82.
- Dogarawa, A. B. (2005), *“The Impact of E-banking on Customer Satisfaction in Nigeria”*. Retrieved on September 15, 2013 from <http://mpra.ub.uni-muenchen.de/23200/>
- Ekwueme, C.M., Egbunike, P.A., and Amara, O. (2012), *“An Empirical Assessment of the Operational Efficiency of Electronic Banking: Evidence of Nigerian Banks,”* Review of Public Administration and Management, Vol.1, No.2, pp.108- 138. Retrieved February 28, 2014 from www.omicsonline.org.
- Hassan, S.U., Mamman, A., and Farouk, M. A. (2013), *“Electronic Banking Products and Performance of Nigerian Deposit Money Banks,”* American Journal of Computer Technology and Application, Vol.1, No.10, pp. 138- 145. Retrieved August 20, 2014 from <http://www.ajcta.com>.
- Idowu A.A., (2005), *“Automated Banking and the Nigerian Economy”*, Christatosh Consults, Ede.
- Imiefoh, P. (2012), *“Towards Effective Implementation of Electronic Banking in Nigeria,”* An Internet Multi disciplinary Journal, Vol. 6, No. 2, pp. 290- 300.
- Ogbuji, C.N., Onuoha, C.B., and Izogo, E.E. (2012), *“Analysis of the Negative Effects of the Automated Teller Machine (ATM) as a Channel for Delivering Banking Services in Nigeria,”* International Journal of Business & Management, Vol. 7, No.7, pp. 180- 190. Retrieved on September 19, 2014 from <http://www.ccsenet.org/ijbm>.
- Okibo, B.W., and Wario, A.Y. (2014), *“Effects of E-Banking on Growth of Customer Base in Kenyan Banks,”* International Journal of Research in Management and Business Studies, Vol.1, No. 1, pp. 78- 84. Retrieved September 19, 2014 from <http://www.ijrbs.com>.
- Okoro, A.S. (2014), *“Impact of Electronic Banking Instruments on the Intermediation Efficiency of the Nigerian Economy”*, International Journal of Accounting Research, Vol.1, No.6, pp.14- 21.
- Oluwatolani, O., Joshua, A., and Philip, A. (2011), *“The Impact of Information Technology in Nigeria’s Banking Industry”*, Journal of Computer Science and Engineering, Vol.7, No.2, pp. 63- 67.
- Rose, P.S. (1999), *“Commercial Bank Management”* (ed.s), Irwin / Mc Graw Hill, Boston USA.
- Siyabola, T.T. (2013), *“The Effect of Cashless Banking on Nigerian Economy”*, E-Canadian Journal of Accounting and Finance, Vol.1, No. 2, pp 9- 19.

ROLE OF FOREIGN DIRECT INVESTMENT DETERMINANT ON INDIAN ECONOMY

Y. SATGURU ROSHAN
RESEARCH SCHOLAR
FACULTY OF COMMERCE
DEPARTMENT OF APPLIED BUSINESS ECONOMICS
DAYALBAGH EDUCATIONAL INSTITUTE
DAYALBAGH

ABSTRACT

Determinant plays major role to increase or decrease the volume of FDI in country. It based on resource-seeking, market seeking & efficiency seeking. It determines the applicability of domestic firm investing abroad. The development of developing country requires the flow of Gross Fixed Capital for a long time for its greater stability. Because FDI is promotes output level & economic development. The purpose of this paper is to provide a brief survey of possible location variables. Which are potential factors in influencing the foreign investment decision and to analyze it determinants such as market size, market growth, economic development, agglomeration, human capital, labor costs, governmental & integration policies etc.

KEYWORDS

FDI, Determinant.

INTRODUCTION

FDI is helpful for long-term investment & formation of gross fixed capital in developing countries. FDI has greater stability in capital flows of inward FDI. The purpose of determinant is to identify possible location variables & potential factors. This is used for influencing foreign investment decision & homogeneous economic consideration.

The applicability to invest in developing country by developed country is do determine through determinants such as market size, market growth, economic development, agglomeration, human capital, labor costs, governmental & integration policies.

FDI promotes output levels & economic development in host countries. The two mechanisms plays major role in attracting FDI.

1. Market size.
2. Level of economic development.

Determinants of FDI is to increase or decrease the volume of foreign investment in a developing country for given period of time. There are set of variables to influence the rise or fall of FDI.

The perfect theory of FDI examines the competition for equal opportunity of investment & its equal return on investment across the country.

According to imperfect theory, financial markets are never perfect. The risk associated with different level of investment is also significant. The investment schedule is depends upon rate of return in imperfect market.

EXPECTED THEORETICAL RELATIONSHIP BETWEEN FDI & ITS DETERMINANTS CAN BE UNDERSTOOD WITH THE HELP OF FOLLOWING:**MARKET SIZE**

The market size depends upon GDP any country having more GDP growth rate will attract more FDI inflows. The main purpose of market oriented FDI is to set up new business plant & then will supply goods & services to it. The market size of host country is the most important factor for market oriented FDI due to economic growth & higher degree of economic development. This will lead to the better opportunity of market expansion for the host country. It will give better opportunity to the host country for business expansion of it. Even for export-oriented FDI the market size of host countries is an important factor because of larger economies.

PORTFOLIO DIVERSIFICATION

The portfolio investment is the selection of right kind of security for investment purpose. In this investors have more opportunity to secure more return. Portfolio investment includes bonds, securities, stock, debenture & deposit receipts.

Risk is majorly involved at the time of investment whether investor is able to invest or take out capital for diversification of their portfolio assets. The investors risk in a country is because of its political, economic & financial changes in one country.

RESOURCE LOCATION

It also has major impact on countries inflow of FDI. The resource location depends on at least three aspects of investment.

- a. The motive for investment (e.g. resources, market or efficiency-seeking).
- b. The type of investment (e.g. services or manufacturing).
- c. The size of the investors (small & medium MNE's or large MNE's).

Natural resources of host country are affected from international competition by imposing high tariffs or quotas; still play an important role in attracting FDI by a number of developing & developed countries.

DIFFERENTIAL RATE OF RETURN

The rate of return on investment varies. It depends upon the country's economic & financial situation. So, investor must make flow of capital in those countries which have the highest possible rate of return.

FOREIGN EXCHANGE RESERVE

If country have more foreign exchange reserve. Then country can make payment in foreign currencies which indicates the good financial position, strength of external payment position. Therefore, a positive relationship must be in the foreign exchange reserve & the inflow of foreign direct investment.

INTERNATIONALIZATION

Internationalization refers to minimize cost of transaction with foreign countries by increasing transaction within subsidiaries or replace high cost of transaction through low cost when it is impossible to eliminate.

OPENNESS

Openness of a country is measured in terms of proportion of exports & imports to the GDP. The more emerging market tries to open its economy in to the foreign market place, the more this host country can attract FDI.

GOVERNMENT REGULATIONS

Each and every countries government has rules & regulations for governing, controlling & allowing the foreign business entity into local market place. When the government policy changes it also take place in direction of openness & restriction. Open policies are used for to induce FDI. But restrictive policies are sweeping nationalization of foreign affiliates.

POLITICAL STABILITY

The foreign FDI inflows determine the reliability & political stability. Each & every Transnational Companies (TNC's) prefer stable government. Otherwise political instability gives the negative impact. It may be as non-allowance of fund transfers, currency convertibility, war, bureaucracy & corruption.

TAX POLICIES

Fiscal policies of the government determine general tax levels, including corporate & personnel tax rates which affects to inward FDI. Which country having lower tax rates will have a chance to attract more FDI inflows.

INFLATION

In which value of money increases & value of goods & services goes down. Low inflation rate is good sign for internal economic stability in domestic country. High inflation rates indicate failure of government budget & it's appropriate monetary policy. Changes in inflation rates of the domestic or foreign country are alter the net returns & optimal investment decisions of the Multinational Enterprises.

INDUSTRIAL ORGANIZATION

It states the firm specific advantages, competition capabilities, managerial skills & practice etc.

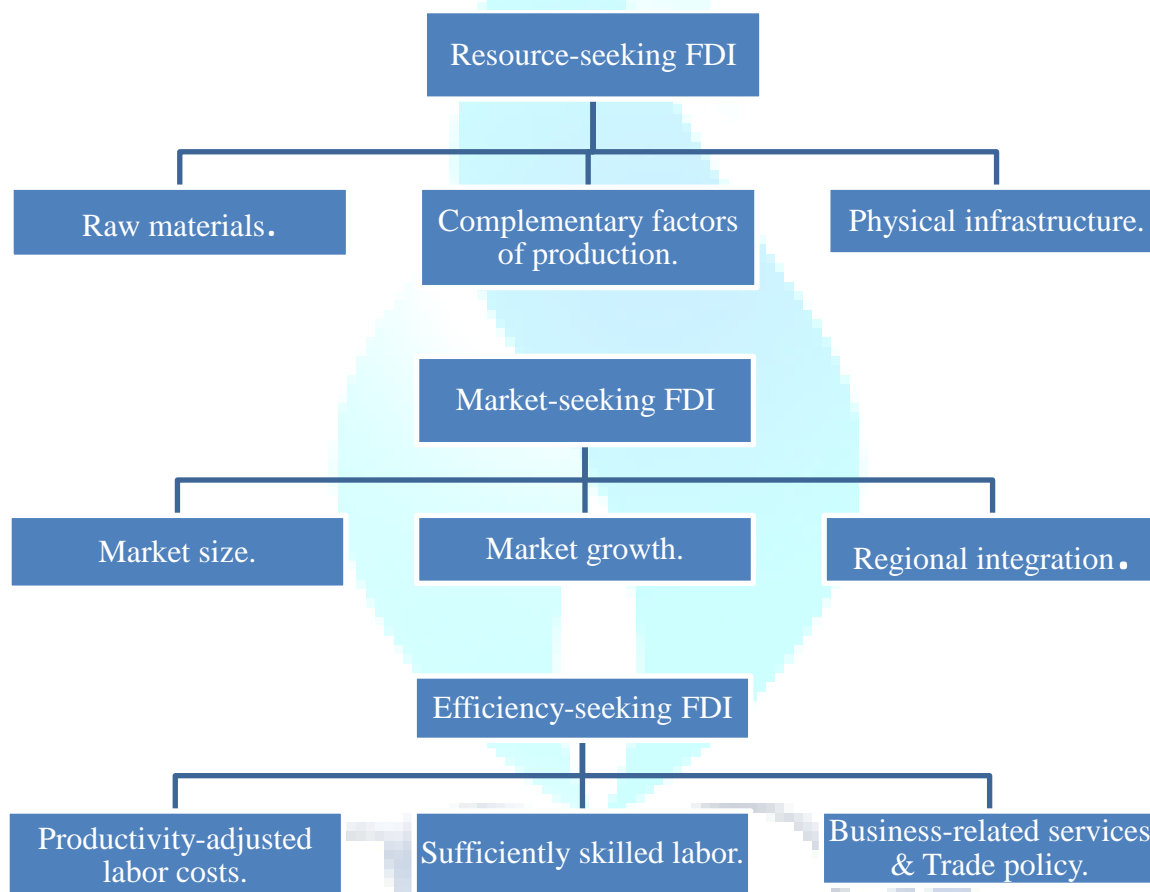
THE LEVEL OF EXTERNAL INDEBTNESS

It means the net external assistance or finance facility to India. It shows the burden of repayment & debt services on the economy. It also indicates the less attractiveness of the country for foreign investors.

FOREIGN EXCHANGE RATE

At this rate one currency can be converted into another. It is the relative strength of the domestic country with foreign country. High volatility of the exchange rate of the currency in the host country discourages investment by the foreign firm. It increases uncertainty regarding the future economic & business prospects of the host country.

FIG. 1: ECONOMIC DETERMINANTS



REVIEW OF LITERATURE

To know the present of knowledge in related field, the researcher has carried out an extensive survey of different studies.

Monika Singhania, Akshay Gupta, 2011,¹ in their research paper titled ‘Determinants of Foreign Direct Investment in India’ has examined the Determinants of Foreign Direct Investment in India by using macroeconomic variables- GDP, inflation rate, interest rate, patents, money growth & foreign trade. They have tried to find the best fit model (ARIMA) to explain variation in FDI inflows into India & have tested various assumptions before using ARIMA such as heteroscedasticity, autocorrelation, etc. using standard tests & quantified FDI policy changes using dummy variables. According to authors research limitation of this paper is econometric model explains 63% variation in FDI inflows into India & rest 37% variation in FDI inflows should be explain with even wider scope in terms of macroeconomic variables such as exchange rate. The practical implication is resource variable given by Government of India for future FDI policy planning & implementation such as GDP Growth & inflation rate should apply in the further economy. The findings of this paper was found that of all macroeconomic variables like GDP, inflation rate & scientific research are significant & that FDI policy changes during years 1995-97 have had a significant impact on FDI inflows into India.

BalasundaramManiam, AmitavaChatterjee, 1998,² in their article entitled ‘The determinants of US Foreign Direct Investment in India: implications & policy issues’ has traced the growth of US FDI in India & policy of Indian government for its liberalization. They have used regression analysis for the period of 1962-1994 data to identify the factors affecting US FDI in India, current trends & the impact on the Indian economy. The findings of this paper is that relatively weak exchange rate appears to be significant factor & that US FDI has been increasing in dollar amounts & relative % growth, especially since the economic reforms of the 1990’s.

Wendy M. Jeffus, 2005,³ in his research paper titled ‘FDI & stock market development in selected Latin American Country’ has analyzed two views on the issue of FDI & stock market development. The first view is that FDI negatively correlated with the development of stock markets. The second view is that FDI is

positively correlated with the development of stock markets. Author has tested the Hypothesis is that level of stock market development in a country is positively correlated to FDI. Data is collected from four Latin American Countries & an empirical model is proposed to explain the observed relationship.

NEED OF THE STUDY

Determinants depend upon country to country & situation to situation. In this study attempt has been made to find out determinants of FDI in India & present situation.

OBJECTIVE OF THE STUDY

To list out is the determinants of FDI in developing country.

RESEARCH METHODOLOGY

Survey has conducted with academicians, researchers in Agra city. On the basis of responses, ranking method has been used to list out the determinants of FDI.

SAMPLE SIZE

500

ANALYSIS & INTERPRETATION:

- 1. Gender: (a) Male (65%) (b) Female (35%)
- 2. Type of occupation: (a) Service (44%) (b) Retired (0%) (c) Business (1%) (d) Others (0%)
- 3. Age group: (a) 20-30 yrs. (17%) (b) 30-40 yrs. (28%) (c) 40-50 yrs. (55%) (d) 50-65 yrs. (0%)
- 4. Annual income level: (a) Less than Rs. 3lakh. (67%) (b) Between Rs. 3-5 lakh. (5%) (c) Between 5-8 lakh (28%) (d) Between 8-10 lakh (0%)
- 5. Why FDI is important for India. (Please rank)

TABLE 1

S N	Reason	Weighted mean	rank
1	To raise the job opportunity in the country.	4	1
2	To raise the foreign exchange in the country.	4	1
3	To reduce the import.	2.83	2
4	To bring technology aggradations.	2.44	3
5	To enhance GDP.	2.16	4

- 6. Can FDI reduce the poverty in India. Yes (89%) No (11%)
- 7. Is large volume of FDI good for GDP. Yes (72%) No (28%)
- 8. 100% FDI must be in every sector for growth of the Indian Economy. Yes (28%) No (72%)
- 9. By applying weighted average mean determinants has assigned in ascending order as per the opinion of respondents.

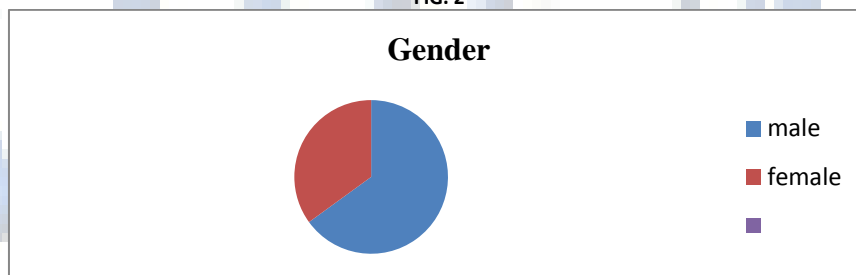
TABLE 2

S N	Determinant	Weighted mean	Rank
1	Market size.	10.17	1
2	Political stability.	9.83	2
3	Resource location.	6.05	3
4	Portfolio diversification.	8.72	4
5	Government regulation.	7.78	5
6	Differential rate of return.	7.61	6
7	Inflation.	7.55	7
8	Industrial organization.	7.45	8
9	Openness.	7.27	9
10	Tax policies.	7.17	10
11	Internationalization.	6.61	11
12	Foreign exchange rate.	6.48	12
13	Foreign exchange reserve.	6.35	13
14	Level of external indebtedness.	5.71	14

Interpretation

- 1. Gender: (a) Male (65%) (b) Female (35%).

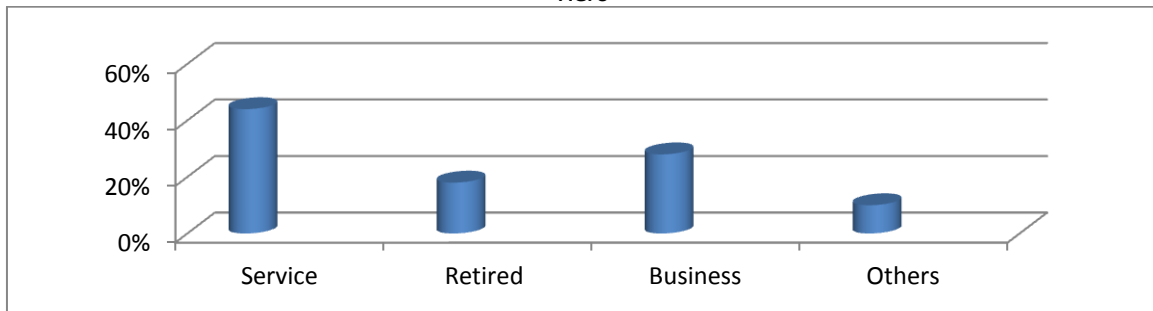
FIG. 2



65% male & 35% female respondents has given response about the role of foreign direct investment on Indian Economy.

- 2. Type of occupation: (a) Service (44%) (b) Retired (18%) (c) Business (28%) (d) Others (10%)

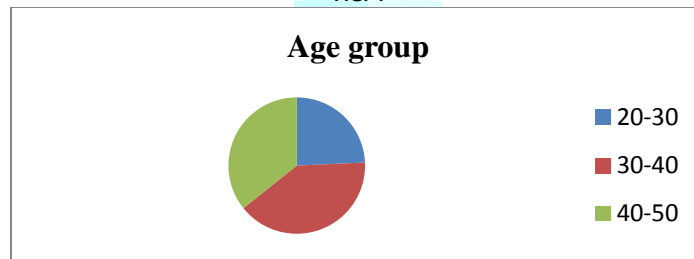
FIG. 3



These types of occupation from the respondent are 44% from the service sector, 18% are retired, 28% are business person and 10% from other category. They all have valuable contribution to conduct the research on role of foreign direct investment on Indian economy.

3. Age group: (a) 20-30 yrs. (17%) (b) 30-40 yrs. (28%) (c) 40-50 yrs. (25%) (d) 50-65 yrs. (30%)

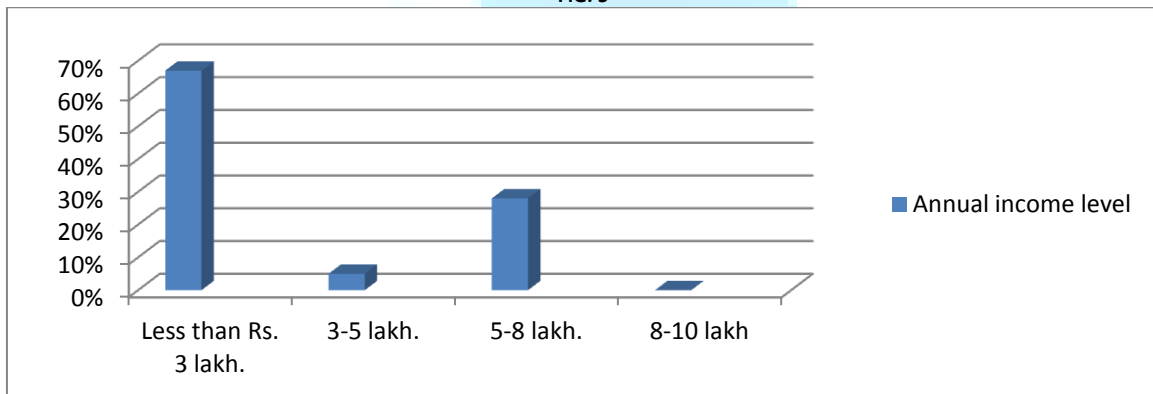
FIG. 4



The age group of respondents lies as 17% from 20-30 yrs, 28% from 30-40 yrs, 25% from 40-50 yrs, and 30% from 50-65 yrs for analyzing views of respondents on age basis.

4. Annual income level: (a) Less than Rs. 3 lakh. (67%) (b) Between Rs. 3-5 lakh. (5%) (c) Between 5-8 lakh (28%) (d) Between 8-10 lakh (0%)

FIG. 5



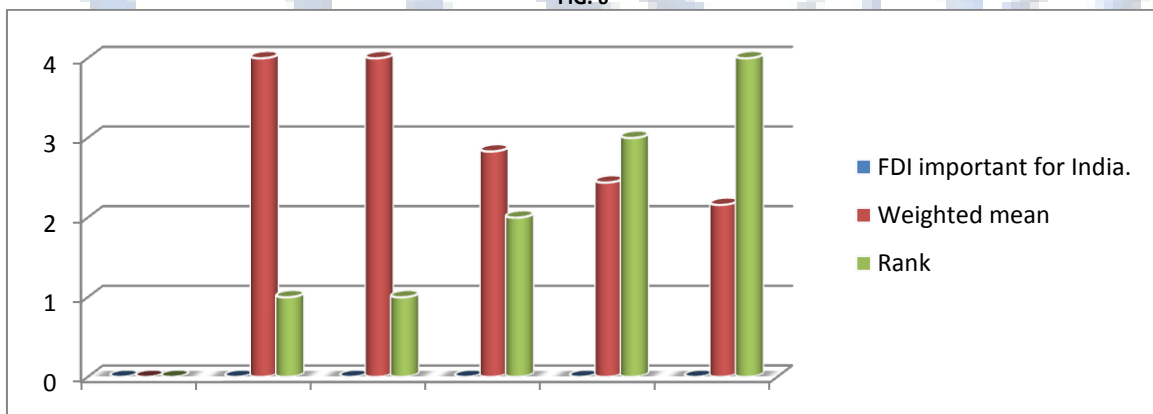
The annual income groups of respondents are who have given major role to conduct research on role of foreign direct investment on Indian Economy. 67% is from less than 3 lakh, 5% from the 3-5 lakh, 28% from the 5-8 lakh and no one from 8-10 lakh.

5. Why FDI is important for India. (Please rank)

TABLE 3

S N	Reason	Weighted mean	rank
1	To raise the job opportunity in the country.	4	1
2	To raise the foreign exchange in the country.	4	1
3	To reduce the import.	2.83	2
4	To bring technology aggradations.	2.44	3
5	To enhance GDP.	2.16	4

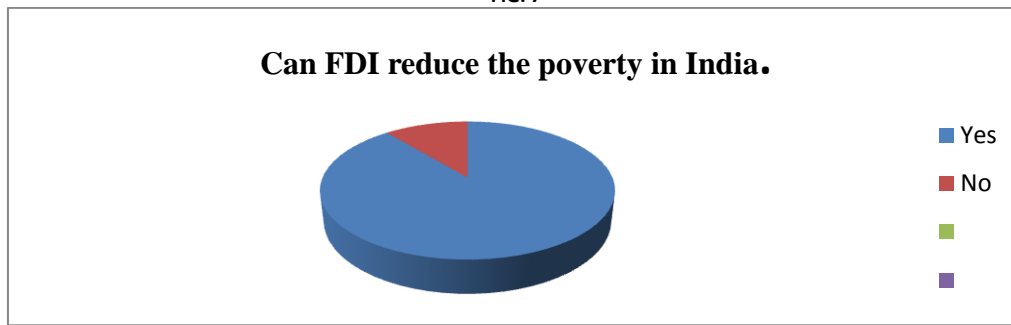
FIG. 6



As per the weighted mean is to reasons for FDI is important to India. 1 rank given to raise the job opportunity in the country with 4 weighted mean, also 1st rank given to raise the foreign exchange in the country with 4 weighted mean, 2nd rank given to reduce the import in the country with weighted mean 2.83, 3rd rank given to bring technology aggradations with weighted mean 2.44 and 4th given to enhance GDP with weighted mean 2.16.

6. Can FDI reduce the poverty in India. Yes (89%) No (11%)

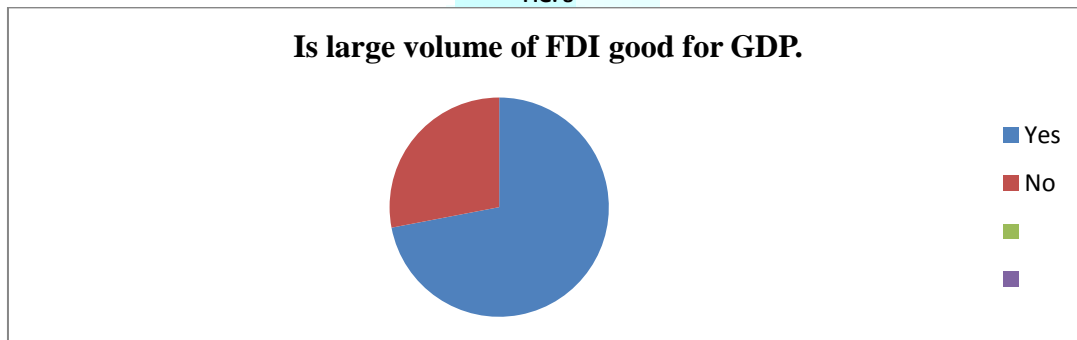
FIG. 7



89% respondents are satisfy to call FDI for reduce the poverty in India while 11% respondents are not satisfy to call FDI in India.

7. Is large volume of FDI good for GDP. Yes (72%) No (28%)

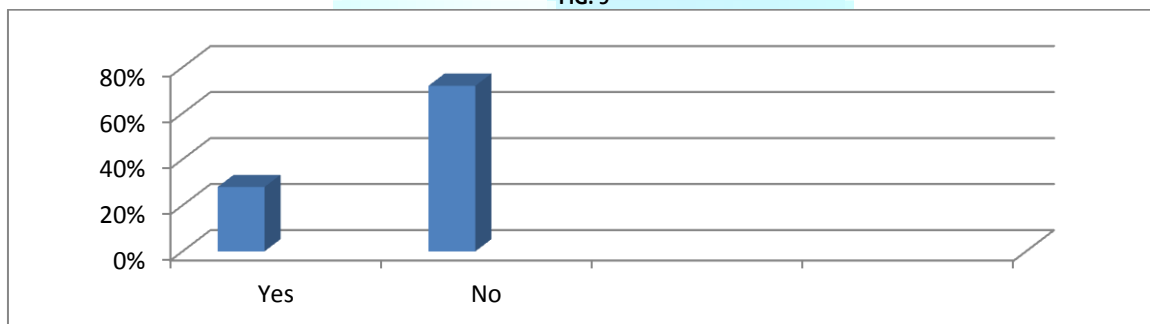
FIG. 8



72% respondents are interested to say large volume of FDI id good for India while 28% respondents are not interested.

8. 100% FDI must be in every sector for growth of the Indian Economy. Yes (28%) No (72%)

FIG. 9



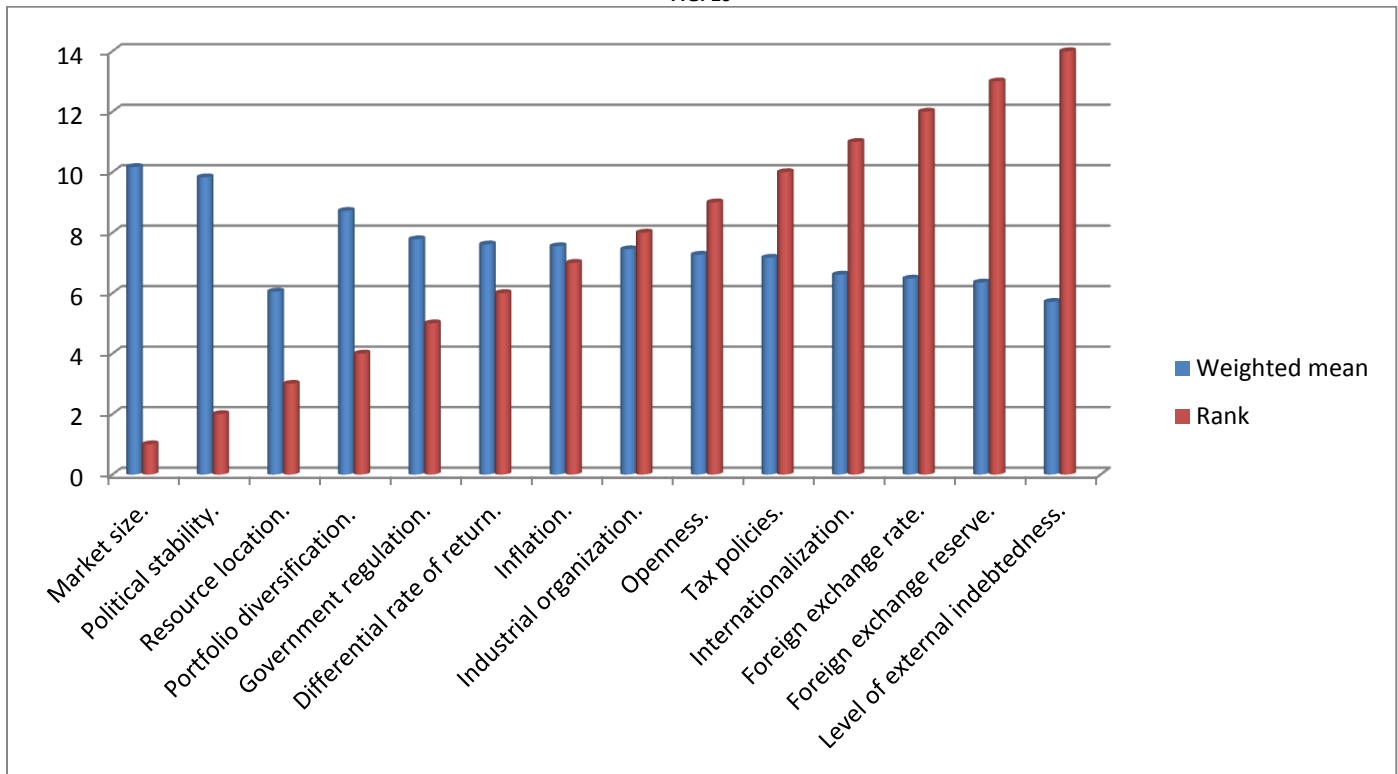
The only 28% respondents are satisfied to call 100% FDI in every sector for growth of the Indian Economy. But 72% respondents are not satisfied with that. Because of loss of retailer, higher tax rates, high import-export duties.

9. By applying weighted average mean determinants has assigned in ascending order as per the opinion of respondents.

TABLE 4

S N	Determinant	Weighted mean	Rank
1	Market size.	10.17	1
2	Political stability.	9.83	2
3	Resource location.	6.05	3
4	Portfolio diversification.	8.72	4
5	Government regulation.	7.78	5
6	Differential rate of return.	7.61	6
7	Inflation.	7.55	7
8	Industrial organization.	7.45	8
9	Openness.	7.27	9
10	Tax policies.	7.17	10
11	Internationalization.	6.61	11
12	Foreign exchange rate.	6.48	12
13	Foreign exchange reserve.	6.35	13
14	Level of external indebtedness.	5.71	14

FIG. 10



As per the respondents opinion for FDI determinants, 1st rank given to market size with 10.17 weighted mean, 2nd given to political stability with 9.83 weighted mean, 3rd rank given to resource location with 6.05 weighted mean, 4th rank given to portfolio diversification with 8.72 weighted mean, 5th rank given to government regulation with 7.78 weighted mean, 6th rank given to differential rate of return with 7.61 weighted mean, 7th rank given to inflation with 7.55 weighted mean, 8th rank given to industrial organization, 9th rank given to openness with 7.27 weighted mean, 10th rank given to tax policies with 7.17 weighted mean, 11th rank given to internationalization with 6.61 weighted mean, 12th rank given to foreign exchange rate with 6.48 weighted mean, 13th rank given to foreign exchange reserve with 6.35 weighted mean and 14th rank given to level of external indebtedness with 5.71 weighted mean.

CONCLUSION

Varying at the some facts the Role of FDI has a significant importance in the Indian Economy. By liberalizing the policy and developing facts the economy can be improved. Hence this a important role in all the sectors of Indian Economy.

REFERENCES

BOOKS

1. K. Seethapati, 2006, 'FDI: Issues in Emerging Economics', ISBN- 10: 8131403610.
2. Mohd. Amin Mir, 2011, Foreign direct investment a new perspective on India, ISSN-10: 9381136092.
3. NitiBhasin, 2012, 'Foreign direct investment in India: Policies, conditions & procedures, ISBN- 10:8177083120.

RESEARCH PAPERS & JOURNALS

4. BalasundaramManiam, AmitavaChatterjee, 1998, The determinants of US Foreign investment in India: implications & policy issues, Managerial Finance, Vol. 24, Iss: 7.
5. Monica Singhanian, Akshay Gupta, 2011, Determinants of Foreign Direct Investment in India, Journal of International Trade Law & Policy, Vol. 10, Iss: 1, pp. 64-82.
6. Wendy M. Jeffus, 2005, FDI & Stock market development in selected Latin American Countries, International Finance Review, Volume: 5.

WEBSITES

7. <http://business.maps of India.com/fdi-india/policy.html>.
8. www.doingbusiness.org/.../DB13-CS-Doing-Business-matter-for FDI. pdf.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application & 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 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, nor 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 is 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

