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A STUDY ON THE EFFECT OF ENVIRONMENTAL AWARENESS AND ENVIRONMENTAL ATTITUDE ON CONSUMER BEHAVIOUR TO PURCHASE ECO FRIENDLY CAR IN THE CITY OF PUNE AND AURANGABAD

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ABSTRACT

Enormous economic growth, advent of scientific and technological innovations, intense competition with the intention of getting quick money coupled with population growth have exploited the natural resources to the maximum possible which have resulted in the degradation of our natural environment and also have threatened the existence of living beings of the planet includes rising greenhouse gases, land degradation, acid rain, global warming, hole in ozone layer, depletion of forest cover, extensive loss of bio-diversity and natural habitat etc. The rapid urbanization in India has also witnessed an exponential growth and increase of the number of vehicles. Vehicular Pollution or air pollution arising out of vehicle emission is one of the biggest threats to human life. Rapid increase of passenger cars and commercial vehicles are one of the main reasons of air pollution in the environment. In the current study, effect of environmental knowledge, attitudes and behaviour of car owners on purchasing behaviour related to automobiles was analysed by using Structural Equation Model (SEM). The main purpose of this study is to construct a structural equation model to understand and examine the relationship between knowledge, attitude and behaviour of car owners in terms of environment and its related effect due to automobiles. In this study, the data from 1067 car owners by means of survey were collected from Pune and Aurangabad of Maharashtra State. The result shows that environment knowledge has a significant positive relationship with the environmental conscious attitude. The strength of significant relationship between attitude and behaviour is greater as compared the strength of significant relationship between knowledge and behaviour of car owners towards environmental issues related to automobile. The model supported the idea that the awareness of environmental issues during manufacturing, use and disposal of the automobiles changes the attitudes of people. The awareness and attitudes then result in the way they behave with respect to the environment concerns.

KEYWORDS

automobile, environment, structural equation model, knowledge, attitude, behavior.

1. INTRODUCTION

Since historical times, human being has been exploiting natural resources mindlessly to their benefit without giving a proper thought to its horrified consequences in the long run. The sole thought being continued lust for the better and comfortable life. Till almost up to 18th century exploitation of natural resources almost went un-noticed for many reasons such as high per capita availability of resources, unavailability of high capability modern machineries used for exploiting natural resources, less knowledge about the utilisation of natural resources in various applications etc. However, a paradigm shift had taken place across the world in their approach to the life style by the human beings after 17th century due to advanced scientific and technological innovations in various areas. With the intention of getting quick money, dream to collect more and more profit and in order to lead a very luxurious life, all the strategies were applied and all games were played to exploit the natural resources for various purposes by using the advanced technologies without considering its negative consequences which ultimately resulted in pollution, rising greenhouse gases, land degradation, acid rain, global warming and hole in ozone layer (Rojsek, 2001). Further to this, various species have reached to an end and hence ecosystem has affected adversely (Saloni, May 2011). Of late, consumers have realised the detrimental effect of exploitation of natural resources and pollution on environment and have become more concerned about the environmental problems and started demanding environment friendly products. Recently Government is also taking various steps such as banning plastic bags, forcing car manufacturers follow Euro norms etc. banning of deforestation etc. to protect the environment and planet earth. Public awareness on environmental issues and its consequences and strict environmental legislations have forced manufacturing firms to manufacture and use eco-friendly products. Hence, evolution of green marketing practices has taken place.

1.1 AUTOMOBILE INDUSTRY SCENARIO IN INDIA

The **Automobile industry** in India is one of the largest and growing sector in the world and occupies a prominent place on the canvas of the Indian economy. Due to migration of people from rural to urban, there is growing demand for Transportation in Metros and cosmopolitan cities. Further to this, increase in household income, easy availability of cars and the loan facilities have further added the number of cars in urban areas. As per Society of Indian Automobile Manufacturers, annual vehicles sale in India is expected to go more than 90 lakhs by 2020. This enormous growth for Automobile industry is not a good news for the Metros as the emission from vehicles is a matter of concern for the urban population. Epidemiological studies has reported that air pollution causes a thousands of health problems leads to number of deaths in Indian cities. Air pollution causes loss of productivity and further to this it adds extra health care cost. According to McKinsey projections, urban vehicle stock (including cars, two-wheelers, and other automobiles) is expected to touch 200 million by 2030 and India will be emerging as the third largest market for motor vehicles by 2030. It is estimated that, transport sector contributes around 14% towards global emission of greenhouse gases world-wide. More number of vehicles in future will have more vehicular emission and depletion of non-renewable fossil fuels and in turn will have adverse impact on environment. Although vehicles of today are more fuel efficient and much cleaner than the older ones, but the potential environmental benefits are knocked off by higher uses.

Moreover, Transport sector is one of the main user of energy Transportation sector accounts for a major share of energy consumption in India. As per Pollution Conservation Research Association (PCRA) report, the average consumption patterns of petroleum products by the Transportation sector (Petrol, Diesel, CNG, Aviation Fuel) is 51% vis-à-vis Industry (Petrol, Diesel, Fuel Oil, Naphtha, Natural Gas) 14%.

However, transportation sector is one of the important components of the economy which is very much essential for the growth and development of the society. Efficient transport system brings multiplier benefit to the society such as better accessibility to markets, employment and entrepreneurial opportunities, livelihoods developments and additional investments etc.

We have reached at a stage where we can see a dangerous situation ahead of us. At this juncture, all out efforts should be done to protect our mother earth and the environment so that our future generation will not face the problem of their survival. Using green product is one of the solutions to overcome the dangerous effect of pollution and the consequences. The roots of environment problems lie in human behaviour. Therefore, the solution for rectifying the environment problem also lies with the change of behaviour of people. Environment conscious manufacturing and the efforts put in to produce green products are directly related with the consumer's awareness, attitude and involvement into the process (Arslan, T. et al, 2011). It is becoming increasingly important for companies to

understand consumer’s knowledge on environment and their attitudes towards it in order to predict the purchase behaviour towards environmentally friendly behaviour.

1.2 RELEVANCE FOR THE STUDY

In this study, an analytical model was developed to study the relationship between environmental knowledge, attitude and behaviour of consumers (car owners) and its effect on environment conscious behaviour related to Automobile. In the process of investigation, the correlation between the knowledge and attitude of consumers (car owners) were estimated and the effect of knowledge on behaviour as well as effect of attitude on behaviour were calculated through the Structural equation model.

2. LITERATURE REVIEW

According to Mostafa (2007) the relationship between awareness about green product and green product consumption is very weak. Irrespective of any part of the world numerous studies have identified that there is positive relationship between the attitude and consumer behaviours towards Green products. (Sinnappan and Rahman, 2011, Kim and Chung, 2011). Tan (2010) in his study found that the volunteers are ready to change their attitude to purchase green products as they are not aware of the alternative. Hence we can conclude that attitude and awareness both put together plays an important role in deciding the purchase intention of Green products.

Abdul Wahid and Abustan (2009) who studied the young consumers of Malaysia and came up with their find that they are not ready to change their attitude to purchase green products. Ther Fraj & Martinez (2007) found that environmental attitudes are best at predicting the environmental behaviour. Dono et al. (2009) came up with the result that environmental attitude and environmental behaviours are closely related. Arslan, T. et al (2011) suggested that environmental attitudes could be kept as an estimator for environmental behaviour. However, no significant relationship was found between attitude relating to the surrounding environment and purchasing behaviour based on environment

Tahir, Albayrak et al (Jul 2011) highlighted that importance of scepticism which has negative influence on the consumer behaviour towards green products and consumer effectiveness which has a positive influence on the consumer behaviour towards green products. However, he also warned about the high level of scepticism which can reduce the consumer effectiveness and purchase behaviour of green products.

Elvan Sachin et al (2012) reported that Values and attitudes were the most important independent variable which determine the sustainability behaviour of the university students. Further The study of Bipul Kumar (2012) study indicated that a right set of knowledge about the environment a positive impact on the attitude relating to the sustainable products.

Chan Yew Ling has studied the various factors that affects the purchase intention of Green personal care products. He identified that attitude and self-efficacy as the most important factors that affects the Purchase decision of Green products. Generally, Consumers who use green products are believed to be open minded and socialise more compared to consumers who use non-green products. In the reference group an individual can affect the entire group or the group can affect the individual and decide his/her behaviour in a socially acceptable manner. (Kelman, 1958). As per Social Impact Theory, Strength of the social influence group, their physical approach and number of people in the group will decide whether a person will follow the influence group or not.

Eco Friendly cars are priced higher than normal cars. The question before us is how much the car owners are ready to pay premium amount. According to a survey conducted by an advertising agency- J. Walter Thompson atleast 82% consumers are ready to pay 5% more for a product which are environment friendly. Another survey conducted for Australian consumers by Suchard and Michael (1991) came up with their finding that 61.5% consumers are ready to pay 15% to 20% more for environment friendly product. These result indicate that the consumers are ready to pay premium price for a eco-friendly product compared to non-eco-friendly product.

2.1 SUMMARY OF LITERATURE REVIEW

TABLE 1: SUMMARY OF LITERATURE REVIEW

Citation	Area/ Focus of Study	Outcome	Gaps in the study
Mostafa (2007)	Hierarchical Analysis of the green consciousness of the Egyptian consumer	A weak relationship between the consumers green product awareness and their actual consumption behaviour	Specific and qualified relationship between green product awareness and their consumption behaviour
Fraj & Martinez (2007)	An Empirical analysis on ecological consumer behaviour	Environmental attitudes are the estimators of the environmental behaviour	Specific product category and the relationship between attitude and the behaviour
Dono et al (2009)	The relationship between environmental activism, pro-environmental behaviour and social identity.	There is a significant relationship between environmental attitude and environmental behaviour	Current study was exploratory. Quantified relationship between sustainable attitude of consumers and their purchase behaviour.
Arslan, T. et al	Structural equation model for environmentally conscious purchasing behaviour.	Environment attitudes could be used as the estimator of the environmental behaviour.	No statistically significant relationship between environmental attitude and environmentally conscious purchase behaviour was found.
Tahir, Albayrak et al (jul 2011)	The influence of scepticism green purchase behaviour	Perceived consumer effectiveness is the most important determinant that positively influence to green purchase behaviour	Relationship between knowledge, attitude and behaviour is not measured.
Elvan Schin et al	University students behaviour pertaining to sustainability	Attitude and values were found to be significant determinant of university students behaviour pertaining to sustainability.	It is based on the self-reported data of the university students without internalising the subject.
Bipul Kumar (2012)	To Understand the purchasing behaviour for environmentally sustainable products.	Right set of environmental knowledge has significant and positive impact towards sustainable products.	The study was conducted by considering mainly those constructs which were part of theory of planned behaviour.

Many studies have been conducted exploring the consumer’s knowledge, attitude and behaviour related to green products, green marketing practices and green buying behaviour in the context of Indian consumers (Mishra & Sharma, 2010; Datta, 2011). However, no academic research has been found to understand the relationship between knowledge, attitude and purchase behaviour in regard to environment friendly automobiles. There is a gap in the literature which discusses the relationship between the knowledge, attitude and behaviour of consumers in the context of purchasing the environmental friendly automobiles.

The present study attempts to establish the relationship between environmental knowledge and their attitude towards environment as well as purchase behaviour of green products more specifically automobiles using the Structural Equation Model.

3. OBJECTIVES

- To study the Automobile Industry and its harmful effect of growing vehicular pollution in the country.
- To study and measure different aspects of Awareness and Attitude that effects Consumer Behaviour of Car owners.
- To analyse the inter relationship between the Awareness, Attitude and its effect on Consumer Buying Behaviour to Purchase Eco friendly car
- To come up with suitable model based on the analysis and verify the same.
- To give suitable recommendation to the Marketers and Policy makers based on our analysis and result.

4. METHODOLOGY & MEASUREMENT

4.1 APPROACH

The survey questionnaire used for collecting data from consumers (car owners) was designed having following four sections in it:

1. Demographics
2. Awareness of Green Marketing and other environmental issues due to Automobiles.
3. Attitude of car owners towards pollution due to Automobiles
4. Behaviour of car owners towards Green Marketing.

In order to capture the demographic profile of the respondents (car owners), Gender, Age, Educational Qualification and Occupations sections were included in the structured questionnaire. Similarly, a 5 point Likert Scale (Agree / Disagree) has been used to collect the data from the respondents with regards to their Awareness, Attitude and Behaviour towards Green Marketing.

TABLE 2: MEASUREMENT SCALE USED

S No	Statement	Allotment No
1	Completely Disagree	1
2	Disagree	2
3	Neither Agree nor Disagree	3
4	Somewhat Agree	4
5	Complete Agree	5

In the 'Awareness' Section of the structured questionnaire, 13 different statements have been framed to understand the consumers (car owners) awareness levels on the issues of environment pollution, Meaning of Green and its understanding by the consumers and the government rules and regulations on environment. Similarly, in the 'Attitude' Section of the structured questionnaire, 12 different statements have been framed to understand the consumers (car owners) interest and concern towards environmental issues, perception regarding Government's responsibility towards controlling pollution and also to find out whether consumers are concerned or indifferent towards the issue of environment. In the 'Behaviour' Section of the structured questionnaire, 15 different statements have been framed in order to find out the action and reaction of the consumers (car owners) to save the environment and their preparedness to act.

4.2 SAMPLE DESIGN

The sample survey for conducting the research was carried out in Pune and Aurangabad. 800 consumers (car owners) from Pune and 267 consumers (car owners) from Aurangabad have participated in the sample survey. Responses were collected from 1067 consumers (car owners) through a structured questionnaire. The demographic profile of 1067 respondents who have participated in sample survey is outlined in **Table 3** below.

TABLE 3: PROFILE OF THE RESPONDENTS OF THE SURVEY

		Cities					
		Pune		Aurangabad		Total	
		Count	Per (%)	Count	Per (%)	Count	Per (%)
Number of Respondents		800	100%	267	100%	1067	100%
1	Male	618	77	245	92	863	81
2	Female	182	23	22	8	204	19
Age Group		800	100	267	100	1067	100
1	Upto 25 Years	212	27	7	3	219	21
2	26 to 35 Years	304	38	117	44	421	39
3	36 to 45 Years	127	16	126	47	253	24
4	46 and above Years	157	20	17	6	174	16
Education		800	100	267	100	1067	100
1	Below HSC	18	2	4	1	22	2
2	HSC	21	3	10	4	31	3
3	Same College	60	8	10	4	70	7
4	Graduate/Post Graduate General	402	50	152	57	554	52
5	Graduate/Post Graduate Professional	299	37	91	34	390	37
Occupation		800	100	267	100	1067	100
	Shop Owner	54	7	29	11	83	8
	Businessman-No employees	45	6	35	13	80	7
	Businessman-with employees (Upto 10)	86	11	38	14	124	12
	Businessman-with employees (10 to 100)	64	8	14	5	78	7
	Company executive Jr.(Upto GM)	162	20	35	13	197	18
	Company executive Sr (SM and Above)	46	6	49	18	95	9
	Government Employees (Upto Class 2)	38	5	1	0	39	4
	Government Employees (Above Class 2)	42	5	1	0	43	4
	Others	263	33	65	24	328	31

ANALYSIS OF AWARENESS

All the statements of the Awareness section have been analysed to see the proportions of the respondents agree, disagree and neutral to the statements and to understand the consequences behind it. Percentage of the respondents agrees to the Awareness statements, arranged in descending order has been depicted in fig.

TOTAL AWARENESS SCORE - OVERALL

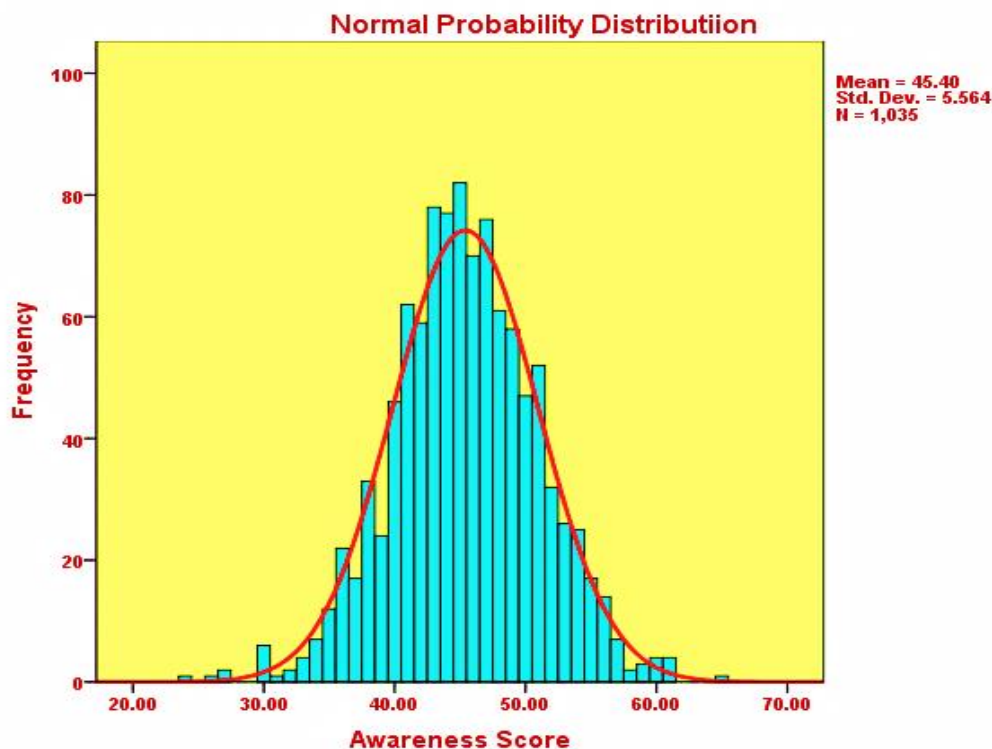
It is pertinent to know the overall awareness score of environmental issues among car owners. Overall awareness or Total Awareness Score was calculated for each respondent by adding the rating score on all 13 statements and divided by the number of respondents. It can be mentioned here that, the Minimum Awareness score can be 13 and Maximum Awareness score can be 65 as the range of likert scale is from 01 to 05 and 13 questions are answered under the heading 'Awareness'. Statistics of total score are calculated and presented in the table 4 below. It is found through the calculation that the minimum score is 24 and maximum is 65 and average is 45.39.

TABLE 4. TOTAL AWARENESS SCORE STATISTICS OVERALL – RESPONDENTS (CAR OWNERS)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	SD
Awareness Score	1035	24	65	45.399	5.56413

Since average score 45.4 is way above the 39 (as $13 \times 3 = 39$, mid-point of a 5 point scale is 3 and 13 statements), it can be mentioned here that, in general the respondents are aware of the environment related issues.

FIG. 1: DISTRIBUTION CHART OF TOTAL AWARENESS SCORE- RESPONDENTS (CAR OWNERS)



Further to this, 'Total Awareness Score' of each respondent are presented to see whether the rating of all responses follow the normal distribution curve or not. The Fig 1 below is the Distribution chart of Total Awareness Score and is found to be a Normal Distribution Curve.

4.3 RESEARCH TOOL

4.3.1 STRUCTURAL EQUATION MODEL

The rationale behind the Structural Equation Model (SEM) is understand the correlation between awareness, attitudes and behaviour of the respondents towards environmental issues due to automobiles. The model supported the idea that the awareness of environmental issues during manufacturing, use and disposal of the automobiles changes the attitudes of people. The awareness and attitudes then result in the way they behave with respect to the environment concerns. There were 13 statements in the awareness section but for the model purpose 6 key awareness statements were selected as shown in the following table. These statements were chosen based on their importance to environment. These statements had the highest mean scores.

TABLE 5: IMPORTANT AWARENESS STATEMENT

AW1	Q11-101	I can say that i am fully aware of Global Warming.
AW2	Q11-102	Vehicular emissions is the largest contributor to the pollution
AW3	Q11-103	Harmful emissions are mainly due to type of auto fuel used.
AW4	Q11-104	CNG is the most environmentally friendly auto fuel.
AW7	Q11-107	I can say that I am fully aware of the term Green House Effect.
AW10	Q11-110	"Green" means reduced emissions.

From attitudinal statements the following key statements were chosen again based on their importance:

TABLE 6: IMPORTANT ATTITUDINAL STATEMENT

AT1	Q11-201	We are running out of time to save environment
AT2	Q11-202	Neglecting environment has already started threatening our survival
AT4	Q11-204	I consider pollution due to vehicles is serious issue
AT5	Q11-205	There are other factors that pollute environment more than vehicle.
AT9	Q11-209	Environment problems have direct effect on your daily life.

The behavioural statements included in the model are the ones which exhibit typical environment friendly behaviour. These statements are given below:

TABLE 7: IMPORTANT BEHAVIOURAL STATEMENTS

BH1	Q11-301	I would pay more for a vehicle that did not pollute environment.
BH2	Q11-302	I would consider purchasing a car running on CNG as it helps saving the environment.
BH9	Q11-309	Enforcement of vehicle emission standards would help improve environmental situations.
BH10	Q11-310	Energy savings cars are the best way to reduce pollution.
BH12	Q11-312	I will consider alternative energy cars for my next purchase
BH13	Q11-313	Government should introduce heavy fines for offenders.
BH14	Q11-314	Manufacturers have a role to play to improve the environment.

The selection of key awareness, attitudinal and behavioural statements is based on factor analysis of each set of statements. After factor analysis surrogate variables from factors were chosen to be included in the model.

The current path analysis model is the recursive model. The exogenous latent variables are "Awareness" as per the measurement of independent observed variables AW1 (awareness of global warming), AW2 (awareness of vehicular pollution), AW3 (awareness of harmful emissions due to fuel used), AW4 (awareness of

CNG being environment friendly fuel), AW7 (awareness of Green House effect), AW10 (awareness that Green means reduced emissions) and "Attitudes" as measured by AT1 (running out of time to save environment), AT2 (neglecting environment is endangering our survival), AT4 (consider pollution due to vehicles a serious issue), AT5 (Other factors that pollute environment besides vehicular pollution), AT9 (environment problems have direct effect on daily life). The endogenous latent variable is "Behaviour" as measured by BH1 (pay more for a vehicle that did not pollute the environment), BH2 (consider car running on CNG), BH9 (enforcement of vehicle emission standards), BH10 (energy saving cars are best way to save environment), BH12 (consider alternate energy cars for next purchase), BH13 (government should introduce heavier fines), BH14 (manufacturers should play role in protecting environment). It is logical to assume that consumer's awareness and attitudes will affect its behaviour.

The structural equation model was tested using AMOS, software developed by IBM SPSS.

RESULTS

Path Analysis was done to test the theoretical model as shown in Fig. using AMOS and used ML (Maximum Likelihood) method of parameter estimation and were performed on the variance-covariance matrix.

The fitness of good indices for various models are shown in the table below.

TABLE 8: FITNESS OF GOOD INDICES

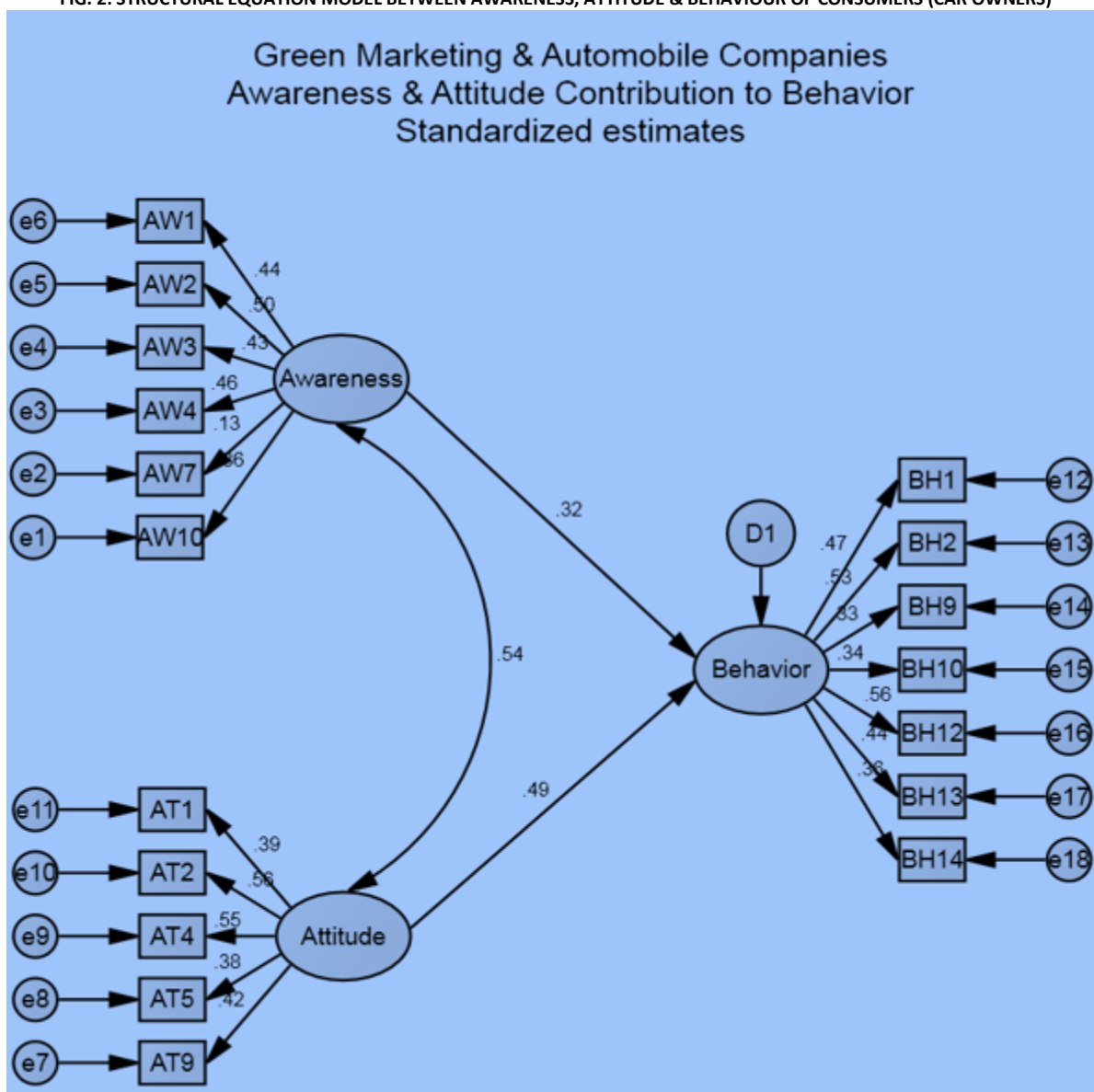
Chi-square	TLI	CFI	NFI	RMSEA
850.109(p-.000)	0.594	0.686	0.655	0.071

The chi-square value is significant (<0.05) indicating the model is bad fit. However, chi-square is sensitive test and is not grounds to reject a model by itself. One should look at other statistics TLI, CFI and NFI should be closer to 0.9 and RMSEA should be lower than 0.08. From table we can see that RMSEA is less than 0.08 and TLI, CFI and NFI are above 0.6, which is quite good and we can accept the model.

DISCUSSION

The path diagram shows that there are three dimensions obtained from confirmatory factor analysis - "Awareness", "Attitude" and "Behaviour". The estimated path coefficients tell us the causal relationships. The path coefficients are standardized regression coefficients. These values represent shift in dependent variable given a standard deviation unit change in independent variable. In the SEM diagram the dependent latent variable is behaviour and latent independent variables are awareness and attitudes. A path coefficient of 0.32 between awareness and behaviour indicates that for a standard deviation unit change in awareness there is 0.32 change in behaviour. Similarly, for Attitude latent variable a standard deviation unit change in attitudes will result in 0.49 change in behaviour.

FIG. 2: STRUCTURAL EQUATION MODEL BETWEEN AWARENESS, ATTITUDE & BEHAVIOUR OF CONSUMERS (CAR OWNERS)



When the variable awareness is related to environment attitude the results are significant (0.54, $p=0.000$) and quite strong. That means people more aware of pollution problems will have a positive attitude towards environment problems and will become more concerned. Awareness also affects the behaviour and is significant (0.32, $p=0.00$) but the relationship is relatively weaker. That means though awareness brings less changes in behaviour. However attitude as a strong and significant relationship (0.49, $p=0.000$) with behaviour. The model tells us that it is not sufficient to have awareness of environment problems to change the behaviour of people. First the awareness of environment problems creates a positive attitude and that results in positive change in behaviour towards the environment issues.

5. CONCLUSION

The proposed model has proven to be good at explaining the environmental behaviour. The path coefficient between attitude and behaviour deserves special attention. The strong attitudes will shape the behaviour. The strong correlation of attitudes with awareness shows that strong attitudes will be shaped by the higher awareness of environment issues. To influence consumer purchase towards green products the marketer has to motivate the consumer to have right kind of positive attitude as the outcome of the study indicate that is a strong relationship between both these variables.

6. MANAGERIAL IMPLICATIONS

The finding of the study has provided sufficient knowledge on the relationship between environment knowledge and behaviour as well as sustainable attitude and behaviour of car owners on purchase of environment friendly automobiles. These findings can help the policy maker as well as automobile manufacturers and marketers to understand the factors effecting the purchase behaviour. It was found from the present study that the environment knowledge and sustainability attitudes towards environment had a significant and positive relationship with car owner's behaviour pertaining to environment friendly automobiles. In other words, car owners having more favourable attitudes towards environment will impact positively towards sustainable action and behaviour.

It is also found from the present study that environment knowledge has significant and positive correlation on the attitudes towards sustainable and environment friendly products. It gives an opportunity for the policy makers and automobile manufacturers to design their communication so that the knowledge level of the consumers will enhance which in turn will affect the attitude of the consumers leading to purchasing behaviour.

7. LIMITATION OF THE STUDY

The empirical results obtained in this study has few limitations. The study was undertaken in two Indian cities (Pune and Aurangabad of Maharashtra). Hence, the results may not be used to generalise all the customers of whole India. Besides this, this study only focussed on automobiles. Therefore, future studies involving multiple products should be conducted in order to enhance the generalizability of the study. Green Marketing concept is ever changing as per the consumer requirement. The period of the study will limit the finding.

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Number of online commerce companies has been launched in the past few years due to advent of technologies, penetration of smart devices, access to broadband services, and for providing customers different shopping experience. These companies are building strong logistics and operational capabilities. Similarly, they are building global supply chain so that customers have choice and access for the products at competitive prices. Penetration of smart phones continues to increase as affordability is enhanced due to falling prices. Hence customers are enjoying mobility while doing commerce or shopping. The business models or operational models adopted by most of these companies are almost similar. This is posing a major challenge to companies hence they have to be innovative, creative, operationally efficient, and most importantly provide excellent customer experience. This paper presents review of existing working models adopted by most online commerce companies. A set of critical parameters are identified from customer experience point of view. A survey was conducted and feedback was sought by users in various sections in the society. The data collected from this survey was analysed to confirm the validity of selected parameters and also rank them in the order of importance so that companies can make necessary changes in the operational model. In this highly competitive service industry survival for a 'me too' is simply not possible and customer experience will be a critical factor for maintaining churn at low levels and ensuring repeat business by customers.

KEYWORDS

online, mobile, customer experience, commerce, smart phones.

1.0 INTRODUCTION

Businesses are key drivers of growth for a nation and its people. Today, in a cluttered business environment it is important that opportunities are capitalized and sound business is established. Due to increased access to broadband and penetration of mobile phones, increasing number of users has started using internet for most of their personal and professional transactions including shopping. India has over billion subscribers for mobile communication and increasing. The middle class population in the urban cities alone is around 350-400 million people. This demographic provides an excellent opportunity for online commerce.

TABLE 1: GROWTH IN NUMBER OF INTERNET USERS IN INDIA

Year	Number of Internet User in India (Million)
2013	110
2014	159
2015	213
2016	236
2017	314

Sources: (Srivastava, 2015)

Almost 3.6 billion people worldwide (Internet live stats, 2016) use internet today which is grown from 40.69 % (ITU, World Bank, 2014) of world population in 2014. As a matter of fact, in developing countries alone the number of internet users has more than doubled since 2009. In India, Mobile Internet users reached to 371 million by June 2016 (Indian Express, 2016).

Internet user penetration has reached 49.2 % globally (Internet world stats, 2016) but growth rate in developing countries remain relatively low at 3.3% compared to 8.7% in developed countries. Huge business opportunity also lies in 4 billion people who are not yet connected to the internet (Erik Hersman, 2014).

The Table 1 shows number of smartphone users in developed and developing countries. For the first time, more than one-quarter of the global population will use smartphones in 2015, and by 2018 more than 2.5 Billion consumers worldwide would have Smart phones (eMarketer, 2014)

TABLE 2: RANKING OF COUNTRIES BY NUMBER OF SMART PHONE USERS, 2013 TO 2018

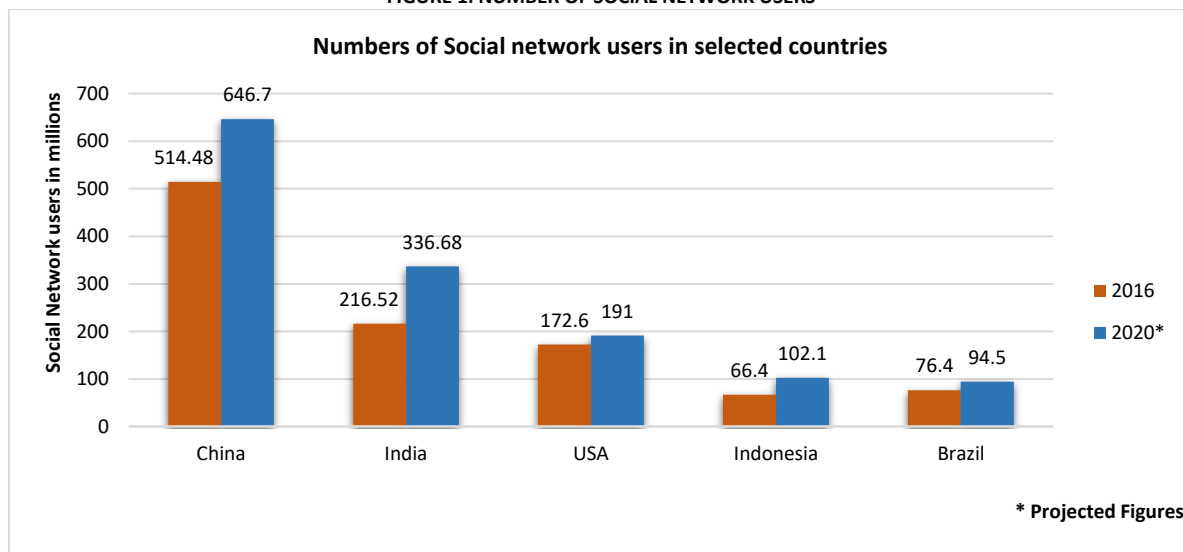
Top 7 countries, Ranked by the smartphone users, 2013-2018 (In millions)						
Country	2013	2014	2015 (E)	2016 (E)	2017 (E)	2018 (E)
China*	436.1	519.7	574.2	624.7	672.1	704.1
US**	143.9	165.3	184.2	198.5	211.5	220.0
India	76.0	123.3	167.9	204.1	243.8	279.2
Japan	40.5	50.8	57.4	61.2	63.9	65.5
Russia	35.8	49.0	58.2	65.1	71.9	76.4
Brazil	27.1	38.8	48.6	58.5	66.6	71.9
Indonesia	27.4	38.3	52.2	69.4	86.6	103.0
Global	1311.2	1639.0	1914.6	2155.0	2380.2	2561.8

Note: Individuals of the age who own atleast one Smartphone and use the smartphone(s) atleast once per month;*excludes Hong Kong, **Forecast from August 2014,(E)-Estimates

Source: (eMarketer, 2014)

Social network is today one of the mediums which companies use to market their products and make selling proposition to the consumers. As shown in figure 2, number of social media users has grown substantially in the past couple of years. As of the second quarter of 2016, Facebook alone had 1.71 billion monthly active users (Statista, 2016a)

FIGURE 1: NUMBER OF SOCIAL NETWORK USERS

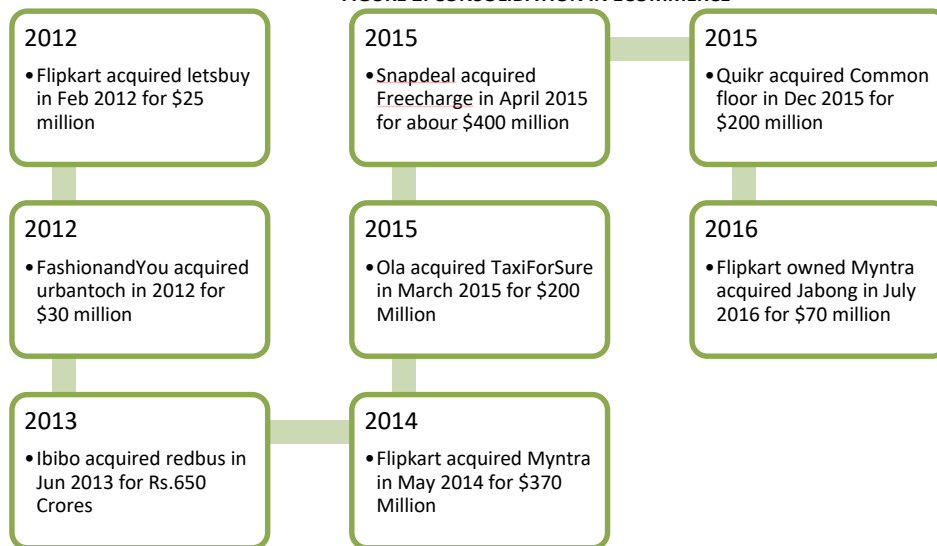


Source: (Statista, 2016b)

The number of users of online commerce in India may be comparatively lower than the US and other European markets, but it continues to grow at a rapid rate with many new entrants. Currently, eCommerce is heavily dependent on the web and smartphone revolution that has essentially altered the way businesses interact with customers.

The growing population and demographics of India will probably be the major driving force behind the explosion of eCommerce in the near future. Indian eCommerce industry has grown substantially in the past few years, especially the online retail sector. In 2007, Flipkart, an eCommerce company was founded by Sachin Bansal and Binny Bansal. It is registered in Singapore and it operates in India, where it is headquartered in Bangalore, Karnataka. Flipkart today is one of the largest player in the Indian eCommerce market. Snapdeal, established in the year 2010, was first in India to move to the Marketplace model. Amazon entered Indian market in 2013. Entry of this eCommerce giant in the Indian market has not only spurred heightened competition, but has also increased the pace of consolidation in last four years in an eCommerce space. There have been several mergers and acquisitions as the eCommerce industry in India matures as shown in figure 2.

FIGURE 2: CONSOLIDATION IN ECOMMERCE



Source: (Jai Vardhan, 2016)

The eCommerce industry continues to grow top line at a healthy clip. Presently B2C (Business to Customers) segment alone is about \$16 billion dollars Gross Merchant Value (GMV). It is projected to cross over \$100 billion dollars by year 2020. Government agencies such as Indian Railways have also started offering number of online services to customers which is valued at \$1-1.2 billion dollars.

TABLE 3: SIZE OF e-COMMERCE INDUSTRY IN INDIA (INCLUDES ONLY B2C e-TAIL EXCLUDING ONLINE TRAVEL AND CLASSIFIEDS)

Year	Total e-Commerce size(\$ Billion)
2013	2.9
2014	13.6
2015	16.0
2018*	40.3
2020*	101.9

Source: (CII & Deloitte, 2016)

2.0 CURRENT GLOBAL SCENARIO

The eCommerce share of users in the countries like the US, Europe and Japan are seeing slower growth in home markets and hence moving towards India, Brazil and China which have forecast growth rates of more than 20% over the coming years (ASSOCHAM & Deloitte, 2015) as shown in figure 4 and also as discussed in the previous section.

TABLE 4: COMPARISON OF WORLD ECONOMIES IN e-COMMERCE

Countries with Largest Share of Global E-shoppers Ranked by 2019 Projections (% of Total)

2019 Rank		2019	2015
1	China	29.0%	28.6%
2	India	11.6%	5.6%
3	U.S.	9.4%	11.7%
4	Japan	3.9%	5.3%
5	Indonesia	3.0%	1.5%

Source: (Jim Erickson, 2016)

3.0 CHALLENGES FOR eCOMMERCE COMPANIES IN INDIA

Digital commerce market in India will touch \$100 billion dollars by the end of 2020 on the back of growing internet using population and increased online shoppers due to increase in digital penetration as number of online shoppers is likely to touch 220 million in 2020 from 39 million in 2015 (CII & Deloitte, 2016). The hotel booking business grew 165% year in December 2015, while spend on online railway ticket booking grew at around 34% in 2015 (Neha Alawadhi, 2016).

The eCommerce industry is relatively new in India hence there are number of challenges faced by the service providers. Some of the challenges are listed below based on discussions with professionals engaged in this industry:

1. Indian customers return much of the merchandise they purchase online.
2. Cash on delivery (CoD) is the preferred payment mode.
3. Payment gateways have a high failure rate.
4. Internet penetration is low.
5. Feature phones still rule the roost.
6. Postal addresses are not standardized.
7. Logistics is a problem in thousands of Indian towns.
8. Overfunded competitors are driving up cost of customer acquisition.

4.0 CUSTOMER CHURN AND CUSTOMER EXPERIENCE

Consumers today have more places and ways to shop than ever. Hence they have increasingly shorter attention span. It is imperative for eCommerce service providers to provide customers pleasant and easy shopping experience so that they will continue to shop and provide repeat business. Attractiveness and usability are important requirements considerations for e-commerce (Oscar de Bruijn, 2007). As majority of target audience for Indian Ecommerce Company is younger generation which give more importance to appearance/attractiveness which enhance customer experience (Lightner, 2003).

Customer shopping experience depends on the efficient implementation of the operational model by the service providers and ensuring that all the stakeholders in the value chain deliver quality service. Some of the services in the chain include being able to buy online and return to the store, or buy online and pick up in the store, ability to have multiple payment types, use of different credit cards as well as things like bill-me-later or PayPal. It is extremely important for an eCommerce company to understand the customer such as products or services preferences, buying pattern and habits, spending capability, geographical location etc. The customer must feel secure about all the online transactions just the way s/he feels while doing physical transactions. Since the business model adopted by most eCommerce companies is identical, that is, a marketplace model companies have to be innovative in providing services. The quality of service decides if the customer will continue to shop with certain companies or switch to others. Companies have capability to analyse and access customer behaviour data which could be used for providing very personal shopping experience.

5.0. RESEARCH OBJECTIVES

1. To review of existing working models adopted by most online commerce companies.
2. To identify critical parameters for Ecommerce from customer experience point of view.
3. To understand the customer's perspective of the quality of service provided by the Ecommerce companies and also to identify the areas where the companies needed to shift their focus
4. To provide recommendation based on analysis to enhance customer experience and reduce increasing rate of customer churn

6.0 METHODOLOGY AND APPROACH

The proposed research adopted quantitative research methodology where questionnaire was designed keeping in mind the various dimensions of the eCommerce space. The survey was conducted across various sections of the users. The total number of responses received was 110. The mean age of the respondents was 24 years. The age bracket for the survey was not predetermined, however the respondents were aged between 18 to 42 years. The respondents belonged to urban areas only.

The primary research was carried out by collecting primary data using a comprehensive questionnaire. The secondary research comprised of reports from various organisations like PwC, KPMG, ITU and BCG. It also included study of various articles from renowned publications.

QUESTIONNAIRE DESIGN

The objective of the research questionnaire was to understand the customer's perspective of the quality of service provided by the eCommerce companies and also to identify the areas where the companies needed to shift their focus.

The questionnaire was prepared keeping in mind various dimensions of the eCommerce space. These included Quality of Service, Safety, Payment, Interface and Delivery. These dimensions are clearly related to providing excellent customer experience hence minimizing the churn. Following are considered as the set of critical parameters from customer experience point of view which defines the essence of the questionnaire:

1. Whether the respondent is a regular user or not
2. Frequency of shopping online
3. Average monthly spending
4. Perception of safety related to personal identity and transactions
5. Trust worthiness of the online players
6. Preference of Usage (Website Vs Mobile application)
7. Impact of e-Commerce players advertising on social media
8. Associated risks in e-Commerce
9. Preferred method of payment
10. Mismatch between expected quality and actual quality

7.0 ANALYSIS AND KEY FINDINGS

For any business to grow and prosper, it is necessary that the core profit making areas are identified and optimum utilisation of the resource is carried out to enhance and improve them.

This study revealed interesting scenario where it was observed that the e-Commerce services like Carpooling and online ticketing are becoming equally profitable as the online retail or e-tail. 82.70% of the total number of respondents using online retail and 79.10% use other eCommerce services.

TABLE 5: KIND OF e-COMMERCE WEBSITES IN USE

Where does the profit lie?	Percent's
Online Retail	82.70%
Services	79.10%
Others	27.30%

Whether a product or a service is a success or a failure largely depends on the usage pattern of the customer. In the eCommerce space, since customer loyalty is difficult to come by, it becomes extremely important to understand the usage behaviour of the customers. From the

TABLE 6: USAGE PATTERN OF THE CUSTOMERS ONLINE

Usage Pattern	Percent's
Frequently	44%
Sometimes	52%
Rarely	4%

Survey, it can be seen that only 44% of the total respondents are frequent users of the eCommerce space.

TABLE 7: SAFETY OF TRANSACTION

Is Your Transaction Safe?	Percent's
Agree	69%
Disagree	5%
Can't Say	26%

When it comes to spending over the internet, 65% of the respondents spent less than Rs. 1000 per month. The amount spent per month is seen to be increasing with the steady growth that is taking place in the eCommerce market. 48.2% of the respondents are not sure whether their personal information like name,

address, phone number and email id are safe in the hands of the eCommerce players. 27.3% feel that their information is unsafe. This clearly shows lack of trust among the customers. The lack of trust is also vindicated by the fact that only 39 out of the 110 respondents believe that the rating of the sellers is genuine. The main objectives of electronic payment system are to increase efficiency, improve security, and enhance customer experience and ease of use (Abhay, 2012). Safety is one of the major issues that the Indian customers are worried about. Although 69.1% of the respondents said that the online transactions are safe, yet 49.1% believe that online payment is the most risky of all.

TABLE 8: APPLICATION VS WEBSITE

War of Application and Website	
Platform	Percent's
Mobile App	35%
Website	65%

28 out of 110 respondents consider delivery of goods to be a risky affair. 71.9% of the respondents have not received their ordered goods/services on time. Frequent delay in delivery tests the patience of the customer that may lead to churn in the longer run.

Even though smartphones and applications are considered to be the future, ignoring the present is a not wise idea. That 65% of the total respondents still prefer using website than applications. The data in following figure shows that 58% of the respondents preferred Cash on delivery as the most convenient mode of payment in comparison to 42.2% who preferred paying online).

FIGURE 3: PAYMENT METHOD

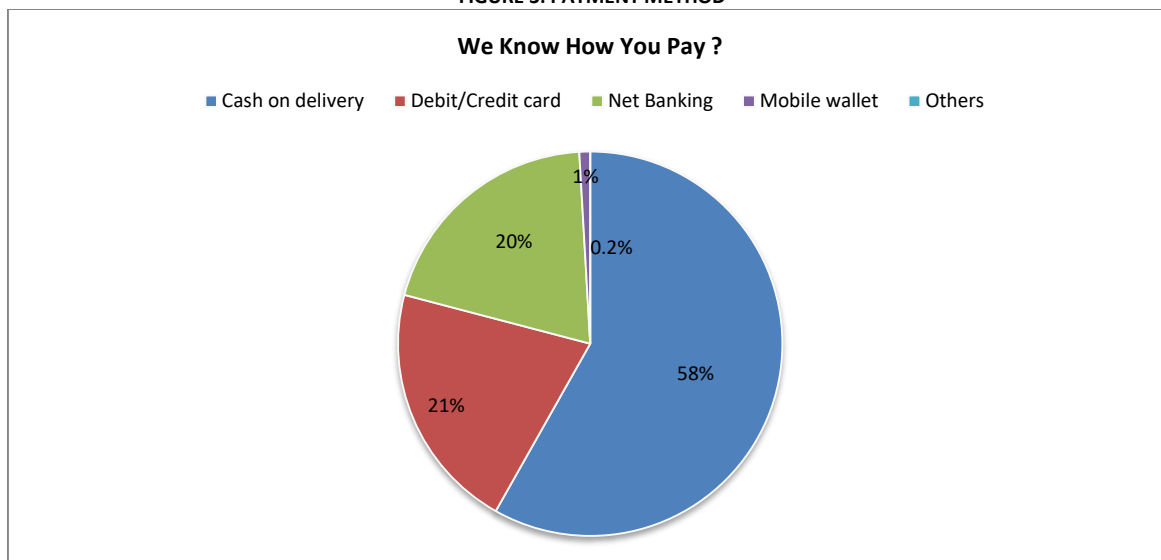
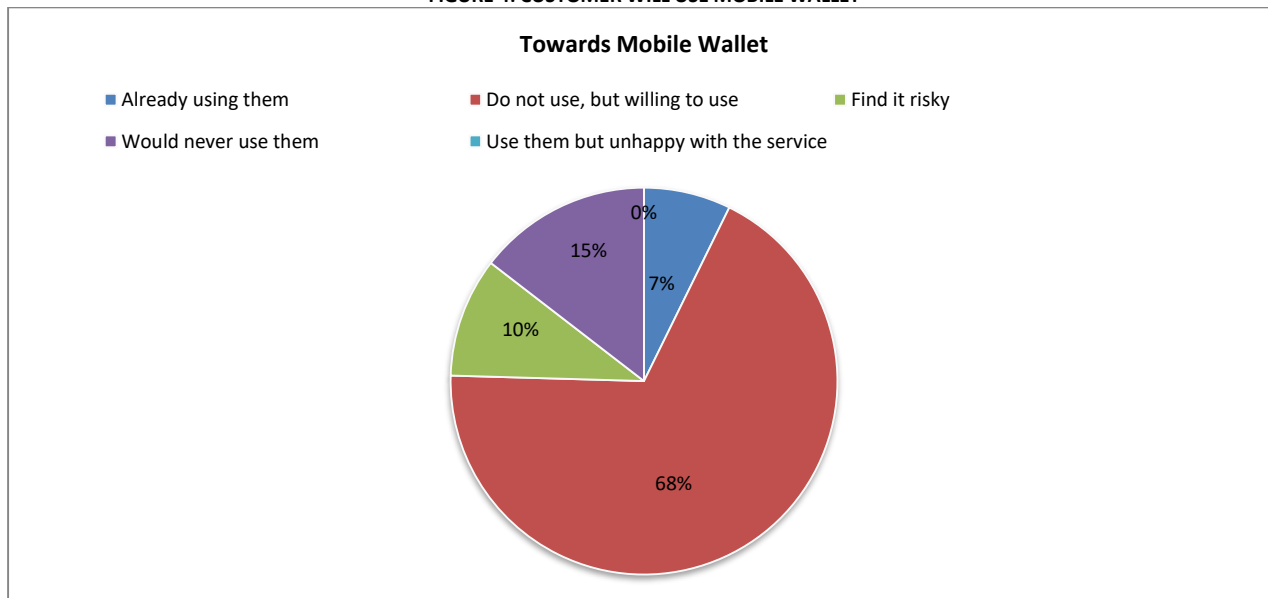


Figure shows, that those who do not use wallet services but are willing to use are 68% of the total respondents.

As per (IBEF & HT Business, 2016) The acceptance of mobile wallets system for e-commerce transactions has been increased among customers with an annual growth rate of 180%.

FIGURE 4: CUSTOMER WILL USE MOBILE WALLET



That 69% of the respondents mostly get the expected quality of service. However, only 24% sometimes get the QOS as desired.

TABLE 9: DESIRED QUALITY OF SERVICE

Quality Of Service	Percent's
Mostly	69%
Sometimes	24%
Always	5%
Never	2%

8.0 RECOMMENDATIONS

The findings and recommendations from the research can be used by eCommerce industry players to enhance the customer experience and reduce the increasing rate of churn. These recommendations become relevant in the extensively cluttered eCommerce space.

Following are the recommendations made on the basis of the analysis and key findings;

1. The eCommerce companies need to identify as to why 56% of the total respondents were not frequent users of the eCommerce space and should take measures to bridge this gap.
2. Trust is one of the most important factors to build a fruitful customer relationship. However, from our research we have identified that the trust factor among the customers is low. This directly impacts the growth prospects of the industry. E-Commerce industry needs to formulate a trust building exercise for its customers. This may include,
 - a. Promoting the brand as the most trusted one through ATL, BTL and TTL communication strategies.
 - b. Make the customer feel like family and avoid any inconvenience to the customer. A negative word of mouth has an avalanche effect on the brand image of the company.
 - c. The rating of the sellers needs to have a transparent mechanism where the parameters and methodology are made clear to the customers.
3. Since, it is already established that the customers consider online transactions to be safe it is high time that the procedure for online payment is made easier. One click payment option should be made available readily to the customers who are willing to use the service. Instant reverting back the transaction should be allowed to the customer in case of cancellation of order.
4. With a large population in India still using 2G network and the ones using 3G have patched connectivity, the experience of using a mobile application can be daunting. Also, the rural population is still using feature phones. Thus, we recommend that a light version of the application must be designed keeping in mind the rural sector and as far as the urban sector is concerned, the interface should be aligned with the requirements of the customer. Customisation of content is one way to go. The other may be localisation of content for both urban and rural sectors.
5. Improved technology to the extent of tracking the order should logically reduce churn. However, as already mentioned earlier, due to extensive cluttering, it is very convenient for the customer to switch from one player to another. This can be tackled by information tracking solution both at customer as well as company's end. The customer should be provided with real time information of the package and the company should be able to track the delivery person for timely delivery of goods/services.
6. Online payment is considered to be the safest by the respondents yet they prefer Cash on Delivery (COD) as the preferred mode of payment. Does this mean that the online cashback and discount schemes for paying online are failing? May be not, since the online transactions seem to be increasing but not in linearity with the number of people who are willing to pay online. The study suggests that the online and mobile commerce companies should drive the consumers towards mobile wallet payment and payment banking.
7. Usage of Virtual walls and virtual mirror technology can be promoted extensively. In India, HomeShop18 launched India's first virtual-shopping wall. Scan N Shop at New Delhi's International Airport uses a similar technological interface.
8. More focus needs to be put on the supply chain and delivery management systems.

9.0 FUTURE SCOPE OF THE RESEARCH

This study is work in progress as the eCommerce industry is extremely dynamic and is going through several changes for enhancing the top line and bottom line while keeping in mind the customer experience.

The objective of the research is to conduct a comprehensive study of the online and mobile commerce industry and suggest recommendations to enhance the customer experience and manage the churn. But in the course of the study we have identified the immense potential of the Indian semi urban and rural market. The future growth is expected to come from 68.84 % of the Indian population living in rural areas (Census of India, 2011). The expectation, preference and behaviour of the rural market are enormously different from that of the urban market. Hence, further research is underway by taking rural population into the survey. This work will identify behaviour pattern, expectation, experience, loyalty and possibility of churn of the rural consumers. As the lines have disappeared between eCommerce and mCommerce, the researchers intend to study various aspects of related to mobility, network coverage, available data rate, ease of using smart phones, etc.

10.0 CONCLUSION

According to (PwC, 2014) emergence of new technologies, especially mobile, in India has sparked a social change that's difficult to quantify. Quantification of mobile, internet, and social media penetration and growth is possible but what is challenging is describing the changes in social values and lifestyles that have accompanied those trends. The change in the social values and lifestyle redefines the expectation of the consumers. These expectations results in demand for a unique customer experience and make it more challenging to provide the right kind of customer satisfaction.

The eCommerce industry in India may currently be behind its counterparts in a number of developed countries and even some emerging markets yet it has access to funds from within the country and international investors. The industry must address issues related Customer loyalty to reduce churn. Overall, the eCommerce sector is maturing and a number of serious players are entering the market.

There will be challenges, be it operational, regulatory, or digital. How a company prepares itself to meet these challenges will decide whether or not it succeeds.

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SKILL GAP ANALYSIS IN GARMENT MANUFACTURING MSME SECTOR OF ANDHRA PRADESH

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ABSTRACT

The economic growth and social development of India mainly depends on the skill development activities to the youth. It is easy to create employment opportunities to more than 120 lakhs of youths entering working age yearly in India, by carrying out proper skill gap analysis and suitable development programmes. As per the skill gap study report over 2010 - 2014 of National Skill Development Cooperation (NSDC), there is an overall additional net requirement of 109.73 million trained persons across twenty-four key sectors in India. By 2022 in the Textiles and clothing sector alone there is a requirement of 63.1 lakhs of skilled manpower among the additional trained persons. In the textiles sector alone in India an estimated 330 lakhs of people are employed. Out of the total employment in textile sector the Ready Made Garment sector is estimated to contribute 25%. As per the recent studies, about 50 percent are women, among the total number of persons employed in Handlooms, Handicrafts, and Sericulture. At present, the MSME sector contributes approximately 15% of the overall employment and 45 % of India's exports. Hence this sector is important for the success of the 'Make in India' program. The Garment manufacturing sector is one of the important sectors in MSME in employment generation to women and skill development requirement. Skills in this sector can be acquired through both formal and informal channels. In this process of skill development, the institutes and industries are facing challenges in identifying skill gap and filling the same. In this context this paper is prepared to identify a few ways of carrying out skill gap analysis and issues related to Garment manufacturing units in the Andhra Pradesh. Some of the gaps identified in this sector are: Lack of proper knowledge of varieties of seams and stitches, sewing machine operations, capability to work across various machines and to stitch the full garment is missing etc.

KEYWORDS

skill, skill gap, issues.

INTRODUCTION

For the economic growth and social development of any country, skill development is essential. In India only 27 lakhs net additional jobs were created during the 7 year period of 2005-12. The youth of India are required to acquire necessary skills and education to fit for the employment ready workforce in the future. A huge skill gaps are existing between the industry requirements and the skill set level of workers. This may be due to the various reasons like insufficient training facilities, improper mix of education and skills, outdated curricula, limited industry institute interaction and standards, etc.

The state of Andhra Pradesh (AP) produced 5.45 million bales of cotton (bales of 170 Kg each) in 2011-12 and it is one of the leading states in the country. In AP the superior long staple and medium grade and varieties of cotton are predominantly grown. The AP Government has identified the textile sector as one of its long term growth engines for the state.

AP is having fourth highest number of textile mills in the country. This state is the third highest producer of raw silk and, fourth highest producer of wool in the country. It has become one of the leading Textile Processing Centers, by possessing over a 100 units and with a total processing capacity of 130 lakhs meters of cloth per annum.

For utilizing the potential of this sector the AP Government has already established a Textile Park and several Apparel Export Parks (AEPs). The state government has identified fabrics, furnishings and apparels, as potential products. The AP state is able to export total handloom & textiles worth of around US\$ 400 million in 2010-11.

LITERATURE REVIEW

Skill is an ability and capacity acquired by deliberate, systematic, and sustained effort. To carryout complex activities or job functions smoothly and adaptively cognitive, technical and interpersonal skills are required for youth.

Claudia Goldin and Lawrence Katz (1998) argue that the spread of batch and continuous-process methods of production increased the demand for skills. They also specified that the demand for unskilled manual workers in many hauling, conveying, and assembly tasks has reduced due to switch over from steam and water-power energy sources to electricity. During this period, the scope of capital-intensive industries expanded with the sharp fall in the price of electricity and thereby enhancing the demand for skilled employees. The rapid increase in the importance of white-collar and clerical occupations gave another boost to the demand for skills. Harry Jerome (1934) from his experience of the 1920s, generalized argued that the effect of further mechanization will raise the average skill required for the employees.

The early twentieth-century evidence was so powerful that Zvi Griliches (1969) suggested capital and skills are intrinsically complementary. Richard Nelson and Edmund Phelps (1967), Finis Welch (1970), Theodore Schultz (1975), and Jan Tinbergen (1975) also argued that technological developments increase the demand for skills.

Thomas Kochan, David Finegold, and Paul Osterman (2012) have mentioned that Labor market experts of US estimated that as many as 25 million, or 47%, of all new job openings from the year 2010 to 2020 will fall into the middle-skills range. Shortages of workers for these types of jobs are already undermining U.S. competitiveness and causing firms to shift their operations abroad.

The country's competitiveness is decreasing and worsening income disparity is enhancing due to an acute shortage of trained people to fill millions of openings for technical jobs. They also suggested that by designing collaborative programs, involving the multiple employers of that region or industry sector, educational institutions, and other players like employee unions and governments will help in increasing the availability of skilled manpower. Hence by considering the above examples the need for skill gap analysis to the country like India is identified.

A skill gap is a gap between what employers need and their employee's ability to do. The 'skills gap' is the term used to distinguish between the skills that employers want and those that are available from workers seeking for a job.

The task will not be completed satisfactorily if an employee does not possess the required critical skill. The possession of critical skill allows a worker to continue to continue his/her work.

ILO report of G20 (2010) describes that skills development increases both people's capacities to work and their opportunities at work. The skill development offers more scope for creativity and satisfaction to the worker at work. The future growth and prosperity of any country depends ultimately on the number of persons in employment and their productivity levels at work. The workers will learn the "right" skills required for the evolving demands of labour markets if we establish a good fit between skills development, vocational education and training. The skill acquired in this method will help the worker in getting good employment opportunities in organizations and workplaces in different economic and industrial sectors.

To enhance the skill set level, an effective partnership between employers' governments, and training institutions, workers' organizations, are critical. The wide and continued access to skills development and training institutions to women and men of all ages will fulfill the skill gap and leads to realization of their aspirations. Skill development in India report (2015) by FICCI, mentions that India is presently facing a double challenge of shortage of highly-trained quality labour, and non-employability of educated manpower due to their less or no job skills. The issue of skill development in India is related to both to the demand and supply side. To

face the demand side challenge, the government is putting consistent efforts towards expansion of economic activities and creation of large employment opportunities. A large number of unemployed youth will represent the supply side. However, the major area of concern in India is the employability quotient of this youth.

The existence of a large skill gap between the level of skills possessed by workers and industry requirements in India is a common phenomenon. This may be due to various reasons like inadequate training facilities, improper mix of education and skills, outdated curricula, limited institute industry interaction etc. The qualitative as well as quantitative skill gaps will further widen in future in India. In order to reduce this gap, proper efforts to be made for addressing the supply related key issues.

According to NSDC report of 2010 the present economic and demographic profile of AP presents a large opportunity for skilling of manpower. By 2022 this state is expected to have a workforce of around 444 lakhs. The new workforce that is going to be added by 2022 will have 85% of minimally skilled and the rest will be of either semi-skilled or skilled. The estimated incremental demand for manpower in AP is to be around 47.64 lakh by 2022. After going through the available literature it is observed that, a huge requirement exists for skill development training in Garment manufacturing sector in AP. Skill gap analysis is essential to design the skill development programmes. Hence this paper was prepared by looking into present and future employment potential and the existence of large skill gap in the Garment manufacturing sector of Andhra Pradesh (AP).

NEED FOR SKILL DEVELOPMENT IN INDIA

As per NSDC skill gap study the Textiles and clothing sector alone employment in 2013 is 15.23 million and it is projected to grow upto 25.54 million by 2022. This will result in incremental employment requirement of 10.31 million by 2022.

At present the size of formally skilled workforce available in India's is very small. Only 6.8 % of persons aged 15 years and above have received or were receiving vocational training in India as per the latest survey of the Labour Bureau for 2013-14. Out of this only 2.8 % has got training through formal channels and 4 percent through informal system. The skilled workforce available in other countries like Korea (96%), Germany (75%), Japan (80%) and United Kingdom (68%) are much higher than India.

In recent years India has started strengthening its base as a knowledge economy. Hence there exists an additional requirement to the highly skilled manpower in the sectors like Bio-technology, Healthcare and Pharmaceuticals and financial services, IT/ITes. The sector like Garment manufacturing requires highly skilled manpower with recent initiative of 'Make in India'. In order to reduce the qualitative as well as quantitative skill gaps, there is need for increasing efforts towards addressing the key supply related issues.

OBJECTIVES OF THE STUDY

1. To assess skill gap at the Garment manufacturing units of AP.
2. To study the actual scenario of skill gap both in terms quantitative as well as qualitative manpower estimates and their required skills.
3. To carry out skill gap analysis.
4. To define and refine the skills employees required at present and in the future.
5. To identify the critical skills, the employees needed.

LIMITATIONS TO THE STUDY

Majority of the key employers are not ready to share the data on number of vacancies and demand. There are chances to the secondary data available with the departments to become obsolete and mismatch. It may occur, if the data on a particular indicator is collected from two different sources.

METHODOLOGY ADOPTED FOR SKILL GAP ASSESSMENT AND PREDICTION

A detailed approach and methodology has been developed for a skill gap assessment and prediction by considering the scope of work outlined in the previous section. The study conducted is based on data from primary as well as secondary sources. The primary data is collected by using structured questionnaires and qualitative approaches like in-depth interviews. The secondary data has been gathered from sources and reports like Planning Commission, Census data and Statistical Abstract, Directorate of Economics & Statistics of AP and NSDC.

The study considers the present and future potential for employment generation in Garment sector, and the absorption of semiskilled, minimally skilled and skilled manpower into this sector. This study examines the three critical parameters like demand-side, supply-side and support-side.

Demand-side parameters include present and potential trends in investment, FDIs, production and consumption patterns and growth patterns related to Garment sector.

Supply-side parameters considered are availability of workers with their skill set level, specialization and qualification. It also considers the need for possible skill enhancement and adoption of new technologies suitable to the current demand trends.

Support-side parameters like facilities available for vocational training and access to them, the opportunities for learning. It also considers the quality of services they provide and their adoption of new technology.

The interplay of the above three parameters in two different scenarios of a growing market and a receding market are examined. One can observe increase in investments, expansion of certain sectors, opening of new industries and mobility of the workforce in upward direction is a common phenomenon in a growing market scenario. This will result into corresponding rise in the supply side, with an increase in demand for new skills and training courses. This may result in increase in the number of VTIs and options for training courses and up-gradation of technology in the support side. In case of a slowdown, the demand-side parameters may show negative trends. In such scenarios, fall in investments in the workforce or skill up-gradation programmes will happen. The support side will react by minimizing expansion of Vocational Training Institute (VTI) and adopting a more viable financial model.

SKILL GAP ANALYSIS

In present scenario the skill gap analysis is playing great role in garment manufacturing industry because they are unable to get the highly skilled manpower. Organizations are setting the layout with some required number of workers, each and every person have their own job responsibility that too chain link operations. In this scenario, even any one operator was absent means, if they get same skilled operator the production will run smoothly otherwise that operation will become major bottleneck for that area and delay may occur in other connected areas of production. The production and supply chain of textiles industry is very vast and one facet of the industry is different to another in varied skill sets for manufacturing of the products. Garment /Apparel industry requires specialized job roles for cutting, stitching, washing, packing etc. for apparel making. Further, each skill level has been segmented into different levels depending upon the importance and assigned role in the supply chain. For ex. the cutting activities in Garment industries by job roles like cutting, cutter, cutting master etc. Hence, there is a need to have mapping of the occupations based on the activities performed and skill level required in the production process. The occupational mapping of this sector may bring about an overview in the different manpower's required by each segment of the industry.

In order to study the textiles and clothing industry requirements of skilled manpower for each job role and the present availability in the labor market, a Skill gap analysis for each job roles has taken up. The skill gap analysis will provide detailed information on present available workforce on each job role, industry requirements, may also project the future requirements of each job role etc. Accordingly, the demand and supply gap in the skilled workforce may be identified for bridging the gap by means of skill development. The skill gap analysis may also help in developing measures to make a balance between supply and demand of job roles.

The skill gap analysis was conducted by survey method by circulating structured questionnaire to the employers. While designing the structured questionnaire the current and the future skill requirements of the Garment manufacturing industry in AP are considered. The analysis carried out for knowing the linkages of industry

with VTIs, exchange of employment and other sources for absorption of workforce and retention. This study would highlight the gap between emerging skill pool and industry requirement.

In-depth interviews are conducted by circulating the questionnaire to the senior officials of industry associations. They emphasized the need for improvement of currently used technologies in production. Some of the important findings were as follows:

The current training methods followed by private and government institutes don't match the skills required by the Garment manufacturing industry. More focus should be kept on trades of Garment manufacturing.

There is a lot of scope for self-employment in the garment manufacturing sector in the state of AP. Hence, awareness camps are needed to conduct through government-sponsored schemes.

The Production process in Garmenting is: Cutting-Stitching-Assembling-Finishing.

The production and supply chain of textiles industry is very vast and one facet of the industry is different to another in varied skill sets for manufacturing of the products.

For example-The NSL garment manufacturing company requires specialized job roles for cutting, stitching, washing, packing etc. for apparel making. Further, each skill level has been segmented into different levels depending upon the importance and assigned role in the supply chain. The job roles like cutting, cutter, cutting master etc. Similar is the case for weaving and knitting industry and other value chain activities. The occupational mapping of this sector may bring about an overview in the different manpower's required by each segment of the industry.

For example, there is huge demand in the Garment manufacturing industry for in the role of an "Operator".

Skills required by an Operator are as follows:

1. Knowledge of threading of sewing machine, seaming garment components together in various fabrics, stitching on different shapes to standard Knowledge of machine maintenance procedures good machine control;
2. Knowledge of Draping Grading and Pattern making;
3. Knowledge of Computer Aided Design & Pattern Development;
4. Complete garment sewing ability.

Skill gaps identified are as follow:

1. Less knowledge about sewing machine operations, and various types of seams and stitches.
2. Lack of skill to work across different machines.
3. Capability for stitching the entire garment is missing

SKILL GAP ANALYSIS IN GARMENT INDUSTRY IS CARRIED OUT IN THE FOLLOWING FOUR STEPS

1. DEVELOP THE JOB PROFILES AND IDENTIFY THE CRITICAL SKILLS NEEDED FOR THE JOB ROLE

Review the job profiles by considering the descriptions of current position and future needs.

The impact of upcoming regulatory and statutory changes on the work related aspects are to be considered.

Develop a list of clear and accurate skills that are needed to perform the given job and the suitable competencies that are to be acquired.

2. CURRENT SKILLS LEVEL INVENTORY OF THE EMPLOYEES IS TO BE CONDUCTED

Descriptions of positions

Specifications about Job class

Employee assessments and performance evaluations

Conduct interviews/meetings with focused group managers, supervisors and employees

3. THE EMPLOYEES' COMPETENCIES AND SKILL LEVELS ARE TO BE IDENTIFIED

Gather information by competency assessment and create one searchable database for it.

The database for all employees with their prevailing competencies is to be prepared.

Crosscheck the identified essential critical skills for the present and future purpose.

4. SKILLS INVENTORIES DATABASES OF THE ORGANIZATION ARE TO BE CREATED

The database is useful to the organization in the following manner.

The database will be useful in searching the qualified employee who is already working in the concerned organization and possessing the required skills for completing certain projects or jobs.

Identify the gaps where employees are not having necessary skills.

Training plans can be developed after identifying training needs.

It provides a basis for discussion with individuals for career development.

Summary of skill set level was prepared after carrying out the above analysis.

TO IDENTIFY THE PRESENT SKILL OF EMPLOYEES ONE CAN USE THE FOLLOWING MODAL FORMAT

TABLE 1

Skill Level	Entering Page	Load	0		No Skill					
		Copy	1		Training / Can do with the support of Trainer					
Team			2		Can do with Quality but Take more than standard time					
Date	27-Apr-15		3		within standard time					
Last Update	27-Apr-15		4		Can teach others					
Employ ID	Name	CUTT ING	CUTT ING	CUTT ING	SNLS	SNLS	SNLS	3TOL	2N FLLH K	BT
		Laying	Band Knife	Bundling	Fly Box	Prefix at waist cuff	Prefix at waist cuff	Bagout front gusset	Leg hem	Bow attach
718	SATYAVAT									
921	RAMANAM									
1008	LATHA PA									
1898	LAKSHMI B									
2406	LAKSHMI M									

Depending on the skill level identified, the employees are made into groups. Then the training programme is designed suitable to each group of employees.

Most of the Garment manufacturing units are preparing daily summary of gaps report. This report is prepared to know the assembly line wise, designation wise, shortage of number of employees as per the model format mentioned below.

TABLE 2

	REQUIRED			ALLOCATED			GAP		
	TAILOR	HELPER	TOTAL	TAILOR	HELPER	TOTAL	TAILOR	HELPER	TOTAL
LINE 1	58	5	63	51	6	57	-7	1	-6
LINE 2	65	6	71	54	6	60	-11	0	-11
LINE 3	41	8	49	53	6	59	12	-2	10
LINE 4	41	8	49	51	6	57	10	-2	8
LINE 5	65	6	71	51	6	57	-14	0	-14
TOTAL	270	33	303	260	30	290	-10	-3	-13

AREAS IDENTIFIED FOR SKILL DEVELOPMENT

To overcome the identified gaps in the required human resources at skill level, the following trades/courses in Garment Making sector are being proposed for training. The training programmes may be conducted by the external agencies or company by its own trainers.

1. Industrial Sewing Machine Operator
2. Tailor (Basic Sewing Operator)
3. Surface Ornamentation Technique
4. Garment construction techniques
5. Trouser and Pajama Making
6. Apparel CAD/CAM
7. Apparel Pattern Making & CAD
8. Drafting & Cutting.

METHODOLOGY OF TRAINING

Teaching and assessments are connected; trainee learning is continuously measured during training instruction. The following methodologies are being actively implemented with proven effectiveness in skill trainings.

1. Theory,
2. Practical
3. Demo
4. Industrial Visits
5. Guest Lectures by experience and industry specialists.
6. On Job Trainings
7. Assessments (Viva & Practical)
8. Certification

More than 70% of trainees in Garment manufacturing units is women. Hence organizations need to address some issues related women during their skill growth training and in their regular jobs.

Following are some of the influential issues and the ways to overcome;

1. Natural hormone cycles that could make them skip trainings for consecutive days are common phenomena in rural training centers. It could be overcome with the help of local health inspectors and Anganwadi workers by conducting health campaigns on personal hygiene.
2. School drop outs as a result of cultural, social and financial deprivation may need more counseling to get enrolled into such trainings and ensure completion of training.
3. Married women need counseling on the part of being financially independent and also making them aware of advantages that gives them a chance to increase their family income.
4. Women who has to take care of their children (0-5 yrs), can be addressed by establishing cost effective child care facilities at the training center.
5. Women whether married or unmarried often reject to join trainings due to longer distance travelling. Such can be addressed by establishing training centers within potential areas nearby residential areas.
6. Sometimes tribal areas near to potential industrial opportunities can be addressed by residential mode of trainings.
7. Snacks/Lunch and day to day travel allowance can motivate attendance of the poor.
8. Employing successful women as instructors from the textile background has immense effect in reducing dropouts and increased sustainability.
9. Post training completion or post placements, regular feedbacks from the trainees as well as employers helps in longer sustainability
10. Provision of comfortable and secured environment within as well as surroundings of training centers.
11. Considering personal hygiene provision of well-equipped refreshment rooms is a must.
12. Training timings should be scheduled be in sync with local as well as need based.
13. It is always encouraging to conduct two parent/guardian counseling sessions regularly, which could morally boost the trainees and their guardians and also the instructors for successful trainings.
14. Women need to be encouraged to take part in all social activities encouraged by various government programs.
15. Various cultural and social customs need to be respected by the trainers during training period.

FINDINGS

Garment /Apparel industry requires specialized job roles for cutting, stitching, washing, packing etc for apparel making.

Mapping of the occupations based on the activities performed and skill level required in the production process is to be carried out in order to find out skill gap.

Some of the Operators are lacking of proper knowledge of sewing machine operations, and different types of seams and stitches.

Some of the Operators are unable to work across different machines.

Most of the Garment manufacturers are preparing summary of skill set level format for identifying the present skill of their employees.

Most of the Garment manufacturing units are preparing daily summary of gaps report for identifying the category wise absenteeism and adjusting the work load.

The areas identified for skill development are Industrial Sewing Machine Operator, Tailor, Garment construction techniques, Apparel CAD/CAM, Apparel Pattern Making & CAD, Drafting& Cutting.

The skill training methodologies normally followed in the industry are conducting theory classes and Practical's, arranging Demos &Industrial Visits, Guest Lectures by experience and industry specialists and finally by conducting exams.

Around 70% of the workforce is women; hence the organization should address their issues to reduce the absenteeism and to increase the effectiveness in training.

CONCLUSION

The Garment manufacturing sector is one of the important sectors in MSME in employment generation to women and skill development requirement. The organizations can analyse the skill gaps in four stages. This systematic analysis will help the manufacturers to identify the areas for skill development and to design their programmes effectively. Majority of trainees are women; hence the organizations are requested to address the issues related to them.

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THE IMPACT OF HUMAN RESOURCE MANAGEMENT ON ENVIRONMENTAL PERFORMANCE AT EMPLOYEE LEVEL: A REVIEW OF LITERATURE

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ABSTRACT

The core objective of the study is to determine the impact of strategic human resource management on environmental performance. The authors studied the relationship between strategic human resource management, internal environmental concern, organizational citizenship behavior for the environment, and environmental performance. The study made three main contributions. They are it linked EM and HRM in order to better understand how firms are able to achieve environmental performance. It is noted that “the topic of environmental sustainability” is not reflected in the research agendas of most areas of management scholarship. By providing original data, this study helps to fill this gap, it formulated clear and specific relation between the roles played by frontline employees’ and environmental performance and identified the influence of managers as one factor to implement the regulations concerned with environmental performance. In the study, it is assured that managers can play an active role. In particular, internal environment orientation was identified as possible moderating variable in the relationship between SHRM and pro-environmental behavior at work. The research is highly significant because of the above reasons and contributed new concept about the clear relationship between human resource management and environmental performance.

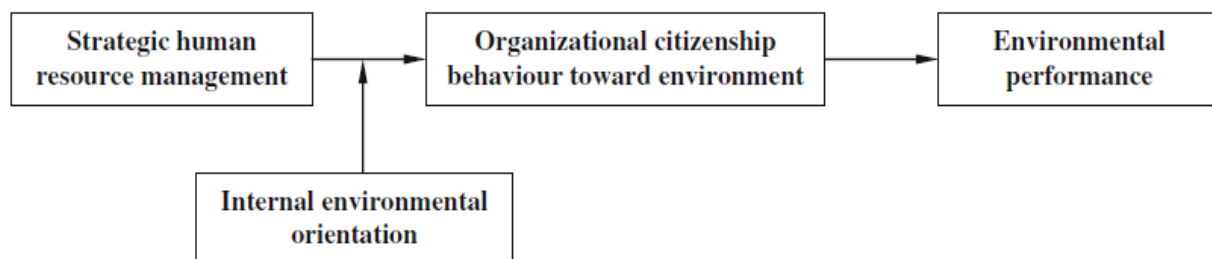
KEYWORDS

human resource management, environmental performance, organizational citizenship behavior and employees.

BACKGROUND OF THE STUDY

It was a research conducted by Pascal Paille, Yang Chen, Olivier Boiral and Jiafei Jin and published on Springer Science Business and Media Dordrecht in 2013. The core objective of the study is to determine the impact of strategic human resource management on environmental performance. The authors studied the relationship between strategic human resource management, internal environmental concern, organizational citizenship behavior for the environment, and environmental performance. The study is experimental by nature and it tried to test the following theoretical model:

FIG. 1



RESEARCH DESIGN AND METHODOLOGY

Hypotheses are formulated to draw expected relations between SHRM, OCBE, internal environmental orientation and environmental performance. The Study uses mediation and moderation techniques to test the hypotheses. Data are collected through separate questionnaires developed for the TMT members, the CEOs, and frontline workers. Such a multiple-source design is the best approach to reduce systematic measurement errors and common method biases according to the authors. Beside, large field studies were carried out to collect responses from top management team (TMT) members (e.g., HR managers), chief executive officers (CEOs), and frontline workers by extensive interview. These obtained data are valuable to answer the question raised in the objective of the study.

A wide range of methods like case studies, correlation or predictive research were used for examining the relationship between HRM and EM. However, the authors of this research preferred quantitative research and the study used mediation and moderation techniques to test its hypotheses. The validity of the collected data and the methods are properly evaluated by appropriate techniques. The validity and significance of the independent variables are successively evaluated by appropriate software and methods as to the claims of the researchers.

There are several limitations of the study which can be noted for future researchers as claimed by the authors. One limitation is that subjective measures of environmental performance were employed. Although perceptual measures are often used in many literatures, it is possible for discrepancies to exist between subjective measures and the environmental information released by firms. Therefore, research could corroborate the results by employing objective measures of environmental performance. Furthermore, the study is dependent on employees’ perspectives, the researchers examined OCBE derived only from SHRM. This does not mean that OCBE is the sole most important mediating factor underlying SHRM—environmental performance process. So, future examination combining strategic process and employee involvement may help to draw a more comprehensive picture of the overall effect of SHRM on environmental performance. Another limitation of the study confessed by the researchers is that it tested the proposed model at only one point in time. They sought for further longitudinal research to explore the process by which SHRM impacts the environmental performance of firms. Finally, the examined institutional environment is unique to China. This may limit the generalization of the conclusions on institutional effects elsewhere in the world.

According to the claims of the authors, the research is ethically conducted in which the collected information and the finding of the study have no intention to cause damage to anyone. With the permission of top management teams, the researchers invited the firm’s TMT members, CEOs, and frontline workers to respond to three separate questionnaires. The authors recruited and trained interviewers to conduct onsite interviews because this method is more likely to generate valid information. Participants were informed of the goal of the survey, assured of the confidentiality of their answers, and given some amount of a cash gift. Therefore, it is possible to say the research is conducted ethically.

RESULT OF THE RESEARCH

The core objective of the research is to determine the impact of human resource management on environmental performance. After gathering and analyzing data, the study came up with the following results:

- ❖ SHRM has a significant and positive effect on OCBE. The variable SHRM has a significant and positive effect on environmental performance
- ❖ However, the effect of SHRM is positive but not significant while the effect of OCBE is positive and significant.
- ❖ The authors found that OCBE fully mediates the relationship between SHRM and environmental performance.
- ❖ The effect of internationalization is positive.
- ❖ The variable SHRM has a significant and positive effect on OCBE. Moreover, internal environmental orientation has a positive and significant effect on OCBE.
- ❖ The interaction term between internal environmental orientation and SHRM.
- ❖ This suggests that the positive effect of SHRM on OCBE is more likely to be observed in firms with a high level of internal environmental orientation.
- ❖ Finally, it is possible to conclude that human resource management affects environmental management and performance. Alternatively, it is possible to say environmental performance can affect the effectiveness of human resource management. However, the generalization of the finding and applicability in other countries or situations is in question as stated in the limitation of the research.

OVERALL QUALITY OF THE RESEARCH

There are some strong sides of the research from the overall quality of the research view. For example,

- ❖ The research is written in clear and stylish manner and the presented information is well organized.
- ❖ The information is logically presented and the source of data offer sufficient detail.
- ❖ The authors had clear insight and tried to clear bias and blind spot at each step of the work.

Although the overall quality of the research is found to tilt towards the high quality work, there are some weaknesses of the work as well. For example,

- ❖ As is already mentioned by the authors of the research the research has utilized a method that is not popular in the area that might compromise the quality of the work.
- ❖ The provision of cash for research participants sometimes leads to the acquisition of unreliable data that it will put the ethicality issue of the research in question.
- ❖ The nature of the article with regards to its publication is also not clear. It is not made clear on which volume and which number of Springer it is being published. It is also not clear whether it is a research article published in a peer reviewed journal or not.

Because of the points raised above and many more the overall quality of the article is found to be good which needs further improvements to meet the high level of expectation from the scholars in the field.

SIGNIFICANCE OF THE RESEARCH

Now a day, climatic change is the big agenda in the world. Unless firms develop environmentally responsible activities and committed to protecting natural environment, there is no sustainable development. To date, few empirical works have explicitly addressed the extent to which strategic HRM (SHRM) stimulates frontline employees' friendly environmental behaviors, enabling firms to improve their environmental performance.

The purpose of the research is to examine the link between HRM and EM by highlighting how employees are involved at their own level in helping their companies become greener. Environmental pollution in any country is a serious problem. To deal with such pollution, governments have to implement various legislative regulations. Thus, conducting a study for environmental protection should provide useful knowledge for firms to do better in EM. In so doing, the study made three main contributions:

1. It linked EM and HRM in order to better understand how firms are able to achieve environmental performance. It is noted that "the topic of environmental sustainability" is not reflected in the research agendas of most areas of management scholarship. By providing original data, this study helps to fill this gap.
2. It formulated clear and specific relation between the roles played by frontline employees' and environmental performance.
3. Identified the influence of managers as one factor to implement the regulations concerned with environmental performance. In the study, it is assured that managers can play an active role. In particular, internal environment orientation was identified as possible moderating variable in the relationship between SHRM and pro-environmental behavior at work.

Generally, the research is highly significant because of the above reasons and contributed new concept about the clear relationship between human resource management and environmental performance.

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STARTUP: FAILURE TO SUCCESS

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ABSTRACT

Purpose: The case study "Startup" Failure to Success, examined two different important factors: (1) the characteristics of entrepreneur (2) discussed about different external factors affecting business operations. The purpose of this study to create awareness among the startup entrepreneurs not to give up at any stage even though they failed. They can learn from that to march ahead to taste the success. **Design/methodology/approach:** The whole case study based on my work experience for last 3 years in a startup IT Company (MNC), ABC Technologies Pvt. Ltd (Original name not disclosed) based in India having Subsidiary in South Africa. I experimented various methods to come out from different problems faced by the company to become success at early stage. Both quantitative and qualitative data were collected and a statistical analysis of data collected in a structured questionnaire was the primary method for testing the factors. **Findings:** Results from these analyses indicated significant differences between successful and unsuccessful startups in above two categories. Lead entrepreneurs in successful companies were more likely to have good educational back ground from famous educational institutes. Most of the successful entrepreneurs in startups were having rich experience. This case study also found that most of the startups focuses on internal factors like internal control, accounting process, intercompany transactions etc. at their early stages. But it can be suggested through this case study that entrepreneurs should also focus on external factors like forex risk, Market research etc. along with internal factors. **Research limitations/implications:** The study was limited to certain territory and industry type. The study provides a basis guide to startups to follow the fundamental principles at their early stages. Future research should focus on other important factors which are becoming barriers on the way of success of startup companies. **Practical implications:** The study presented can be used as a road map for all the startups to understand their mistakes and not to repeat the same in future. **Originality/value:** The paper not only useful for startups, can be useful for established companies. The techniques discussed here is very much practical in nature and can be helpful to overcome from different basic issues.

KEYWORDS

startup, failure, success, external factors.

INTRODUCTION

Failure pains. Viewing something you've poured endless amounts of time and energy in, only to see it crush before you will hurt like hell. It'll be like a physical punch to the gut, and it will paralyze you. No entrepreneur likes failure at the beginning. It hurts their vision, stops them to think beyond their failure. We always love to talk on bookish or already described points or facts affecting startups, and neglect the small root causes. This research paper point out those small issues.

The startups bubble will burst because of more marketing expenditure on number gaining and less attention to profit. Others important reasons are:

- Wrong basic
- lack of innovation in product line
- Over valuation
- flaw of patience
- no control over working capital

OBJECTIVES

1. To determine the factors affecting success of many Indian IT startup companies based in South Africa
2. To make people aware that to become a successful entrepreneur they should have core experience and good education background.

LITERATURE REVIEW

Mitchell, Smith, Mitchell, JR 2005 have conducted a research "FAILING TO SUCCEED: New Venture Failure as a Moderator of Startup Experience and Startup Expertise" to investigate new venture failure. They did this in two ways: first, by testing for moderating effects of new venture failure on the relationship between startup experience and perceived startup expertise with a sample of 220 entrepreneurs; and second, by qualitatively exploring the nature of these relationships, drawing insights from interviews with these 220 entrepreneurs. The result shows a dis-ordinal crossover regulating effect of new venture failure in the relationship between startup experience and startup expertise, and also assist in the interpretation of these results. In the final section of the paper, they discuss and explain how this study helps them to illustrate, for practice: more productive outcomes from initial new venture failure, and for research: a deeper understanding of the "bubbling cauldron" of new venture failure.

Marion, May 2016 has written an article "4 Factors That Predict Startup Success, and One That Doesn't" on successful Venture Capital Investment. The firm's unique data set comprises information on over 300 companies and nearly 600 founders, including founder characteristics such as age, gender, education, firm location, and prior work and startup experience. The study found several correlates with success- some reassuring, some surprising. First, he found that high-performing investments tend to have at least one female founder, which is not surprising at all. The data also shows that younger founders and founders with prestigious educational backgrounds or prior experience in large technology companies have a habit of to be more successful. There's evidence that startup success is somewhat geographically diverse, not limited to one place.

Andruss, March 2016 has inscribed an article **“THE MORE YOU KNOW THEM, THE LESS YOU’LL MAKE THEM”** on mistakes that threaten Startups. He comes with 10 common mistakes 1. Not Preparing your life (Warm up with some Prelaunch training), 2. Confusing a product with a business, 3. Not paying for expertise, 4. Ignoring Data, 5. Mounting too quickly, 6. Clinging to the wrong data, 7. Failing to delegate, 8. Thinking money solves everything, 9. Underestimating how long sales take, 10. Fearing Failure. He advises to change the Mindset with positive thinking “You didn’t fail; you ran an experiment that will improve your next business”. “Although it hurts a little bit each time, now you’ve learned something, and you can apply that lesson to move forward and make your business better.”

Solomon, Feb 2010 has conducted a case study **“FROM STARTUP TO MATURITY”** on employee creativity antecedents in high tech companies. The purpose of this study “is to explore the differences in the organizational climate and personal context for creativity between mature companies and startup companies, and the resulting differences in the level of experienced individual creativity between those companies”. This case study used a sample of 20 participants who worked for both startup and mature companies, ‘and explored the differences in the participants’ experiences of creativity and the factors contributing to, or inhibiting creativity. From his study he found that “individuals experienced higher degree of creativity in startup companies than in mature ones, that the organizational factors conducive to creativity were perceived as higher in the startup companies, while the organizational factors inhibiting creativity were perceived as higher in the mature companies, explaining the experienced higher degree of individual creativity in startup companies, and potentially explaining why startup companies are more innovative than mature ones”. The study did not find significant differences in personal context factors between the two types of companies.

RESEARCH METHODOLOGY

SELECTION OF TOPIC

The topic selected for the present study **“Startup”: Failure to Success**. This topic was selected to study various factors leading to failure of Startup companies and to discuss on best possible solution to it. Most of young people started their career with Startups or started their own setup and failed due to some fundamental mistakes and less focus on external factors. This main objective of the research to create awareness in young generation on certain points while choosing startup.

SELECTION OF SAMPLE

The sample selected for this study comprises 30 startups in the range of 1 to 10 years and above, who are already successful or “on roll”.

HYPOTHESIS

1. H0- External risk factor cannot be a reason for startup Success.
H1- External risk factor can be a reason for startup Success.
2. H0- Founder need not have higher educational background and rich experience.
H1- Founder should have higher educational background and rich experience.

DATA COLLECTION

- A. Primary- Questionnaire consisting of 22 questions was used for collecting primary data.
- B. Secondary data was collected from books, journals, newspapers, company website and past work experience with startup.

ANALYSIS OF DATA

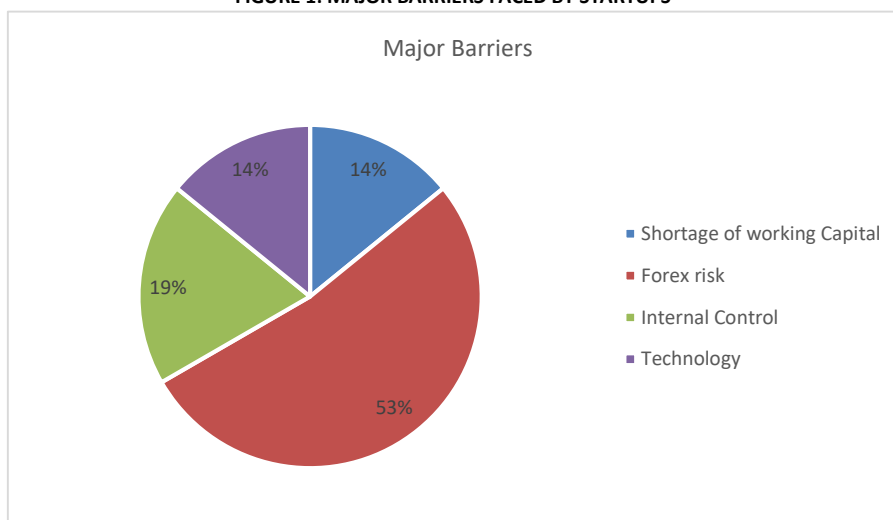
The data collected is presented in the form of tables and figures with discussion about each. Appropriate statistical tools have been applied to analyze the data and test the hypotheses.

DATA ANALYSIS

TABLE 1: MAJOR BARRIERS FACED BY RESPONDENTS

S. NO.	Major Barriers	n=21	Percentage
1	a) Shortage of working Capital	3	14
	b) Forex risk	11	52
	c) Internal Control	4	19
	d) Technology	3	14

FIGURE 1: MAJOR BARRIERS FACED BY STARTUPS



DISCUSSION

Table 1 & Figure 1 shows most of the respondents have faced some major barriers like, Forex risk (52%), working capital issue (14%), Market risk (19%) and changing Technology (14%) at the early stage of business. Most of the startup MNC face the major hurdle as forex risk management.

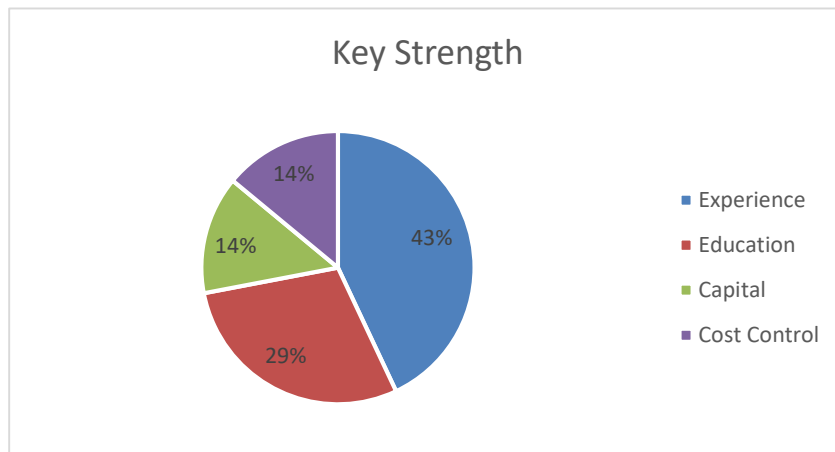
The results from Table 17 and Figure 3 fulfils the 1st objective of the study which states that, “To determine the factors affecting success of many Indian IT startup companies based in South Africa”.

In order to test hypothesis, statistical tools such as Karl Pearson Coefficient of Correlation was used and the R value came out to be 0.98. It means that the more a company handle the forex risk in a proper approach, more they will be successful. This rejects the null hypothesis of hypothesis 2. Hence the alternative hypothesis “External risk factor can be a reason for startup Success” is accepted.

TABLE 2: KEY TO SUCCESS

S. NO.	Key strength	n=21	Percentage
2	a) Experience	9	43
	b) Education	6	29
	c) Capital	3	14
	d) Cost Control	3	14

FIGURE 5: KEY STRENGTH OF AN ENTREPRENEUR



DISCUSSION

Table 5 and Figure 5 shows 43% of respondents have given opinion that to become a successful entrepreneur a person should have good experience and 29% of respondents believes a person having good educational background, strong will power and daring to face failure can become successful. Very few people believe that a person should have adequate capital to become successful.

Marrion, May 2016 has also found in his research that “founders with prestigious educational backgrounds or prior experience in large technology companies have a habit of to be more successful”.

The results from Table 19 and Figure 5 fulfils the 2nd objective of the study which states that, “To make people aware that to become a successful entrepreneur they should have core experience and good education background”.

In order to test hypothesis, statistical tools such as Karl Pearson Coefficient of Correlation was used and the R value came out to be 0.92. This rejects the null hypothesis of hypothesis 2. Hence the alternative hypothesis “Founder should have higher educational background and rich experience” is accepted.

CONCLUSIONS

The conclusion of this study are being discussed in the light of the objectives. The first objective of this study was to determine the factors affecting success of many Indian IT startup companies based in South Africa. The result of this study found many external factors which are ignored by most of the startup companies to save cost and suffered failure. Through this study it can be suggested that external factors are equally or more important factors to become success. The second objective was to make people aware that to become a successful entrepreneur they should have core experience and good education background. It can be observed from this study and responds from different entrepreneurs that education and core experience is a crucial factor to become successful.

For entrepreneurs who have had rendezvous with failures, fighting and fighting back are par for the course. If you don’t fail, you won’t learn. The taste of success is more delicious when you stand strong after you fail. The data shows many of the entrepreneur stick with their business even after many hurdles and finally taste the success.

So what are the right reasons for becoming an entrepreneur? The answer is simple and may sound even trite, but it may be the best one ever “The best reason to start an organisation is to make meaning to create a product or service to make the world a better place, don’t run after money, run to become successful- money will come automatically”.

Quotes from some successful entrepreneur which can inspire and motivate many young entrepreneurs who are left out fearing the failure.

Amit Jain, cofounder, Ginarsoft, June 2007 has quoted, “Persistence and agility are the top qualities that entrepreneurs must process”.

Rajesh Yabaji, cofounder, BlackBuck, April 2015 has quoted, “Be smart to figure out what works and what doesn’t. Do not get too emotional during this journey”.

Rahul Singh, founder, The Beer Café, April 2012 has quoted, “Entrepreneurship is living a few years of your life like most people won’t, so that you can spend the rest of your life like most people can’t”.

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MAKE IN INDIA POLICY OF 2014 AND THE SELF RELIANCE OBJECTIVE OF THE 1956 INDUSTRIAL POLICY: WILL THE OUTCOMES BE BASED ON INTRINSIC DIFFERENCES OR A TIME-CONTEXTUAL POSITIONING?

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ABSTRACT

The paper attempts to understand whether the current 'Make in India' Policy of 2014 is a framework of new measures that aim at growth of Indian manufacturing and industry or is it only an extension or remix of the 1956 Industrial Policy that aimed at rapid industrial development of an agrarian India with a focus on self-reliance. The two policies have at their essence the growth of the country through a process of rapid industrialization. Yet, while the 1956 policy aimed at achieving industrialization in the country it focused on the role of the State as the key enabler. The 2014 policy on the other hand, bases its key strategy on using FDI to industrialize and grow the Indian economy. The 1956 policy led phase of industrialization was unable to provide the impetus to India's GDP growth beyond the 3.5 to 4 % rates, ultimately leading to the 1991 crisis-led reforms. It was only after 1991 that the GDP rate of growth picked up above the 5% resistance. This was contributed more by the push from the tertiary, services sector development rather than an outcome of the secondary, industry sector. The 'Make in India' Policy of 2014 seeks to plug into the unexploited opportunity that remains to be exploited in the manufacturing part of our secondary sector. Its quick success is visible as India moves to become top Greenfield FDI destination in about a year of the launch of the policy initiative. The policy appears to focus on make in India and not as in 1956, 'Made by Indians'.

KEYWORDS

Make in India, self-reliance.

INTRODUCTION

India is today one of the fastest growing major economies of the world. India's gross domestic product (GDP) grew at 7.5% during 2015–16 while the growth rate of China was 7.1%. Brazil and Russia, two of the BRICS (Brazil, Russia, India, China and South Africa) countries, actually experienced a negative growth of GDP during the past year. The real GDP in the world at large grew at 2.8% in this period. Thus, India's growth rate in the past year, in comparison to the other major countries of the world, has been particularly gratifying. (Nayak, 2016)

India has emerged on top of the country-wise FDI list. For the first time it is ahead of China and the United States. A recent country-wise ranking for Greenfield investments shows India at number one in the first half of 2015, having attracted roughly \$3 billion more than China and \$4 billion more than the US. (Times News Network, September 30, 2015) The news validates the steps taken by the Narendra Modi Government, specially the Make in India 2014 policy with its key focus on attracting FDI into the country.

It was in the first decade of this century that the growth rate of the Indian economy moved to an altogether new high. For three years, prior to the world recession in 2008, the growth rate of GDP crossed the 9% mark. The only other major country which had sustained a growth rate of this magnitude and over a much longer period was China. Behind this high growth rate was the rapid growth of the service sector, driven by a boom that started with the information technology sector.

ROLE OF MANUFACTURING IN INDIA'S ECONOMY

The share of agriculture in GDP continued to decline, and from a figure of around 55% in 1950 it had declined to around 13.7% by 2013. This was matched by a steady rise in the share of income originating from the services sector. A key feature in all this has been that the sector-wise share of manufacturing in GDP has remained constant at around 15% to 16% over a long span. It should be noted that manufacturing is recognized to be the most dynamic of all sectors, and one that has the highest potential of generating jobs and therefore absorbing labour. The share of income originating in manufacturing as a fraction of GDP in China at around 32%, is double that of India. The relative constancy in the income originating in manufacturing in India has meant that employment has remained stagnant, and possibly declined, in the organised sector, giving rise to the phenomenon of "jobless growth."

We missed the opportunity proposed by William Arthur Lewis (1954) "that in such labour surplus economies, rural labour from agriculture could be extracted from the farm sector at a subsistence wage to work in industry and to contribute to physical capital formation and infrastructure". The basic framework of the Lewis development model relates to the idea of sectoral transformation. It deals with the shift of resources from the agricultural/traditional sector to the manufacturing/non-traditional sector. After a period of focus on the growth objective, the importance of structural transformation in helping to push for further growth has again gained importance.

The gains from shifting resources from low productivity to high productivity sectors helps in increasing the economy-wide productivity. The contribution of Rodrik (2013) shows empirically that such fast growth has been observed in case of manufacturing, especially in economies having large gaps in actual and full employment levels.

The process of development was postulated to be one where labour in agriculture would, in due course, first shift to industry. The share of industry in GDP would slowly increase, *pari passu* with a decline in the share of income originating in agriculture, and finally there would be a greater generation of income from the services sector. However, the Indian experience has been quite different. We seem to have moved straight from agriculture to services, without adequate development of industry, and in particular, the manufacturing sector within industry. The possibility of employment generation via a healthy and robust growth of industry, and in particular manufacturing, has not occurred in India as we have missed out on this crucial stage in our development path.

STUDY QUESTIONS

1. How 'Nationalist' is the Make in India Policy?
2. Do we realize that the make in India Policy is not Made by Indians, but is led effectively by increase in FDI?
3. Is the strategic focus behind the Make in India Policy of 2014 similar to that of the 1956 Industrial Policy?
4. Is the renewed focus on manufacturing, decades after the structural transformation towards services, going to push the growth of the Indian economy?

Less than a decade after gaining independence and five years into planned development, in 1956, India aimed to industrialize its economy with concerted strategy, efforts and complete policy support. The Second five-year plan focused on the development of the secondary sector wherein by boosting its manufacturing and industrial development, the nation would move onto a high growth path. India since time immemorial has been an agro based country. Thus, a shift towards the industry and then towards the services sector would have been in keeping with the pattern observed in most developed nations of the world.

However, such a scenario did not develop in case of India, mainly because while the primary sector lost position and importance it was the services sector in terms of percent contribution to GDP and employment that grew. Rigorous policy measures for the development of the industrial sector turned out to be premature and were disastrous. The pace of growth of industry did not pick up and the agriculture sector also suffered. The manufacturing sector grew but did not justify the intense and all out efforts towards industrialization that were the key features of the 1956 Industrial policy.

POLICY CONTEXT AND BACKGROUND

The Make in India policy awakens nationalist sentiments at the outset. It suggests that the government is attempting to bring about a refocus on all that is Indian. The ruling party of India today is the BJP, whose ideology has always been considered to be at crossroads with that of the Congress.

The Congress was the ruling party in whose regime the 1991 New Economic Policy reforms - Liberalization, Privatization and Globalization were introduced and adopted in India. At first instance the nomenclature suggests that the Make in India policy proposes to revert the global openness of the 1991 policy. However, as we establish below, if anything, the 2014 policy only moves ahead with more of globalization, in an attempt to position the economy as a serious contender in the global market place.

However, going beyond the nomenclature brings out that the Make in India policy is not about cancelling the 1991 Liberalization, Privatization and Globalization policy measures. In fact, it is about strengthening the globalization of our economy by using FDI inflows along with more exports. It appears to be what it states: Make in India and not 'Made by Indians'. This appears to be the key difference between the 1956 and 2014 policies. The objective of Self Reliance formed a key driver of the Second Five year plan and hence, of the 1956 Industrial Policy. We need to understand that today the focus is not on making the nation self-reliant. It is all about more growth but using the unexploited potential of the manufacturing sector, while leveraging the attractiveness that India today presents to global investors, producers and markets.

In 1991 the then Prime Minister, Narasimha Rao had surmised that if after more than four decades of economic planning things had come to such a sorry state, then perhaps the time had come to check out a completely new track altogether, that is, to depart from the discredited licence permit raj and allow a much greater play of market forces. Wide-ranging reforms in the spheres of industry, agriculture and trade policy, with the general focus of allowing greater play of market forces, took the overall growth rate of the economy to about 6% in the decade of the 1990s.

The share of manufacturing sector in the GDP has however, been in the range of 12.43 to 17.39% for most of this period, since 1991. This suggests that the economy has not optimally used its resources in promoting manufacturing growth. Focus on this sector can give India the large benefits from unexplored areas. Growth of an economy away from full employment is always higher than that of an economy close to full employment. A similar strategy can give an advantage in this case as well. A country which has missed the prescribed transition from agriculture to manufacturing can likely benefit by going back and addressing the reasons that prevented the rapid growth of manufacturing and an increase in its contribution to the country's GDP. The Chinese success story with almost 32% share in GDP and at times double digit GDP growth rate also, motivates us to take the manufacturing route.

The Make in India policy has very wisely decided to focus on manufacturing sector growth to spearhead the India success story. As India has moved through the Hindu rate of growth of 3.5% to 4% (Krishna, 1980) to a GDP growth rate of 9% in this century, the economy transitioned from an agrarian economy to being dominated and led growth in the services sector. To sustain and strengthen such a growth rate the move to exploit the hitherto 'unexploited' potential of the manufacturing story appears to be a strategically correct policy move.

POLICY COMPARISON

The Industrial Policy Resolution of 1956 (IPR, 1956) was based on the mixed economy model and the ideology of a Socialist pattern of society. It was shaped by the Mahalanobis Model that was the base for the Second Five year plan, which suggested that emphasis on heavy industries would lead the economy towards a long term higher growth path. (Jadhav, 2005)

It stated that the State must play a progressively active and direct role in the country's industrial development. "It is essential to accelerate the rate of economic growth and to speed up industrialization and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing cooperative sector" (IPR, 1956).

The 1956 policy aimed to lay down a foundation for increasing opportunities for gainful employment in order to improve the living standards and working conditions for the masses. It sought to prevent the growth of private monopolies and curb the concentration of economic power in the hands of small numbers of individuals in order to reduce existing disparities in income and wealth. The industrial policy aimed to correct the existing imbalances in the industrial structure. Thus, by laying emphasis on heavy industries and development of capital goods sector, it sought to balance the industrial structure that was till then dominated by labour intensive, small scale and cottage industries.

The IPR, 1956 specified that "besides arms and ammunition, atomic energy and railway transport, which would be the monopoly of the Central Government, the State would be exclusively responsible for the establishment of new undertakings in six basic industries-except where, in the national interest, the State itself found it necessary to secure the cooperation of private enterprise". (IPR, 1956) The remaining industries were available to private enterprise though here as well the role of the State would be progressive. (IPR, 1956)

The three Schedules A, B and C in IPR 1956 "divided the industries into groups according to the extent of government ownership and control. Schedule A included industries whose future development was to be the exclusive responsibility of the State. Schedule B consisted of industries, which were to be progressively State-owned and in which the State would take the initiative in establishing new undertakings, but in which private enterprise will also be expected to supplement the effort of the State. Schedule C included all the remaining industries, and their development was to be left to the initiative and enterprise of the private sector". (IPR, 1956)

Industrial undertakings in the private sector were to be subject to control and regulation in terms of the Industries (Development and Regulation) Act and other relevant legislation. In case both privately and publicly owned units co-existed in the same industry, the policy of the State was to give fair and nondiscriminatory treatment to both of them. The division of industries into separate categories was not meant to be in water-tight compartments.

The policy also included measures to improve their competitiveness of small scale and cottage industries. Their role in creating employment through intensive use of labour intensive methods along with traditional skills was important and complemented the heavy industry capital intensive strategy. The 1956 policy also, noted that a concentration of industries in certain areas has been due to the ready availability of basic infrastructure like power, water supply and transport facilities. To promote the balanced economic development of the country the State planned to extend these facilities to areas that were lagging behind, especially in places where there was greater need for creating opportunities for employment and where the basic minimum infrastructure was in place. "It was stated that only by securing balanced development, of the industrial and the agricultural economy in each region, can the entire country attain meaningful growth and higher standards of living for its people". (IPR, 1956)

Reserving items for government control and ownership was not the only kind of reservation in the industrial policy. In 1967 the government began a policy of reserving the manufacture of certain products exclusively for small producers. Once a product was placed on the Small scale industry (SSI) list, no new medium or large enterprises were allowed to enter. Panagariya (2004) points out that "the bulk of SSI items were labor-intensive products, in which India presumably had a comparative advantage". These reservations created inefficiencies as they reduced the motivation for SSI plants to produce high-quality products which met global standards. It was only in the twenty-first century that de-reservation of SSI industries began in earnest.

The license regime put in place in 1956 restricted the need and ability of Indian firms to be productive. The resulting inefficiencies in Indian manufacturing by way of high costs and low productivity were a natural outcome of excessive controls. Some measures to deregulate started in the 1980s but it was only in 1991, when the Indian economy was hit by a balance of payments crisis and had to resort to borrowings from the IMF and such international organizations that the new economic policy was laid to ground. In 1991 the government signaled a systemic shift to a more open, market oriented economy with a larger role for the private sector including foreign investment. (Ahluwalia, 2002) Almost all industrial licensing was removed and by 1994 only one-sixth of manufacturing output was licensed.

The 1991 balance of payments crisis, also led to major changes in trade control measures. Non-tariff barriers were reworked and rationalized tariff rates were brought down, the average final goods tariff rate on manufactured products fell from 95% to 35% between 1991 and 1997 (Harrison et al., 2011). According to Khandelwal et al (2010), 26 import licensing lists were replaced with one "negative" list of items.

Another key change was the control of foreign direct investment. As Sivadasan (2009) documents, prior to 1991 foreign ownership was restricted to less than 40% in most industries. It was only after the 1991 crisis that foreign ownership stake of up to 51% was allowed for a group of industries and the "restrictions on brands, remittances and imported content were relaxed" (Jadhav, 2005). The presence of FDI on Indian soil may have generated productivity spillovers from foreign-owned plants to competing domestic plants or to vertically related Indian suppliers/buyers and hence, contributed to higher GDP growth rates post-1991.

Prime Minister Narendra Modi launched the Make in India initiative on September 25, 2014, with the "primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country".

(Make in India Policy, 2014) Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%.

In the Make in India policy 25 sectors have been targeted but there is a basic philosophical difference in the categorization into Schedules in 1956 and key sectors in 2014: while these 25 sectors are those identified to show tremendous potential to grow they are meant to receive support from government policies and measures to grow fast and not as per 1956 reflect the degree of ownership and control by the government. The ultimate objective is to make India a manufacturing hub for key sectors. The government seeks to invite and attract companies across the globe to invest, set up factories and expand their facilities in India.

RATIONALE FOR THE FOCUS ON MANUFACTURING LED GROWTH IN INDIA

Manufacturing comprises "Escalator industries"; the productivity of labor in these lines tends to converge to the frontier (Rodrik 2013). Employment in the Manufacturing Sector in most of the developed nations crossed peaks of more than 30%, at times touching 40% (Germany), before 'deindustrialization' and services sector domination took over. However, in case of India it started declining soon after peaking at only 13% around 2002.

The benefits of enhanced resource productivity were thus, prematurely foregone. The focus on manufacturing led growth in the 2014 policy therefore, seeks to capture this 'lost' opportunity. When countries like USA, Britain and Germany started to transition from manufacturing and industry towards more employment growth in the services sector, their per capita incomes had already crossed \$9,000-11,000 (at 1990 prices). In emerging market economies, manufacturing has begun to shrink at much lower capita incomes: while Brazil's deindustrialization began at \$5,000, China's at \$3,000, and India's began at only \$2,000. (Rodrik, 2013) The transition towards service sector employment in India was thus, clearly premature. There thus, remains a lot of untapped potential in labour and other resources to make significant contributions to the growth in productivity and income of the nation. It is thought that by developing the hitherto less than optimal potential of manufacturing the overall growth of India can be easily increased.

In case of India the advantages of manufacturing led growth is more because a large part of the workforce consists of unskilled labor; those are employable mostly in agriculture and manufacturing. The country faces a challenge to employ the burgeoning labour force, wherein manufacturing offers a clear unemployment solution. At present of the 474 million Indians who are gainfully employed, only 100 million are engaged in manufacturing jobs compared to 232 million who work on farms and 142 million employed in the services sector. In China's growth story manufacturing sector performance has been a key factor and has been further strengthened by the replacement of inefficient state-owned enterprises with new, more efficient private firms (Hsieh and Klenow, 2009).

MAKE IN INDIA POLICY 2014 AND SKILL DEVELOPMENT

The policy focuses on manufacturing led growth while using India's highly talented and skilled manpower to create world class zero defect products.

It emphasizes that India offers the 3 'Ds' for business to thrive— democracy, demography and demand. A good part of the people is tech-savvy and educated and the legal and IPR regime is now sufficiently developed. India is a big, emerging market due to large numbers, high GDP growth and a growing culture of consumerism. Availability of skilled and unskilled labour at competitive rates continues to be an asset. It is important to use the vast pool of unskilled workers for which many companies come to India. It is difficult for an underdeveloped nation to use relatively skill-intensive activities as the launching pad for sustained growth, foregoing its inherent advantage of large numbers of unskilled labour force. (Kochhar et. al., 2007).

This is because most service subsectors like information technology, business process outsourcing or financial services (precisely the high productivity, high growth subsectors, for the most part), have a limited capacity to make use of India's most abundant resource, unskilled labor. This is perhaps why the share of employment from services sector has not risen at par with the share of output from services.

The analysis suggests that along with Make in India the Prime Minister's other goal of "Skilling India" is no less important and in fact the two complement each other. It is "Skilling India" that has the potential to make India a Lewisian economy with respect to more skilled labor. Higher economic growth would be enabled with the employment of both skilled and unskilled labour force" (Economic Survey, 2014-15). Make in India, if successful, would also, enable India to make a transformation for increasing the productivity of unskilled labor.

The government aims to ensure that the benefits of fast-growing sectors extend to large sections of the labor force; for this the policies focus on creating a match between the skill requirements of the expanding sector and the resource endowment of the country. For example, in a labour abundant country such as India, the converging sector should be a relatively low-skilled activity so that more individuals can benefit from convergence. This is why the focus on manufacturing is a good strategic measure.

To develop a skilled work force 'Skilling India' initiative aims to start skill development programs, especially for people from rural areas and for the poor in urban places. Skill certifications would be given to standardize the training processes. Over 1000 training centres are planned across the country, and persons aged 15-35 years would get high quality training in key areas such as welding, masonries, painting, nursing to help elder people.

EASE OF DOING BUSINESS TO ATTRACT FDI

The Make in India policy aims to leverage India's strategic advantages for FDI in terms of providing access to resources, read labour, and access to big markets, for increasing sales. The main drive in the policy appears to be through creating a conducive and attractive environment for FDI. The FDI policy has allowed 100% FDI in most areas, including erstwhile highly controlled sectors like Railways, Defence and Pharmaceuticals. In this context the emphasis on developing infrastructure and regulatory environment to facilitate the ease of doing business in India is of critical importance.

According to World Bank, India ranks 130 out of 189 in 2016 while it ranked 142 out of 189 countries in 2015 terms of the ease of doing business. The measures undertaken by the government in this regard have made an impact, though much more remains. Infrastructural development, tax concessions like increased investment allowance and lower corporate rate of taxation and set up of special economic zones, special country zones, establishing of economic corridors linking key development hubs of the country and Industrial Parks. "National Investment & Manufacturing Zones are being developed, where manufacturing facilities, along with associated logistics and other services and required infrastructure will be located". (make in India policy, 2014)

The infrastructure development is being supported by regulatory changes, whether in bringing about labour reforms or in improving transparency through e-governance measures. Labour reforms do not yet incorporate merit base hire and fire policy but transparency is sought to be brought in: by eliminating human subjectivity in selection of units for Inspection, introducing a Labour Identification Number (LIN), making Provident Fund account portable, etc. A stronger Intellectual Property Rights (IPR) regime is being put in place, including improved infrastructure for fast paced IPR registrations.

The efforts to Digitize India also converge to create a better business environment in the country. The application process for Industrial Licence and Industrial Entrepreneur's Memorandum has been made easy and the process is available online 24*7. The validity period of the Industrial Licence and security clearance from Ministry of Home Affairs has been increased. "The process of registration with Employees' Provident Fund Organization and Employees' State Insurance Corporation has been made online and real-time. The Department of Industrial Policy and Promotion has advised Ministries and State Governments to simplify and rationalize the regulatory environment through business process reengineering and use of information technology. 14 Government of India services have been integrated with the online single window eBiz portal". (Make in India policy, 2014)

Above all this, the key success factor lies in the new mindset: Government in India has always been seen as a regulator and not a facilitator. The current initiatives intend to change this by bringing a paradigm shift in the way Government interacts with various industries.

Explicitly, additional import restrictions are also not significant or visible. It appears that through supporting Make In India initiatives the market need for imports will go down. Imports into any country arise because either they are competitively priced, of a better quality or in product areas where the domestic production does not exist. Through the Make in India policy with its focus on manufacturing growth, it is expected that we would be able to counter each of these three reasons effectively as far as the manufacturing sector is concerned and thereby efficiently manage our import bill.

Further, manufactured goods import in certain product categories can be easily substituted by domestic production. In case of electronic products, for instance, India imports 65% its requirements. This may result in the country's electronics import bill to even surpass its oil import expenses by 2020. The availability of resources and technology is not a limiting factor in such an industry. Especially with 100% FDI even foreign manufacturers can produce in India for this rapidly growing industry and easily curtail import costs, leaving foreign exchange reserves and resources to meet critical needs and imports of goods like oil wherein India does not have a competitive advantage.

CONCLUSION AND PROSPECTS FOR THE NEXT DECADE

Dun & Bradstreet, a provider of global business information, knowledge and insight, in their publication, Manufacturing India 2025, provide forecasts of the overall economy and manufacturing sector by 2025. "They project that the Indian economy is expected to reach close to US\$ 7 trillion by 2025". (Dun & Bradstreet, 2016) "The strong accent on infrastructure and institutional capacity creation by the current government is expected to be the major growth driver for the Indian economy in the next decade. The Government's strong intent to revive India's manufacturing sector should be able to crowd-in private investment in the coming years. While services sector will continue to drive India's growth momentum, the industrial sector is expected to witness double-digit growth and its share estimated to increase from 31.4% in FY15 to 37.6% in FY25. The 'Make in India' initiative of the Government is expected to be a vital component in India's quest for establishing itself as a global manufacturing hub".

The implementation of the "Make in India" agenda could see India not only being the topmost preferred FDI destination in the world but also, create the desired outcome of the Make in India initiative: global recognition and international competitiveness for Indian manufactures.

It is important to note that the 2014 make in India policy has focused on developing an infrastructure and business environment that takes the growth of manufacturing product and productivity forward. The policy is unlike the 1956 policy in that it does not emphasize on the objectives of Self-reliance and not 'limiting concentration of wealth to a few hands'. It also is pro-manufacturing across most manufacturing industries. The resource availability in 2014 is very different and vast than in 1956. A focus on the strategic 'commanding heights' and the heavy industry model was not adopted. In fact, the current policy aims at more growth across the sector, while incorporating the necessary development of infrastructural industries like transportation and telecom.

In the limited time period since launch the policy appears to meet the aspirations of the government and the people. We hope to look forward to faster growth of Indian manufactured goods and dream to out compete China in the coming years in the global market place.

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‘STARTUP INDIA, STANDUP INDIA’: AN OUTSTANDING DRIVE FOR EMPLOYMENT GENERATION AND WEALTH CREATION!

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ABSTRACT

Background: The political environment, economic policies, financial markets and the tax policies in India prior to MII initiative were not very friendly towards the investors who wanted to start their own businesses. These factors led to greater dependency of the population on the government provided employment. But the fact is that the government provided employment is not sufficient for the 236.5 billion youth population of the country as per the 2011 census. Understanding the need of hour, the Prime Minister of India came up with the campaign ‘Start-up India Stand-up India’ for promoting self-created job opportunities.

Objectives: The objective of this research is to understand ‘Start-up India, Stand-up India’ campaign; determine its strengths, weaknesses, opportunities & threats and finally recommend ways and means for its proper implementation.

Method/Analysis: The study is specifically based on secondary sources of information. Secondary data is collected from newspapers, magazines, case studies, articles, online databases and journals. The interview of professionals was also conducted to gather the primary inputs.

Findings: On the basis of the research so performed it was concluded that this drive has made the procedures for doing business easy. It is a welcome step towards encouraging Indian youth full of innovative ideas for translating their ideas to reality. The research delves upon the challenges and threats before the beginners. The research also aims at finding out the feasibility of the drive.

KEYWORDS

action plan, global comparison, Indian economy, management and execution, ‘Startup India Standup India’, SWOT analysis.

1.1 INTRODUCTION

India’s ‘Startup India Standup India’ campaign primarily aims at easing the financial market for those who wish to setup independent businesses thus boosting entrepreneurship, providing certain job opportunities to the oppressed women and minorities of the Indian society and promote bank financing for startups, women and the backward classes of India.

The campaign so talked about is divided into two sub-campaigns i.e., ‘Startup India’ and ‘Standup India’.

The Start-up India initiative’s main objective is to create rule of entrepreneurship in the country and henceforth promote innovation by creating an ecosystem which supports prominent growth for all kinds of start-ups. Therefore, this drive aims at gradually converting India, into a country of employment creators rather than a country of employment seekers (*Startup India* official website 2016)¹.

The Stand-up India initiative on the other hand provides bank loans between 10 lakh rupees to 1 crore rupees to Scheduled Caste (SC) or Scheduled Tribe (ST) or woman borrowers at each bank branch in the nation for setting up an infant enterprise. This enterprise can be of any nature i.e. it can be one in manufacturing, services or under trading sector (*Standup India* official website 2016)².

2.1 REVIEW OF LITERATURE

For the research in hand the authors reviewed research papers based on the success stories of startups in India. Interestingly their journey towards success was not a cake walk, but they dared to surmount all those obstacles.

Flipkart.com – THE SUCCESS SAGA

Flipkart was born on October 2007, in the city of Bangalore as an online platform to buy books. It was cofounded by IIT-Delhi graduates, Sachin Bansal and Binny Bansal, who had an opportunity to work in Amazon. It was there when they decided to come up with their own e-commerce venture. But, challenges were all spread on their path. It was not an easy task to urge the Indian population to shop online majority of whom even today prefer to buy by actually touching the products. The bitter experiences of people with the e-commerce made generation of trust & faith of population over e-commerce even more difficult.

To start such a venture, huge sum of investment was required. It took all the savings of the co-founders to bring their dream to an existence.

¹Startup India official website 2016; sub-topic Action Plan; URL: <http://startupindia.gov.in/actionplan.php>

²Standup India official website 2016; URL: <https://www.standupmitra.in/>

Flipkart experiences numerous threats from competition and economy and will continue to experience the same but the remarkable achievement lies when a startup, alone of its kind, is successful in withstanding all the threats and challenges and comes out to be a face changer of e-commerce in the nation as well as a complete success in its objective (Ankit Chaudhary 2011)³.

ZOMATO

Zomato was launched as 'Foodiebay' by Deepinder Goyal and Pankaj Chaddah in the year 2008 in July. This online platform for various restaurants with various cuisines first started in New Delhi and then expanded its reach to Kolkata and Mumbai.

This website failed to provide quality food parallel to the expectations of the masses, which was the biggest threat so faced but Foodiebay took the same as a challenge, rectified it in the best possible way and soon in the time span of only two years, Foodiebay positioned itself among the top 20 most promising internet companies in India along with Flipkart. Currently, Zomato operates over 23 countries of the world.

Today, Zomato is one of the leading companies in the consumer services so provided in India (Rupali Khanna and Ankita Sang 2015)⁴.

Paytm – Karo!

Vijay Shekhar Sharma, a man with god-gifted brains, a man who finished school at the age of 13 years and started engineering at the age of 15 years. After trying his luck in various jobs under extreme hard conditions, Vijay along with a colleague, Rajiv Shukla decided to start up a business which revolved around the trend of smartphones and that is how Paytm came into existence. This small initiative of a mobile wallet soon gained popularity. On this day it has 60 million transactions being conducted by 100 million consumers on an average in a single month.

Paytm has gone through its own share of challenges. Firstly, to encourage the society to liberalize itself and use such an app. Secondly, the competition which exists due to the mobile apps of existing and established banks. But Paytm managed to be a complete success in its own way (Sulekha Nair 2015)⁵.

OlaCabs

Bhavish Aggarwal, an entrepreneur minded graduate from IIT-Bangalore, from his bitter experience with a cab driver decided to set up his own business of providing cabs with ease at cheap rates.

OlaCabs is known to be one of the fastest growing businesses in India.

The threats came again from the established competitors, Meru and Uber. But with its applauding services to all age groups, OlaCabs managed to out-beat them all⁶.

redBus

Founded by Phanindra Sama recently associated with a South African media and internet group to provide the masses the platform and services of redBus in the region.

Such success came after a long duration of hard work. On one hand where startups utilized technology for their benefit, redBus had its own issues with the modern technology. It was hard to bring the public travel industry of buses in the hands of people, but the startup was successful in doing the same in the course of time. The Indian masses, which once were fighting over tickets standing in long queues, now book their tickets in accordance to their favorite seats without any issues⁷.

2.2 RESEARCH OBJECTIVES

The objective of this research is to:

1. Understand Startup India Standup India campaign.
2. Understand strengths and weaknesses of Startup India on the basis of comparative study with United States of America.
3. Identify threats and opportunities before startup initiative.
4. Recommend measures to facilitate implementation of this initiative.

2.3 RESEARCH DESIGN

This research paper firstly will deal with 'Startup India Standup India campaign' as a whole and secondly will narrow down its details to 'Startup India campaign'. The research concludes how this campaign was a sheer necessity in such times and hence successful by all means.

2.4 RESEARCH METHODOLOGY

The data is collected mainly from secondary sources such as newspapers, magazines, case studies, articles, online databases and journals. The primary information was collected through in-depth interviews of some professionals.

This research paper firstly includes the history and culture of startups in the Indian society. The tough times they had to face to shine out bright explained along with a few examples. Secondly, the paper comes to the requirement of Startup India Standup India campaign as a whole. Thirdly, the specificities of each campaign and then focuses on Startup India campaign. The research also includes the implementation and SWOT analysis of the same.

3.1 BACKGROUND

The fashion of startups has never existed in the Indian society until now. Colonial era saw number of rigidities in the government policy to create an ideal environment for startups. However, Sondhi Committee Report 1979 (Report on Review Committee on Electronics) paved a way for liberalization in organized sector and innovation in regime of computers and IT. Though National Science & Technology Entrepreneurship Development Board (NSTEDB) which came into being in the year 1982, failed to boost entrepreneurship in India.

Pre-Independence, it was seen that startups weren't supported by British laws until Mahatma Gandhi initiated the Non-Cooperation Movement in 1920. Post-Independence we come across the fact that the youth is more tilted towards government provided jobs and their benefits than towards their will to set up their own businesses and become the boss themselves. In 1984, PM Rajiv Gandhi declared "liberalization of computer industry" removing rules and regulations imposed on IT industry and setting up of NASSCOM in 1989 lead to the emergence of idea of homegrown unicorns in India.

Thus, we see there was no such climate for a startup ecosystem, until the last decade, where some significant number of startups came up. Yet, only a few of them survived the quake of volatile political environment, lack of favorable laws and harsh tax policies.⁸

Thus, the path to success for a startup is not simple at all. Apart from the in-business challenges, the external challenges to make the path difficult to walk on. The economic as well as legal pressures tend to discourage minds to set up independent businesses. At the end, initiation of the startups era became a necessity for India to strengthen its economy.

³Ankit Chaudhary (2011) Flipkart.com – A Success Saga, *Marketing and Strategy Making*, URL:<http://www.mbaskool.com/business-articles/marketing/1128-flipkartcom-the-success-saga.pdf>, September 30, 2016

⁴Rupali Khanna and Ankita Sang (2015) Zomato Using SERVQUAL Applications to Provide Services to the User to Discover Restaurants, *Global Journal of Enterprise Information System*, URL:<http://www.informaticsjournals.com/index.php/gjeis/article/viewFile/6237/5174>, September 30, 2016

⁵Sulekha Nair (2015), Paytm's Vijay Shekhar-Success Story behind the man, by, Firstpost, URL:<https://paytm.com/blog/paytms-vijay-shekhar-sharma-the-success-story-behind-the-man/> and <https://paytm.com/about.html>

⁶OlaCabs, e-startups, URL:<http://www.estartups.co.in/ola-success-story/>

⁷redBus-Success Story, online article on YourStory <https://yourstory.com/2013/06/redbuss-best-is-yet-to-come-phanindra-sama-on-acquisition-and-future-plans/>

⁸The Story of Indian Startups: From Pre-Independence to the present; URL:<http://www.bythestartups.com/the-story-of-indian-startups-from-pre-independence-to-the-present/>

3.2 THE NECESSITY OF A STRONG ECONOMY

Economic Growth is believed to be the 'holy grail' of economic policy in the world. A nation stands erect only when the economy and the economic policies of the nation are significantly balanced and strong enough to help the nation rise in such existing competitive scenario of markets.

Thus we see that economy plays a significant role in the growth of a nation as it firstly reduces poverty, reduces unemployment, overcomes budget deficits, it improves living standards of the citizens of the nation i.e. economic growth enables an increase in resources which are essential for the masses residing within the boundaries of a nation. These resources may include education, health care and other important services for all. Healthy economic growth can thus enable a better livelihood for all the citizens of the nation, without any significant increase in the existing tax rates.

4. FINDINGS

Indian Economy in the year 2014-2015

"India's macroeconomic prospects have definitely improved relative to the period just before Prime Minister Narendra Modi took office," correctly said by Chua Han Teng, who is an Asian analyst at BMI Research (The Wall Street Journal-May 25,2016)⁹.

The Indian Economy in the year 2014-2015 has successfully developed as one of the largest economies in the world with an encouraging economic outlook which rests on the back of controlled inflation, a significant rise in domestic demand, increase in investments, a drop in oil prices and reform amongst other sectors as well. The researchers saw that on the demand side, the growth of private final consumption increased up to 7.6 per cent in this year as compared to 6.5 per cent in the previous year. Also, the average Wholesale Price Index (WPI) had declined to 3.4 per cent from 6 per cent in the year 2013-2014. The Average Retail Inflation, so measured by Consumer Price Index had moderated to 6.3 per cent in the year 2014-2015 from 9.3 per cent in 2013-2014. The GDP performance of this year has increased to 6.3 per cent from 4.7 per cent in the year 2013-2014. Concerns surrounding the construction, mining, entrepreneur and collective businesses still co-exist with the further balancing of economy (Indian Economic Survey 2014-2015)¹⁰.

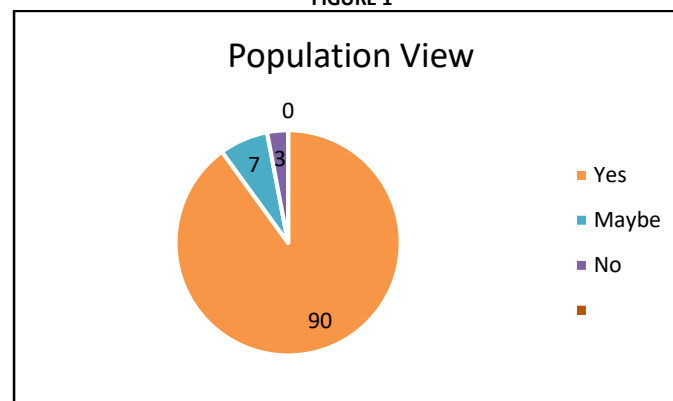
Hence, it is concluded that the Indian economy has significantly enhanced as well as stabilized since the reign of Prime Minister Modi in May 2013.

4.1 ATTITUDE TOWARDS THE DRIVE

As per a survey conducted, the authors concluded that,

- (i) 90% of the population supported and applauded the campaign so started by the Modi government.
- (ii) 7% of the population was a little suspicious about the project, for them it was another futile project presented by the government in power.
- (iii) 3% of the population had the view that schemes like MUDRA were far more beneficial than Start-up India, Stand-up India and even Make in India.

FIGURE 1



4.2 STAND-UP INDIA

The Standup India scheme launched to coincide with the celebration of the 125th birth anniversary of Dr. Babasaheb Bhimrao Ambedkar i.e. on April 5, 2016. It seeks to control the institutional credit structure to the extent of underserved sector of people such as Scheduled Caste, Scheduled Tribe and Women entrepreneurs so as to enable them to participate in the economic growth of the nation. The scheme tends to benefit at least 2.5 lakh borrowers through 1.25 lakh bank branch network located across the country.

The Standup India portal provides help based on three pillars to support enterprise promotion among entrepreneurs from SC, ST, Women category through- Handholding support, Providing Information on financing and Credit Guarantee

Standup India is a financial security scheme to support independent businesses of SC, ST and Women. The scheme offers others a composite loan between 10 lakhs rupees up to 1 crore rupees to the borrower. The rate of interest would be lowest applicable rate of the bank for that category. The loan is repayable in 7 years with a maximum moratorium period of 18 months¹¹ (Standup India official website 2016).

4.3 START-UP INDIA

This is a scheme subsidiary to Make in India, to promote and provide entrepreneurship opportunities. The Prime Minister of India, Shri Narendra Modi in his Independence Day speech (15 August 2015) announced the "Start-up India" initiative and formally launched it on January 16, 2016. This initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups. The objective is that India must become a nation of job creators instead of being a nation of job seekers(Startup India official website)¹²

4.3.1 STARTUP - A DEFINITION

A startup is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner (Amy Fontinelle 2016)¹³.

⁹ Anant Vijay Kala and Eric Bellman (2016), *The Wall Street Journal*, Modi's First Two Years-Economic Report Card

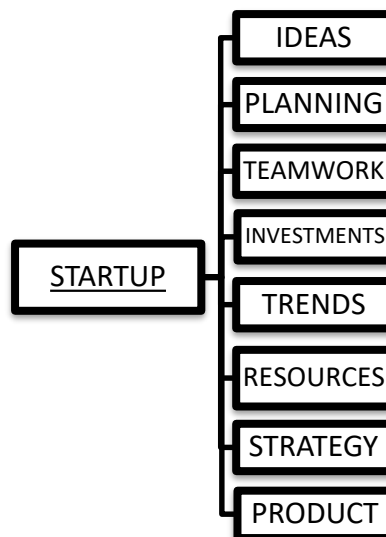
¹⁰ KPMG News

¹¹ official website, *Standup India*, URL: www.standupindia.gov.in, accessed on September 30, 2016

¹² *Startup India*, official website, URL:www.startupindia.gov.in

¹³ Amy Fontinelle, *Investopedia*, What exactly is a startup? (accessed on 13 September, 2016)

FIGURE 2: STARTUP INDIA, OFFICIAL WEBSITE



4.3.3 OBJECTIVES BEHIND LAUNCH OF STARTUP INDIA

After analyzing the Indian Economy, the need of this developing nation is extremely clear that-

- India needs to create skilled jobs i.e. employment for sizeable and growing workable age population along with almost 20 per cent in the age group 15-24 years (according to 2011 census). The nation needs to shift from consumption oriented to savings and investment oriented.
- The Indian economy needs to increase its trade transactions on global platform i.e. through healthy expansion of export numbers thus creating foreign capital to achieve its potential of a better functioning capital market.
- India needs to liberalize its financial markets and policies to attract domestic capital investments, foreign direct investments, and institutional capital. Also, to promote small and upcoming businesses. All the assets together add to the domestic capital treasury.

Startup India is a step towards achieving the above.

4.3.4 ACTION PLAN

The main method of action of the campaign so laid down by the government includes, compliance regime based on self-certification; Creation of a Startup India Hub; Rolling-out of Mobile App and Portal; Legal Support and Fast-tracking Patent Examination at Lower Costs; Relaxed Norms of Public Procurement for Startups; Providing Funding Support through a Fund of Funds with a Corpus of INR 10,000 crore; Faster Exit; Credit Guarantee Fund for Startups; Tax Exemption on Capital Gains; Tax Exemption for Startups for 3 years; Tax Exemption on investments above Fair Market Value; Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform; Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program; Harnessing Private Sector Expertise for Incubator Setup; Building Innovation Centres at National Institutes; Setting up of 7 New Research Parks Modeled on the Research Park Setup at IIT Madras; Promoting Startups in the Biotechnology Sector; Launching of Innovation Focused Programs for Students; Annual Incubator Grand Challenge¹⁴. (Startup India official website)

(For more details refer to Appendix-1: The Action Plan of Startup India Standup India)

4.3.5 INDIA – U.S.A. COMPARISON

The path so taken by the Modi government to plan, make and execute the campaign is an excellent one. On a comparison with USA the authors concluded that the campaign was a better success than that of USA a few years ago. The action plan of this Indian scheme includes hubs, education and a lot more which USA scheme failed to include. (For a detailed analysis, refer to Appendix-2)

4.3.6 MANAGEMENT AND EXECUTION

Since the launch of the Startup India initiative in January 2016, considerable progress has been made. The Government of India believes that involvement of the State Governments is crucial to achieve the envisioned goals of the Startup India initiative. In view of this, Department of Industrial Policy and Promotion (DIPP) organized a day-long Startup India States' Conference. The aim of the conference was to provide a platform to all the States to discuss the progress made and their good practices on the action points of Startup India initiative¹⁵.

Besides the states, all the stakeholders of the Startup ecosystem also participated in the event to exchange their ideas to build alliances the address government is committed to create world's best Startup ecosystem in India, to foster an enabling environment for startups, the minister announced that review meetings with all stakeholders of the Startup ecosystem will be held. She stated that in a series of dedicated meetings, she will also meet with incubators and accelerators, educational institutions with incubators or entrepreneurship cells, investors and angel networks, VCs and private equity firms, industry associations as well as with journalists dedicatedly covering the evolution of startup movement. The first one is scheduled on 28th July 2016 where she will meet the founders of Startups.

Protection of intellectual property is imperative. For this a panel of facilitators has been constituted for assistance and support in filing applications for IPRs and DIPP will bear the facilitation and panel discussion with start-ups. The agenda of the Startup session was to share growth stories and expectations from the government. Founders should be flexible enough to make course corrections in the light of their experiences and they should strive for continual improvements to meet the expectations of users.

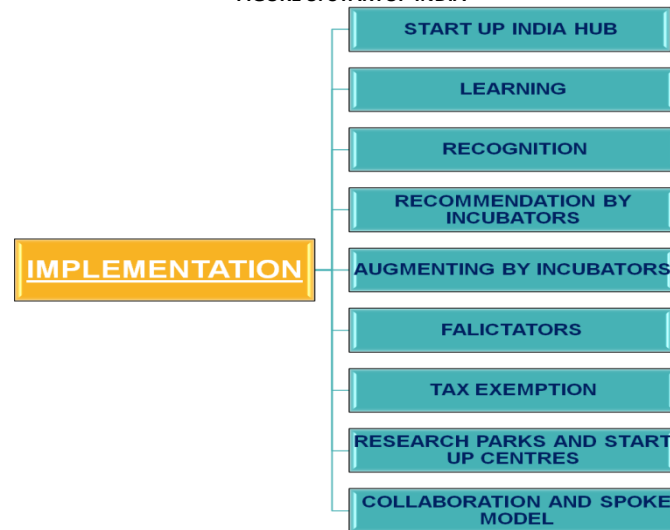
A panel discussion with incubators: The agenda of the discussion was frameworks and models to provide infrastructure, mentoring and handholding to startups, role of educational institutions in supporting the Startup ecosystem was discussed.

The missing links and hurdles in selection of right mentors was discussed. The panel also suggested to build State specific/sector specific incubation models. Accountability, break-even and sustainability of Startups was also discussed by the panel.

¹⁴Information gathered from *Startup India* official website, *Action Plan* pdf accessed on September 30, 2016.

¹⁵ Start up India - Action Plan. Available from <http://startupindia.gov.in/actionplan.php>

FIGURE 3: STARTUP INDIA



Source: official website, URL: www.startupindia.gov.in

5. DISCUSSION

To understand the viability and the need of this scheme, a SWOT analysis has been performed.

5.1 SWOT ANALYSIS

5.1.1 STRENGTHS

This campaign under Make in India gathers success since there are various foreign investors in the country at the present scenario.

The ease this campaign provides to Indians is its another strength. Since it is successful in motivating citizens to start independent businesses and not rely on the government provided employment solely.

The practice of implementation of its strong action plan makes it an ideal campaign for new comers as well as for the stability of Indian Economy.

Also, large per cent of the population of India is youth aging between 15 to 25 years. The young population takes more advantage of the campaign since they dream to independent and successful on their own hard work.

India has a large pool of engineering talent which can now be a part of IT sector by setting up their own business.

5.1.2 WEAKNESS

One of the biggest barriers for the execution of this initiative is rampant corruption in India.

Also that this initiative is more inclined towards technology based startups than non-technology based startups which limit the scope of establishment of startups with ease. There are very few startups registered by the woman, SC and ST. It is also reported that technological parks established at IIT and NIT are not working efficiently.

There has been a large decrease in taxes for those who have come up with their own businesses which is favorable for the campaign and the economy of the nation, but on the same hand if such a huge exemption of taxes is provided along with less interest in more time repayable, it may result into a crisis for the maintenance of public property and society as a whole.

5.1.3 OPPORTUNITIES

The major opportunity of this campaign was that its objective was the need of the hour in the country. It was as soon as this campaign was launched, the number of startup registrations multiplied.

India's demographic dividend which surpasses demographic dividend of USA and China is another opportunity for this campaign. India's population with a large proportion of those in the working age category will become the campaign's opportunity.

5.1.4 THREATS

Taxation is primarily the driving factor behind deciding on the location for registering a company. One can look at the examples of MNCs registered in Ireland as it has a corporate taxation rate of 12.5%, which is considered one of the lowest in the world - Apple, Adobe, Accenture, Aviva Vodafone, etc.¹⁶

Flipkart is biggest example of startup which wasn't registered in India and shows the weak policies of India over other countries which are lucrative for Startups.

Lack of Awareness is another threat to this campaign. Minorities who live far from cities and towns in isolation are still not aware of this government initiative they could benefit from.

Brain drain and affection for abroad nations still persists in the minds of citizens of India. It is in no time that majority of people grab the opportunity to settle in abroad nations and set up their businesses there, which thus becomes a threat to the campaign.

India's ranking in 'Ease of Doing Business' category still is 189 in the world, making it a difficult country to start business in.

6.1 CONCLUSION

With the accelerated growth in organized sectors of India, the authors saw many homegrown ventures with capacity to deliver high quality products and technology. Startups have now become the flavor of India post launch of schemes like Make in India, Digital India and SETU (Self utilization and Talent Utilization).

The campaign all in all is a success in accordance to the call for development and economic stability in India. More number of Startups could be promoted but the ones which are already into existence under this campaign are stable and earning enough profits. The campaign supports the economy of the nation. Also that this initiative is a satisfying platform to eliminate obstacles and thus has a good potential to bring all the startups under one framework for promoting more production at home and also promote employment opportunities. With this initiative the problem of shutting down of startups due to financial reason is expected to decrease as the setup includes easy procurement of finance and loans. Thus we conclude that there exist some threats like taxation rates but if implemented in the direction cited and as recommended, more startups will come into existence resulting into more employment and henceforth, Indian Financial markets are bound to flourish.

7. RECOMMENDATIONS

7.1 YOUNG ENTREPRENEURS AND CITIZENS

The young entrepreneurs and citizens must use this opportunity to its best. According to the report by Start-up India (Government of India), around 882 applications all over India were received to get a start-up registered under this scheme and out of which only 3 were eligible for availing tax benefits. Young entrepreneurs must take initiative to take the benefits of this campaign like tax exemption, mentoring, and recommendations by incubators and many more.

¹⁶. Start-up India - Available from - Swaniti Initiative-www.swaniti.com/wp-content/uploads/2015/09/Start-up-India-Stand-up-India-.pdf

7.2 ROLE OF BIG COMPANIES

Many corporates are now shifting their focus from investments into their own research and development to investments in multiple source of innovation, focusing in particular on technology based startups – Nandan Nilekani is investing US\$ 1-2 million in startups in many sectors including telecom, aerospace, publishing, logistics etc. Ratan Tata recently invested an undisclosed sum in Tracxn, a Bangalore-based startup intelligence firm. Hence, more and more large businesses should assist the startups with innovation in products and IPR.

Also, in a society such that of India's, lowering taxes at a considerable rate or exempting taxes for a large number of citizens, only to initiate independent businesses is not feasible, since all the activities so conducted by the government for the benefit of the citizens are carried out from the taxes the masses pay. Lowering taxes is thus directly proportional to the services provided by the government.

Henceforth, it is concluded that liberalizing tax schemes to a great extent is not recommended, at least for the time being, taking into account the present developing-nation scenario of our country.

APPENDIX – 1: ACTION PLAN OF STARTUP INDIA STANDUP INDIA

The action plan of Start-up India campaign included 19 main objectives.

1. **Acceptance and Compliance of Self-Certified Documents:** The aim behind it is to reduce supervisory burden on startups henceforth letting them to pay full attention over their core business planning and activities and thus keep the compliance cost as low as possible.
2. **Creation of a Startup India Hub:** The objective behind it is to create a common point of contact for the whole Startup Ecosystem and thus enable them with knowledge through exchange and also provide an easy access to fund money.
3. **Availability of a Mobile App and a common Portal:** The main aim behind the same is to use the benefits of the developed technology and thus make it serve as a single platform for all the Startups to interact with the Modi Government and Regulatory Institutions for all business needs and information exchange amongst various stakeholders.
4. **Legal Backing and Fast Patent providing at extremely Low Costs:** The main objective behind the same is to encourage the acceptance of IPRs by Start-ups and enabling them in shielding and commercializing the IPRs by providing access to high quality Intellectual Property services and resources which include fast-track examination of patent applications and rebate in fees.
5. **Faster Exit for Start-ups:** The objective behind the same is that if the individual finds difficulty in handling the startup, it is easy for him to wind up operations and exit the market.
6. **Relaxed Norms of Public Procurement for Start-ups:** The objective behind it is to provide an equal stage to Start-ups in the manufacturing sector concerning the experiences of entrepreneurs and that of companies in public procurement sector.
7. **Offer Funding Support:** The objective is to provide funding support for development and growth of innovation driven enterprises.
8. **Credit Guarantee Fund for Startups:** The objective is to promote entrepreneurship by providing enough credit to innovators across all the sections of Indian society.
9. **Tax Exemption on Capital Gains:** The objective is to promote investments into the Start-ups sector by assembling the capital gains ascending out from the sale of capital assets.
10. **Tax Exemption for Startups for 3 years:** The objective is to promote the healthy growth of start-ups and address all working capital requirements for them.
11. **Tax Exemption on investments above Fair Market Value:** The objective is to boost seed-capital investment in Start-ups.
12. **Organizing Startup Festivals for Showcasing Innovation and Providing a Collaboration Platform:** The objective behind it is to stimulate the Start-up ecosystem and to deliver a national and international visibility to the start-ups ecosystem in India.
13. **Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program:** The objective is to serve as a stage for promotion of world-class, technology driven, Innovation Hubs, Grand Challenges, Start-up Businesses and other self-employment initiatives.
14. **Harnessing Private Sector Expertise for Incubator Setup:** The objective is to make sure the professional management of Government backed and funded incubators. Also, the government would generate policies and framework for setting-up of incubators across the country in public-private partnership.
15. **Building Innovation Centres at National Institutes:** The objective is to push successful innovation through intensification and incubation.
16. **Setting up of 7 New Research Parks Modeled on the Research Park Setup at IIT Madras:** The objective is to drive successful innovation through cultivation of ideas and joint efforts between academia and industry.
17. **Promotion Start-ups in the Biotechnology Sector:** The objective is to speed up and smooth the bio-entrepreneurship.
18. **Launch of Innovation Focused Programs for Students:** The objective is to create a philosophy of innovation in the field of Science and Technology amid the next generation.
19. **Annual Incubator Grand Challenge:** The objective is to support creation of successful world class incubators in India.

APPENDIX – 2: COMPARISON OF INDIA WITH OTHER DEVELOPED COUNTRIES

Comparison of India with USA

INDIA	USA
1. Financial Support	
<p>Funds: India provides a funding support to the Start-ups through a Fund of Funds with a Corpus of INR 10,000 crore.</p>	<p>Funds: The Small Business Administration (SBA) commits \$2 billion as a match to private sector investment for the next five years and \$1 billion as early-stage innovation fund.</p> <p>The Small Business Innovative Research Grant Program (SBIR), a federal program coordinated by the SBA for small businesses to help fund R&D, awards nearly \$2.5 billion annually through contracts or grants to businesses pursuing projects that have the potential for commercialization and meet specific U.S. government needs.</p> <p>Small Business Technology Transfer Grant Program (STTR) expands funding opportunities in innovation by offering grants to small businesses to formally collaborate with research institutions.</p>
<p>Tax: Tax Exemption on Capital Gains, income tax and investments above fair market value: exemption shall be provided to all those persons who have capital gains during the year, provided they have necessarily invested in the funds so provided by the Government of India. The profits of Start-up initiatives are also exempted from income-tax for a time span of 3 years.</p>	<p>Tax: Permanent elimination of the capital gains tax for a certain kind of small businesses.</p>
<p>Credit: Credit Guarantee Fund for Start-ups: National Credit Guarantee Trust Company (NCGTC) is being envisaged with a budgetary Corpus of INR 500 crore per year for the time span of next 4 years.</p>	<p>Credit: The Internal Revenue Service has designed the federal R&D tax credit, an activity-based credit intended to incentivize investments in innovation within the United States which has been made permanent by the passing of the Protecting Americans from Tax Hikes (PATH) Act of 2015.</p> <p>The PATH Act allows certain eligible small businesses, to offset the Alternative Minimum Tax (AMT) with R&D credits or qualified small businesses to elect annually for five taxable years to take up to \$250,000 in credits against the employer's portion of federal payroll taxes (FICA). The research activities under this credit scheme must meet the following four criteria:</p> <ul style="list-style-type: none"> • Permitted Purpose Test • Process of Experimentation Test • Technological in Nature Test • Uncertainty Test
2. Incubation and Innovation	
<p>(a) Mentorship: Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program with two core functions:</p> <ul style="list-style-type: none"> • Entrepreneurship promotion: to provide support and mentorship. • Innovation promotion: to present a platform for generation and sharing of ideas. 	<p>(a) Mentorship: SBA and Department of Energy launched mentorship program for new incubators to help vets start high-growth businesses.</p> <p>The Start-up America Partnership (www.startupamericapartnership.org) is an alliance of powerful businessmen and leaders. Together they aim to grow the entrepreneurial ecosystems that support innovative, high-growth U.S. start-ups.</p>
<p>(b) Education: The government has aimed to provide both, working aged as well as high school aged citizens the education regarding entrepreneurship. It has set up 7 research parks for the same.</p>	<p>(b) Education: NFTE had announced new programs to provide support to young entrepreneurs through innovative teaching and learning efforts.</p> <p>U.S. Chamber of Commerce expands the scope through more programs for young entrepreneurs.</p>
<p>(c) Fests and Events: Organizing Start-up Fests and events at national and international stages aim at Showcasing Innovation and Providing a Collaboration Platform.</p> <p>Annual Incubator Grand Challenge: The exercise shall include the following:</p> <ul style="list-style-type: none"> • Open invitation of applications from incubators • Screening and evaluation based on pre-defined Key Performance Indicators (KPIs) The Incubator Grand Challenge will be an annual exercise to promote start-ups in India. 	<p>(c) Fests and Events: USA does not have any such provisions</p>
3. Simplification of Procedures	
<p>(a) Policy relaxations: Self-Certification has been launched to reduce the regulatory burden on young Start-ups. Labour law and environment law regulations have been relaxed for them.</p> <p>Quick Legal support at low costs to be provided.</p> <p>Leaving the market has been liberalised and many more beneficial relaxations have been provided under the Start-up India campaign.</p>	<p>(a) Policy Relaxations: Top leaders frequently announce national tours to support and increase public participation in removing significant barriers in the path of entrepreneurship.</p> <p>U.S. Patent & Trademark Office (USPTO) has given applicants greater control over examination timings and therefore empowers them with fast-track examination within 12 months.</p>
<p>(b) Quality check and Make in India: The Government also provides an exemption to young Start-ups (in the manufacturing sector) from the parameter of 'Prior experience', given that they have to demonstrate their capabilities to earn decent profits for themselves in the manufacturing sector.</p>	<p>(b) Quality check: No such provisions were introduced in U.S.A.</p>
<p>(c) Start-up India Hub: A mobile app and a common portal with the help of technology present has been created to provide a common platform to all to share their details, grievances and achievements. It also enables the entrepreneur to seek help from the right authorities.</p>	<p>(c) Start-up Hub: No such provisions were introduced.</p>

TABLE 1

	India	China	Israel	Singapore	Japan	US
Total no. of startups (~)	10,000	10,000	4,750	N.A.	N.A.	83,000
Tech-based startups	4,300	3,400	4,000	N.A.	N.A.	48,500
Non-tech based startups	5,700	6,600	750	N.A.	N.A.	34,500
Set up a new business (Days)	30 – 60	30	13	2	10	4
Corporate tax rate	34%	25%	26%	17% (100% tax exemption for startups)	34%	39%
No. of Tax payments by businesses (p.a.)	33	9	TBD	TBD	TBD	11
Bank lending rate	10.3%	5.6%	3.9%	5.4%	1.2%	3.3%
R&D spending % of GDP (Est. 2014)	0.85%	1.90%	4.20%	n/a	3.40	2.80%

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LGBT: DEGREE OF ACCEPTANCE IN ORGANIZATIONS OR WORKPLACES IN INDIA

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ABSTRACT

LGBT (Lesbian, Gay, Bisexual, and Transgender) is a very sensitive issue in India, rather more sensitive than religion. Many countries in the world are accepting the LGBT (Lesbian, Gay, Bisexual, and Transgender) community and understanding the fact that it's their personal choice which has nothing to do with their professional career. Many initiatives are being taken by the countries as well as the multinational companies to include the LGBT in the main workforce to utilize their talent. Despite the number of initiatives taken by global Multinational Corporations and Indian Multinational Corporations, there has not been a significant improvement in India regarding inclusion of LGBT or LGBT friendly environment. One of the obvious reasons is article 377 of Indian Penal Code. As per section 377, "carnal intercourse is against the order of nature" and hence an illegal act. However, it does not criminalize the identity of being LGBT, nor does it prohibit organization efforts to create an inclusive workplace for LGBT employees. The inclusion of LGBT can prove a boon to Indian companies because it will attract good talent and will improve diversity in the organizations. It will not only help the companies to grow but also play an important role to sustain this community in a better way. The valuable feedback from the employees of different organizations would be helpful in identifying the requirements and challenges involved in inclusion of LGBT people. Alongside a rational approach, social & legal support might emerge a smooth path for companies as well as LGBT community.

KEYWORDS

LGBT community, sexual discrimination, sexual orientation, LGBT workplace.

INTRODUCTION

As per the report submitted by Government of India to the Supreme Court in 2012, the number of people who identify themselves as lesbian, gay, bisexual, or transgender (LGBT) in India was 2.5 million. LGBT (Lesbian, Gay, Bisexual, and Transgender) is very sensitive issue, especially in India where homosexuality is considered a social crime. As per section 377 of Indian Penal Code, homosexual intercourse is a criminal offense. However as per latest judgment by the Supreme Court of India transgender is legally considered as a separate gender from men or women called third gender. The LGBT issue is getting attention globally and people are fighting for their rights as these rights will show allegiance to equality.

Equality, human rights and legal rights of LGBT persons is not limited to social issues but it is an economic issue too. Many countries in the world are accepting the LGBT community today and America is one such country which is accepting the LGBT community in mainstream corporate world. As LGBT people experience discrimination in the society, there should be policies and laws in place to safeguard them in the workplace. To ensure that LGBT individuals are not harassed in organizations changes have to be made in the policies in India to create a LGBT-friendly culture. However, the implementation of anti-discrimination policies alone will not help in bridging this gap, LGBT employees will have to be included in recruiting, training and development, networking and leadership opportunities ensuring unbiased opportunities are being presented to LGBT persons and non-LGBT persons equally.

The main reason for choosing LGBT for our research study is that, in India as the LGBT community is frowned upon, we wanted to know how having these individuals in the workplace impacts non-LGBT individuals. Secondly, to understand how organizations in India are embracing diversity and inclusion in the workplace by bringing in LGBT related policies. The research conducted will primarily be through a questionnaire to explore the situation in organizations today in this regard. The secondary data to be collected will be through internet articles, researches and journals for the analysis and study of people's behaviour towards LGBT individuals.

OBJECTIVES

1. To understand the perception of employees on LGBT individuals in different organizations across India.
2. To identify the trends and anticipate future directions and implications on LGBT employees in workplace.

REVIEW OF LITERATURE

Riley (2008) in her article "LGBT-Friendly Workplaces in Engineering" mentions that social trends and workplace policies which support inclusion have made LGBT people more visible, further driving diversity and equality efforts. As LGBT visibility increases, new strategies are needed to support this expression of diversity and ensure a workplace free from prejudice and an environment conducive to everyone's success. While large corporations have led the way in LGBT diversity efforts, it is now critical that smaller businesses follow suit in order to recruit and retain the most talented individuals.

Pizer, Sears, Mallory and Hunter (2012) in their journal "Evidence of persistent and pervasive workplace discrimination against LGBT people: The need for Federal Legislation prohibiting discrimination and providing for equal employment benefits" found that in the last decade, it has been seen that a large proportion of the

LGBT people faced discrimination in their workplace due to their sexual orientation. This Article begins by surveying the social science research and other evidence illustrating the nature and scope of the discrimination against LGBT workers and the harmful effects of this discrimination on both employees and employers. Ending all forms of unequal treatment based on sexual orientation or gender identity is warranted and feasible, and doing so will have positive effects for both employees and employers.

Narrain (2014) in his journal "Brazil, India, South Africa: Transformative Constitutions and their role in LGBT struggles" found out that there is a connection between LGBT rights and struggles for equality, dignity and human rights. It was pointed out that the role played by great leaders like Mahatma Gandhi, Nelson Mandela and Luis Gama in India, South Africa and Brazil respectively have led to transformation in their democracies. The research paper presented that the foundational struggle in those countries will make it possible for the Constitution to be transformative in the future.

Priola, Lasio, De Simone, Serri (2014) in their research "The Sound of Silence. Lesbian, Gay, Bisexual and Transgender Discrimination in 'Inclusive Organizations'" found out that most of the studies on diversity and discrimination in the workplace focus on 'visible' minorities such as gender or race, often neglecting the experiences of invisible minorities such as lesbian, gay, bisexual and transgender (LGBT) workers. In this paper they explored the practices of inclusion/exclusion of LGBTs in the workplace in Italian social cooperatives. The study examines how organizations, which focus on inclusion and mainly employ workers from specific social minority groups, manage the inclusion of LGBT workers.

Allison, L (2015) in the article "Have you included LGBT people in your diversity planning?" mentions that without the support of major corporations, the U.S. Supreme Court would not have created the change in people's perception of the LGBT community in the workplace. It was found that problems arise in workplaces in situations where employers restrict access or segregate transgender people from other workers by requiring them to use gender-neutral or other specific restrooms. This may create health or safety concerns for the LGBT people. The article highlighted few important things that need to be looked at to treat LGBT people as a protected group. Firstly, ensure that the hiring policy reflects an organizations commitment to non-discriminatory hiring practices. Secondly, handle internal complaints with a documented review in case discrimination has occurred and if no discrimination has been uncovered, the complainant should be made aware of the results of the investigation.

RESEARCH METHODOLOGY

SELECTION OF TOPIC

The topic selected for the study was "LGBT: Degree of Acceptance in Organizations or Workplaces in India". The topic was selected to understand how the presence of LGBT individuals is affecting employers and employees.

SELECTION OF SAMPLE SIZE

The sample selected for this study comprises of 50 people who are working in different organizations from various sectors in India.

PILOT STUDY

To test the feasibility, a pilot study was administered to 10 respondents and the results were used to analyse, modify and prepare the final draft of the questionnaire.

HYPOTHESES

Based on the pilot study, the following hypotheses were formulated:

- H₀** - Employees are comfortable working with LGBT employees in their organization.
H₁ - Employees are not comfortable working with LGBT employees in their organization.
- H₀** - Organizations are taking initiatives to bring awareness about LGBT community in the workplace.
H₁ - Organizations are not taking initiatives to bring awareness about LGBT community in the workplace.

LIMITATIONS

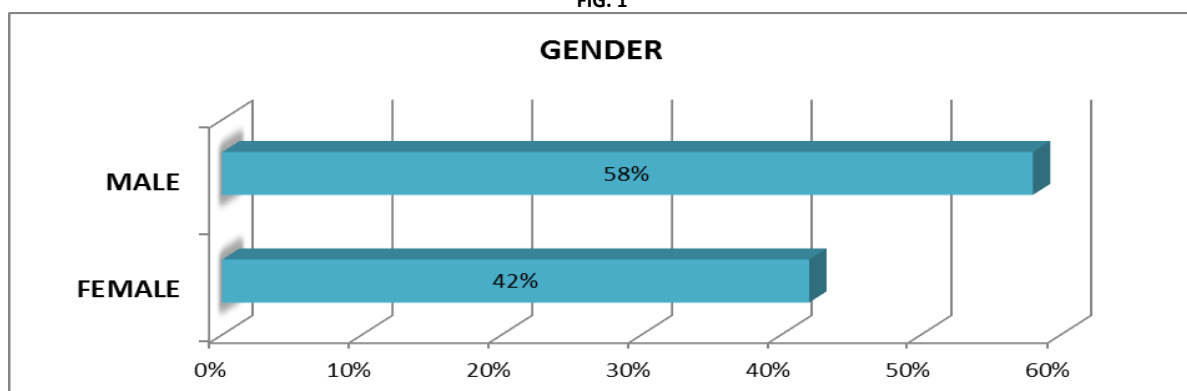
The limitations in this research

- The data is collected from the working professionals in India only.
- The questionnaire was sent to only 50 employees.

DATA ANALYSIS AND RESULTS

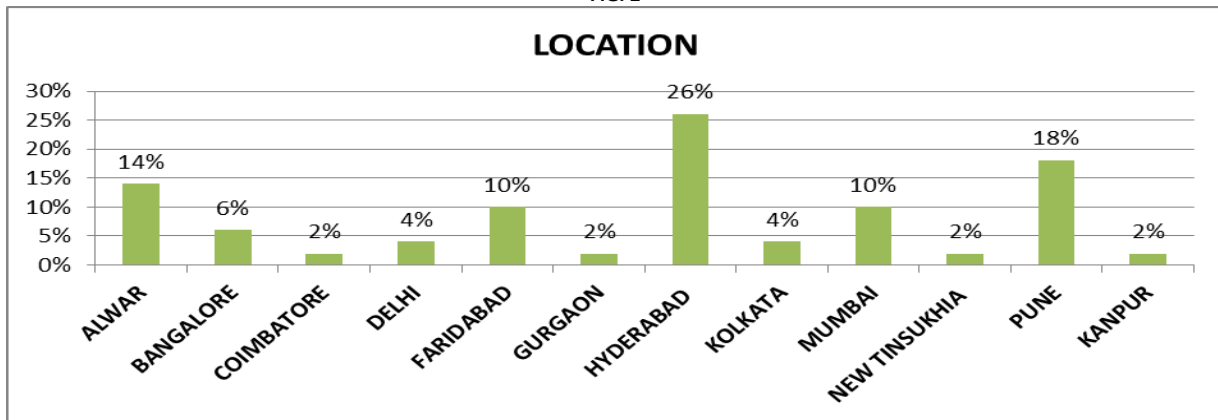
Fifty employees in different types of organizations were reached out to fill up our questionnaire which mainly focused on the LGBT community in the workplace. The questionnaire was sent with the intention to get the best possible understanding of how organizations are bringing changes to cultivate a healthy work environment for LGBT as well as Non-LGBT employees.

FIG. 1



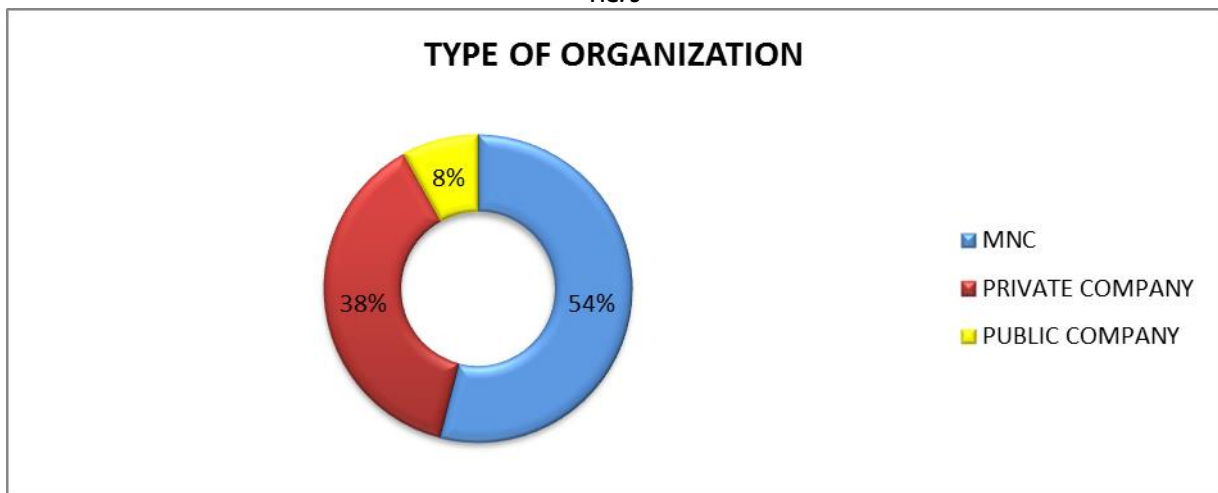
Among survey respondents, majority (58%) was male and the remaining (42%) were female who are working in different organizations in India.

FIG. 2



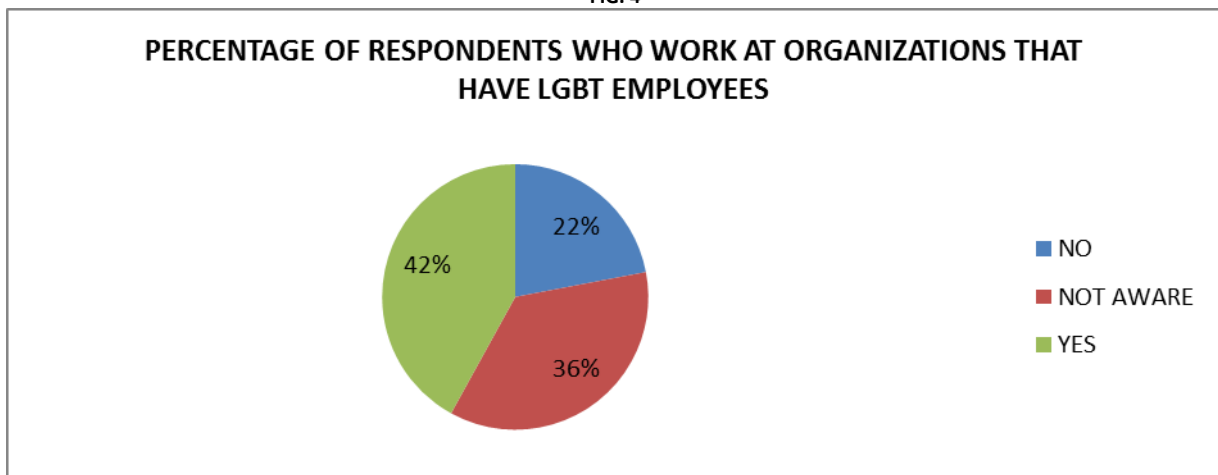
As the research was aimed to study the acceptance of LGBT in the workplace in India, the questionnaire was sent to individuals across different cities in India. Most of the responses came from Hyderabad (26%) followed by Pune (18%).

FIG. 3



The questionnaire sent to the employees was mostly from three different types of organization. The highest response was received from MNC's (54%) and the least from Public companies.

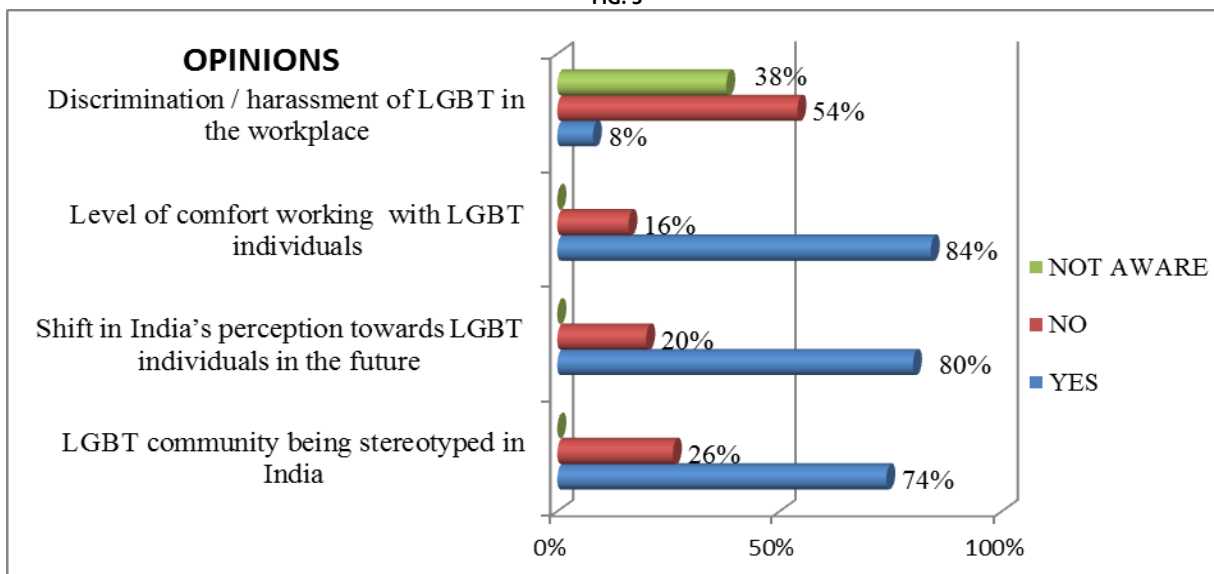
FIG. 4



OPINION

42% of the respondents work in organizations where they have LGBT employees. About 36% of the respondents were not aware if LGBT individuals work in their organizations. One of the major reasons for that is, in India, as the LGBT community is still not accepted by the society, LGBT individuals restrict themselves from identifying them as one of the LGBT individuals. The perception of the society is the reason for them being silent.

FIG. 5



Discrimination/ harassment in workplace: Discrimination in workplaces can potentially lead to loss of human capital. This is true in general for Non-LGBT as well as in the case of LGBT employees. Although wages and employment may not be directly affected, productivity will be hampered when employees are treated differently in their workplace.

In this study, 54% of the respondents feel that there is no discrimination or harassment in their workplace towards LGBT individuals. 38% of the respondents however were unaware of this situation and about 8% feel that there is discrimination in their workplace. This statistic indicates that employees have to be made aware about LGBT so as to bring in diversity and inclusion.

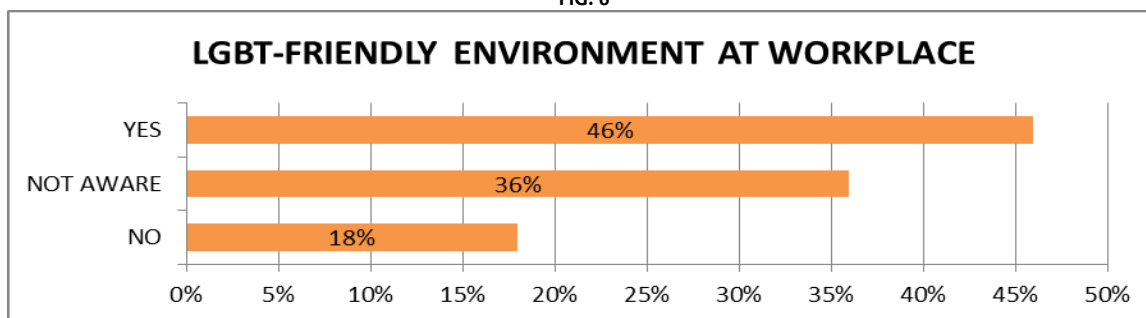
Level of comfort with LGBT employees: 84% of the respondents in this survey said that they are comfortable working with LGBT employees. Only 16% of the respondents are not comfortable with working with LGBT employees. This shows an overall positive impact towards the attitudes of the working population in our country.

The above data addresses the first hypotheses of this research which states that “Employees are comfortable working with LGBT employees in their organization”. This indicates that most of the employees are comfortable with having LGBT individuals as their colleagues. Hence, the null hypotheses “Employees are comfortable working with LGBT employees in their organization” is accepted.

Shift in India's perception towards LGBT individuals in the future: Majority (80%) of the individuals feel that there will be a positive shift in perception in India towards LGBT in the future. However, 20% still feel that the LGBT community will still not be accepted by our society.

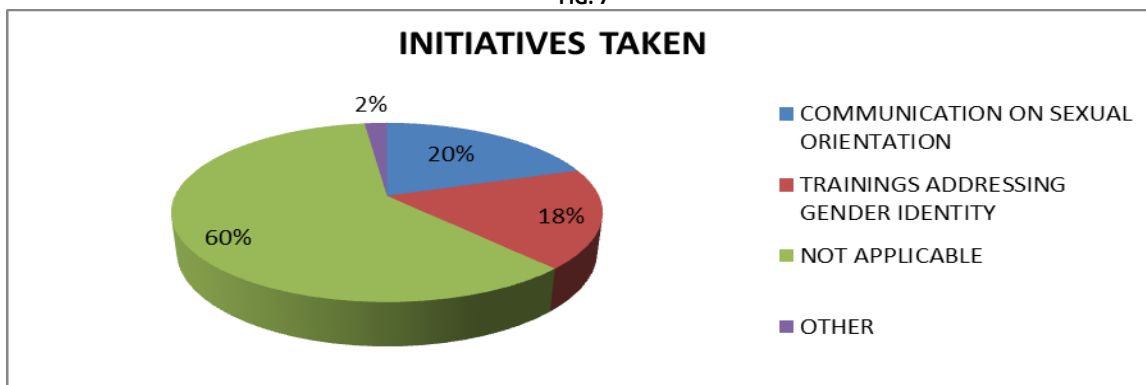
LGBT community being stereotyped in India: In India, it is not easy to change people's opinion over a sensitive issue like LGBT. Therefore, the LGBT individuals are stereotyped as people who have unusual sexual preferences. 74% of the respondents agree with this and 26% disagree that they are being stereotyped.

FIG. 6



46% of the respondents feel that their workplace has an LGBT-friendly environment. This indicates that 46% of the organizations in India are taking this seriously and in the future it is expected that more organizations will make their workplace LGBT-friendly. However, 18% of the organizations are currently not encouraging an LGBT inclusive environment. This scenario has to change in the coming years as the sexual preference of an employee does not have an impact on the work that the individual does.

FIG. 7



Companies across India have taken initiatives to promote a diversified environment in their organizations like communication on sexual preference (20%), trainings addressing gender identity (18%) and other (2%) where the company has conducted sessions on inclusion and diversity. 60% of the respondents feel that no initiatives have been taken in their respective organizations.

The above data addresses the second hypotheses of this research which states that "Organizations are taking initiatives to bring awareness about LGBT community in the workplace". This clearly indicates that employees feel that their respective companies are not taking initiatives to educate employees about LGBT individuals. This rejects the null hypothesis 2. Hence, the alternative hypotheses "Organizations are not taking initiatives to bring awareness about LGBT community in the workplace" is accepted.

Looking into the above data, we asked respondents to give their recommendations or opinions so as to identify some key takeaways. Below two tables gives us an insight into that.

TABLE 1

Thoughts/ Opinions on LGBT community		%
Personal choice of sexual preference. Hence, should not be targeted.	20	40%
Equal opportunities should be presented to them	9	18%
Opinion needs to be changed about LGBT individuals in a positive manner.	6	12%
Has a very long battle ahead	4	8%
No comments	3	15%
Others	8	16%

TABLE 2

Measures to be taken		%
Awareness	13	26%
Communication	6	12%
Trainings	2	4%
Change in organization policies to benefit LGBT individuals	6	12%
Treat them equally	10	20%
Encouraged to open up	4	8%
No comments	4	8%
Others	5	10%

CONCLUSION

The LGBT community is statistically one of the most discriminated against demographics in the world today. Arguments on LGBT acceptance in society as well as workplace have been raging over the years. It has been driven by debates and speeches, court decisions and also implementation of new laws for the LGBT community. Behind each and every one of those events, there were real people, fighting for their rights and opinions. Fear keeps LGBT employees secluded at workplace and talented employees leave the organisation because they do not feel welcomed. LGBT employees are not only discriminated for their sexual orientation and gender identity but also during their hiring, promotions and pay. Strangely, these factors have no impact on an individual's ability to perform in a workplace. And so, it would be ideal if organizations understand this and make provisions to encourage them in their workplace. Sexual orientation doesn't distinguish a person; it is the ideology and outlook that discriminates people in the organization.

The responses or opinion from few of the employees working among the top notch organisations from different cities showed us the recent acceleration in the progress of the human mind-set. In order to develop a comprehensive understanding of the current state of LGBT employees, we sent questionnaires to employees from different organizations across India and have received an overall positive response about the LGBT community in workplace.

FUTURE DIRECTIONS

- There should be no anti-discrimination laws in the workplace, where employers openly discriminate against LGBT employees.
- Companies should take efforts and train employees to prohibit discrimination based on sexual orientation and gender identity.
- Organisations should become proactive in offering non-discrimination policy benefits to their LGBT employees like protection for sexual orientation and gender identity.
- At a broader level, employees should discuss the need to educate the general public about LGBT issues, share research findings with encouragement, and reduce negative stereotypes and discrimination.
- Measures need to be taken in the current situation to influence social norms in order to make equality a legal right and a lived reality for LGBT people in society as well as in the workplace.

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CONSTRAINTS AND OPPORTUNITIES OF AGRICULTURAL COOPERATIVES: THE CASE OF SELECTED PRIMARY DAIRY COOPERATIVES SOCIETIES IN TIYO DISTRICT, ARSI ZONE OF OROMIA REGION, ETHIOPIA

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ABSTRACT

The study conducted with the objectives of analyzing Constraints and Opportunities of dairy cooperatives in Tiyo District of Arsi zone, Oromia Region, Ethiopia. Two stage random sampling method and structured interview schedule were employed for the selection of respondents and collecting data from members respectively. 75 members from 4 primary dairy cooperatives were selected at random. 30 participants of Focus Group Discussion were also involved in the study while the preference indices were used to analyze the data. Increasing demand for milk, increase in urban and peri urban population, increase in the trends of milk price, conducive agro ecology for dairy farming, proximity to major towns, and accumulated experience and social capital in dairy farming in the study area were among the opportunities while lack of market access for members' milk, Lack of improved dairy cows, Lack of facilities, shortage and poor quality of animal feeds, Lack of credit, Poorly developed infrastructure, high cost of exotic breeds and feed, members' low attention towards dairy sector, and low commitment and negligence of Cooperative officials in discharging their responsibilities were among constraints identified. All stakeholders should think of better market access for dairy products and there must be a national level dairy industry program like Operation Flood program of India so as to facilitate the enhancement of milk production in the country. Members must assist their respective cooperatives financially as well as in kind through donation of raw milk.

KEYWORDS

constraints, cooperatives, dairy, opportunities.

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Ethiopia is one of the largest countries in Africa both in terms of land area (1.1 million km²) and human population (77.4 million) (UNFP, 2005). Agriculture is the basis of the Ethiopian economy. It accounts for about 52 per cent of the GDP and 90 per cent of the total export revenue and employs 85 per cent of the country's labor force. It is the major source of raw material for agro-processing industries and of foreign exchange earnings (IFPRI, 2007). In spite of demonstrated potential to boost agricultural production, sustainable agricultural productivity increase has not been achieved (Eleni et al., 2003). Ethiopian agriculture is characterized by its subsistence nature and ineffective and inefficient agricultural marketing system which are believed to be the major factors for the low growth rate of agricultural GDP (FDRE, 2006).

A significant proportion of the country's livestock is found in Oromia. According to CSA, Statistical Abstract, 2005, Birhanu, et. al., 2007, Oromia had about 46% of the country's total livestock population (excluding nomadic areas and urban holdings). In the mentioned year, Oromiya had about 17.2 million cattle, 7 million sheep, 4.8 million Goats, 960,000 horses, 150,000 mules, 1.7 million donkeys and 140,000 camels, 13 million poultry and 2.5 million beehives (excluding nomadic areas and urban holdings). Despite the potential, there are problems of low productivity, low awareness on technologies, marketing, widespread animal diseases, poor feeding system, traditional husbandry practices, etc.

Transforming Ethiopian agriculture from its current subsistence orientation into market oriented production system forms the basis of the agricultural development strategy of the Government of Ethiopia (Berhanu et al., 2006). Ethiopia adopted an Agricultural Development-Led Industrialization (ADLI) strategy, which initially focused on food crops and natural resources management. Recently, the country has added *market orientation* to this strategy (Eleni et al., 2006). In 1994, the government of Ethiopia expressed renewed interest in collective action to promote greater market participation by small holders (FDRE 1996 and FDRE 1998). It re-affirmed in the Sustainable Development and Poverty Reduction Program (SDPRP) (FDRE 2002) and the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (FDRE 2005), in which cooperatives are given a central role in the country's rural development strategy (Bernard, Eleni, Alemayehu, 2007). Cooperatives which are commonly defined as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned democratically controlled enterprise" (ICA, 1995) play key role in the poverty reduction and sustainable development of a nation (MOI, 2003). In a subsistence agriculture where smallholders are engaged in uneconomic and fragmented production, the role of cooperatives in improving the agricultural marketing system has been fully recognized. Based on the fundamental principle of "the future belongs to the organized" expanding and strengthening of cooperatives is the underlying approach of the government in improving the marketing system (NEPAD, 2005).

Cooperatives in Ethiopia remained to be passive in changing the livelihood of most Ethiopians despite the fact that the legal framework was found back in 1960. Ethiopian cooperative movement has undergone drastic changes and transformation in the past. With all its demerits, it paved the way to the foundation of the modern cooperatives. According to report by FCA (2009), there are 26,128 primary cooperatives with over Birr 1.003 Billion capital and 5.27 million individual memberships. In order to strengthen the bargaining power of primary cooperative societies, 143 cooperative unions having capital Birr 143.6 million have been established (FCA, 2008).

In Oromia Region, the evolution of modern cooperatives emerged during 1987. According to OCPB (2009), there are 8928 primary cooperatives with total membership of 1,619,811 of which 1,405,132 (86.75%) are male and 214,679 (13.25%) are female. The capital and savings of these primary cooperatives is 251,313,508.00 and 116,835,353.00 Birr respectively. There are also 68 different types of cooperative Unions having 1,610 primary cooperatives as membership and 72,284,187.00 Birr capital. Recently, one Farmers cooperative federation with 40 cooperative unions as member affiliates and 20 million birr initial capital has been organized in the region.

All these cooperatives are registered and operating in the foreign and international markets as per proclamations No 147/1998 and its amended proclamation No 402/2004. Moreover, the region has one Cooperative Bank having 27 branches in different parts of the region. The startup capital of the bank was 110 million birr. Currently, it has reached to 155 million birr capital and total asset of more than one billion birr.

For many people, dairy production is the most important income generator. Dairying provides a regular income to farmers in different parts of Ethiopia. Different authors confirmed that the smallholders' dairy package production system is a powerful means of raising farm incomes and welfare (Ahmed et al, 2003). For the marketing and management of dairy, knowledge and members' participation are vital. Given the considerable potential for smallholder income and employment generation from high-value dairy products (Staal, 2001), development of the dairy sector in Ethiopia can contribute significantly to poverty alleviation (Mohamed, et al., 2004). Per capita consumption of milk in Ethiopia is as low as 17 kg per head per year while the average figure for Africa is 26kg/head (Gebre wold et al., 1998). As a matter of fact, the existing excess demand for dairy products in the country is expected to induce rapid growth in the dairy sector. Factors contributing to this excess demand include the rapid population growth, increased urbanization and expected growth in incomes (Mohamed, et al., 2004).

As said by Staal (2001), dairy cooperatives have typically been formed in response to a fundamental farmer problem: the inconvenience of small quantities of milk to market. Milk is perishable which requires special handling to insure quality and shelf life. Holding milk where infrastructure may be lacking can be costly and risky. On the other hand, the rapid delivery of small quantities of milk to market may not be practical or economic; some smallholder producers may market no

more than 1-2 liters of milk on a given day. The practical collection and transport of milk to market therefore usually requires some bulking, and the need for speed and reliability requires good organization of that bulking. As a consequence, there is strong incentive for smallholder producers to try to form collective organizations to meet these needs, which are dairy cooperatives.

There are several reasons why cooperatives fail or succeed, in addition to economic and business factors. A cooperative may fail if it ignoring members' needs and satisfaction, members are a vital part of any cooperative organization and their active participation in and loyalty to a Cooperative's business is integral for the success of the cooperative (Goddard, 2002, cited in Sanjib, 2007). Even though, the potential of dairy cooperatives in contributing to the improvement of the small holders' dairy farmer-member is immense, it is found out that due to lack of knowledge, awareness, and training in marketing of dairy products, they were not able to drive the required benefit from their dairy cooperatives (IPMS, 2005). Thus, the study mainly focuses on analyzing the opportunities and constraints of dairy cooperatives located in Tiyo district of Arsi zone, Oromia Regional State, Ethiopia.

1.2 STATEMENT OF THE PROBLEM

The shift from a centrally controlled economy to a market economy in the dairy products sector has inspired the farmers to produce more dairy products each year and to improve dairying practices by using proper inputs. According to Ahmed, et al., (2003), in their recent study concluded that, over the last decade following the political changes in 1993, the dairy sector in Ethiopia has shown considerable progress. The dairy sector in Ethiopia is expected to continue growing over the next one to two decades given the large potential for dairy development in the country, the expected growth in income, increased urbanization, and improved policy environment (Ahmed, et al., 2003). As the market liberalization process continues, the essential in the growth strategy is the role of agriculture, particularly the development of an efficient and flexible dairy products marketing system, for which adequate and active members' participation in dairy marketing is imperative. The means by which these objectives are to be achieved relies on 'transforming poor farmers, both men and women, from producing principally for their own households to producing for the market. The focus is to reorient them towards commercial agriculture in order to have a momentous impact on poverty eradication in the country.

According to Debrah and Birhanu (1991), market access poses a key bottleneck to the expansion of smallholder milk production and processing. Since the present dairy products marketing system in Ethiopia is young, not all market mechanisms are expected to be operational and also demand a profound member's participation in marketing dairy products. Difficult market access restricts opportunities for income generation. Remoteness results in reduced farm-gate prices; increased input costs; and lower returns to labor and capital. This, in turn, reduces incentives to participate in economic transactions and results in subsistent rather than market-oriented production systems. Sparingly populated rural areas, remoteness from towns and high transport costs all pose physical barriers impeding market access. Transaction costs such as lack of information about markets, lack of negotiating skills, and lack of collective organization are other impediments to market access (Halloway et al, 2000).

Moreover, if and when the markets are available, their functioning is constrained by various problems and obstacles: imperfect market information for buying and selling dairy; lack of cash and credit availability to finance short-run inventories and processing operations; insufficient facilities for storage and transportation; no uniform system of common grade standards to facilitate trading at a distance; lack of management skills; and unsuitable legal codes to enforce contracts, lack of knowledge and favorable attitude towards the market, inadequate skill (Mbogoh, et al, 1994). In addition to this, the members of Ethiopian Orthodox Church abstain from consuming milk and animal products about 150 days per year during the fasting periods. The surplus milk has thus to be converted in to butter and cottage cheese (*Ayib*) (Debrah and Birhanu, 1991). Co-operatives increase the participation of smallholders in fluid milk markets in the Ethiopian highlands (Mohamed et al., 2004). Cooperatives should also be given enough technical and financial support as they are serving as an important market outlet for smallholder producers. The nature of milk production as an agricultural activity, and of milk as an agricultural product, is the main reason for the dominant role played by producer owned co-operatives in milk marketing. The key principles underlying the establishment and operation of marketing co-operatives are to do with bargaining power and economies of scale in activities.

Co-operative marketing evolves because on one side of the trade of milk are many small-scale producers with a product which perishable and costly to transport. On the other side of the market in the local area is a single relatively large buyers or a small number of relatively large buyers who assemble, process, distribute and retail milk. These imbalances of market power have led to producers' co-operatives being the main stay of dairy marketing (Falvey, et al., 1999).

Berhane and Workneh (2003), in their review, indicated the very useful involvement of the government of India at every step of the development for expansion of dairy cooperatives in the country for the success of dairying and suggested that the Anand pattern of dairy development (India) can be emulated at least around the major milk sheds in Ethiopia, for instance around Nazareth(Adama), Dire Dawa, Harar, Bahir Dar, Gondar, Awassa, Jimma and Asella (one of the present study area). As demonstrated in India, dairy marketing cooperatives could provide farmers with continuous milk outlets, and easy access to essential inputs such as artificial insemination (AI), veterinary services and formulated feeds. Dairy cooperatives are supposed to help to trigger a series of positive developments in the sub-sector; hence strengthening the existing group marketing activities and formation of new cooperatives in different parts of the country (Berhane and Workneh, 2003).

Dairy cooperatives contribute a lot especially with regard to linking producers to market and by providing input supply. Among the major constraints for dairy marketing in Ethiopia included availability and costs of feeds, shortage of farm land, discouraging marketing systems, waste disposal problems, lack of improved dairy animals, poor extension and animal health services, and knowledge gap on improved dairy production, processing and marketing. Therefore, knowing the existing opportunities and constraints of the dairy cooperatives becomes important as a take-off point towards making a successful dairy marketing and improved livelihood of members. So far, there is no much empirical evidence as to the constraints and opportunities of dairy cooperatives in the study area. Therefore, this study tries to assess the constraints and opportunities of dairy cooperatives.

1.3. RESEARCH QUESTIONS

1. What are the major opportunities of dairy cooperatives in the study area?
2. What are the constraints faced by dairy cooperatives societies?
3. What steps are needed to improve the identified constraints of dairy cooperatives?

1.4. OBJECTIVES OF THE STUDY

GENERAL OBJECTIVE

The General objective of the study is to investigate factors influencing dairy cooperatives in *Tiyo district* of Arsi zone of Oromia Regional State, Ethiopia.

SPECIFIC OBJECTIVES

This study is conducted with the following specific objectives that are set to help realize the major objective:

1. To assess the major opportunities of dairy cooperatives in the study area;
2. To examine the key constraints of dairy cooperatives;

1.5. SIGNIFICANCE OF THE STUDY

For formulating appropriate strategies, the diagnosis of existing opportunities in dairy marketing and constraints hindering the success towards effective participation is inevitable. Dairy cooperatives, members, and external stakeholders at all levels might use this study as a corner stone for designing and implementing appropriate strategies for effective marketing participation of members and overall improvement in the dairy cooperatives in Tiyo and other district of Arsi zone with similar socio-economic conditions. The research study, by investigating the major constraints that hinder members of dairy cooperatives from participating effectively in marketing of dairy products in Tiyo district will provide realistic basis for planning the appropriate guidelines that enhance further improvement. It would also help those governmental and non-governmental institutions and agencies having interest in dairy cooperatives to know existing opportunities and prevailing constraints.

2. METHODOLOGY OF THE STUDY

This study employed survey method with field orientation. In essence, precision of facts is better from a census. However, due to financial and time constraints, total coverage of the entire population is not practical and also not necessary. Sampling allows the researcher to study a relatively small number of units representing the whole population (Sarantakos, 1998). For this study, *probability sampling technique* was used.

One of the potential dairy producers' district in Arsi zone is Tiyo, where the first dairy development project was launched and preceded by districts in North Shoa, Oromia Region. So Tiyo is purposively selected for the study. In this study, two stage random *sampling* method was adopted for the selection of the respondents. In the first stage, from the 8 dairy cooperatives found in the district, four dairy cooperatives were selected at random for the study. In the second stage, using random sampling procedure and probability proportionate to size of the population (PPS), 75 members of dairy cooperatives were selected as respondents for the study. In addition, there were 40 management committee members (cooperative officials) in the four selected dairy cooperatives. From each of the four dairy cooperatives, randomly 50% of management committee members were included as respondents of Focus Group Discussion; i.e. 20 (50% of 40) management committee members and 10 key informants (4 village leaders, 4 reputed elders, and 2 marketing experts from both district(woreda) Cooperative promotion office) were also considered as respondents (participants) of FGD. In this study, to determine sample size, different factors were taken into consideration including research cost, time, human resource, accessibility, and availability of transport facilities.

The study used both primary and secondary data to gather the required information for achieving the stipulated objectives. The method of data collection was interview method which has used structured interview schedule. In addition, Focus Group Discussion (FGD) was conducted (as per the check list developed for this purpose) with participants (by dividing them into two smaller groups) for getting in-depth information regarding the objectives of study. The Interview Schedule prepared in English was translated to *Afaan Oromo* (local language mostly understood by respondents) before final administration. In this study, descriptive statistical tools were used to analyze the quantitative data. The important statistical measures that were adopted were *percentage and frequencies*. In addition to this likert scale was employed to indicate the order of members' preferences regarding opportunities and constraints.

3. MAJOR FINDINGS AND DISCUSSION

This section describes the major findings of the research and discussions of the major findings are followed

TABLE 3.1: PROFILE OF RESPONDENTS IN SURVEYED DAIRY COOPERATIVES

S/No	variables	options	frequency	percentage
1	sex	male	69	92
		female	6	8
		Total	75	100
2	Age in years	20-25	5	6.67
		26-30	10	13.33
		31-35	21	28
		Above 35	39	52
		Total	75	100
3	Marital status	married	72	96
		single	0	0
		Widowed	3	4
		Total	75	100
4	Educational level	Grade 0-4	4	5.33
		Grade 5-8	24	32
		Grade 9-12	26	34.67
		Above grade 12	3	4
		Total	75	100
5	Experience in the cooperative	Up to 1 year	1	1.33
		1 -3 years	8	10.67
		Above 3 years	66	88
		Total	75	100

Source: Author's Survey, 2014

TABLE 3.2: SOCIO-ECONOMIC CHARACTERISTICS OF THE RESPONDENTS

S/No	variables	options	frequency	percentage
1	Number of milking Cows owned	1	47	62.67
		2	15	20
		More than 2	13	17.33
		Total	75	100
2	Annual income from dairy activities	Up to 1000 EBR	4	5.33
		1000-2000 EBR	34	45.33
		2000-3000 EBR	20	29.33
		Above 3000 EBR	17	22.67
		Total	75	100
3	Indebtedness	No debt	73	97.33
		Debt up to 500Birr	2	2.67
		Total	75	100
4	Milk purchased through cooperatives	All milk is not purchased	70	93
		All milk is purchased	5	7
		Total	75	100
5	Availability of market information	Little market info	19	25
		Info is available from different sources	56	75
		Total	75	100
6	Access to credit	No access at all	75	100
		There is access to credit	0	0
		Total	75	100

Source: Author's Survey, 2014

RESULT OF FOCUS GROUP DISCUSSION PARTICIPANTS

In all the FGD, the opportunities and constraints raised were summarized as follows:

OPPORTUNITIES PERCEIVED BY PARTICIPANTS OF FDG AND MEMBERS OF THE COOPERATIVES

The major opportunities identified by the survey were ease of entry to the dairy sector, growing trends in urban and peri-urban as well as rural population, increasing demand for milk by the children and younger generation, increased in the trends of milk price, conducive agro ecology in the area for dairy farming, proximity to the major towns including the capital city, Addis Ababa, and accumulated experience and social capital in dairy farming in the area. As a result, all the respondents of the study expect that the dairy industry will become a major player in agricultural development and has further potential to contribute significantly towards increased income and employment. Need and potential for future commercialization and organization of dairy farmers (through cooperative union) for better land utilization and fodder production, enhanced feed access and distribution are also among the existing opportunities identified by the survey.

CONSTRAINTS PERCEIVED BY PARTICIPANTS OF FGD

Low level of raw milk supply, lack of milk collection centers, lack of Access to market for their dairy products, lack or absence of milking cows (due to cease of lactation period of dairy cows and sudden death of cows as a result animal diseases), traditional dairy marketing system (no modern and efficient dairy marketing system), lack of timely and reliable market information and fair price for their dairy products at the farm gate, scattered (non-coordinated) local milk markets, unreliable milk supply, low productivity of local breeds, no milk processing plants, weak transfer of market information, price fluctuation of dairy products, high transaction costs and ever increasing in the price of animal feeds, lack of improved dairy cows and high cost of exotic breeds, shortage of formulated animal feeds and grazing land, lack of animal health posts and clinics, lack of AI(Artificial Insemination)services and access to credit, lack of technicians trained in AI, reluctance of members in delivering milk to their society, failure of members to fulfill their membership obligation like payment of share capital, Poorly developed infrastructure like roads, water supply, and electric power, lack of trained manpower in dairy societies, lack of commitment and negligence of members and Cooperative officials to be avail on society's regular and special meetings and pass resolutions, lack of strong technical support from Cooperative promotion offices found at different levels, lack of adequate awareness of members about their cooperatives, members lack the sense of ownership of their societies(most dairy cooperative members do not trust their elected officials), lack of adequate training of members, officials, and hired staff of the cooperatives, poor culture of the community with respect to milk consumption, lack of internal control and misuse of the society's property, lack of business plan in the dairy societies, weak members and other customers treatment by the societies, lack of efficient societies' resource utilization, and members usually do not consult their family members and experts with respect to dairy marketing.

CONSTRAINTS IN DAIRY MARKETING PERCEIVED BY MEMBERS

As depicted on the table 3.4 below, the major constraints perceived by the members of the Cooperatives include; lack of market access for their dairy products especially during the fasting months, Lack of facilities (cooling, transportation, and storage), lack of improved dairy cows, high cost of exotic breeds, shortage quality feed, ever increasing in the price of animal feeds, lack of access to credit, Poorly developed infrastructure like roads, water supply, and electric power, and low commitment regarding cooperatives affairs, low commitment and negligence of Cooperative officials in discharging their responsibilities.

Dairy Cooperative members were asked to rank the constraints that hampered them from effectiveness of their Cooperatives in order of importance. The 10 most important constraints were Lack of market access for members' milk especially during the fasting months, Lack of improved dairy cows, Lack of facilities (cooling and storage), shortage and poor quality of animal feeds, Lack of credit to expand dairy activities, Poor infrastructures like roads, water supply, and electric power, high cost of exotic breeds, high transaction costs and ever increasing in the price of animal feeds, members' low attention towards dairy sector, and low commitment and negligence of Cooperatives management committee in discharging their responsibilities.

BRIEF DISCUSSION ON THE TOP FIVE CONSTRAINTS OF DAIRY COOPERATIVES IN THE STUDY AREA**A) LACK OF MARKET ACCESS FOR MEMBERS' MILK (ESPECIALLY DURING THE FASTING MONTHS)**

Most of the survey respondents (more than 86 percent) perceived that lack of market access for members' milk (especially during the fasting months) is the most challenging constraint that was treating members' participation in their dairy cooperatives. The situation restricted the Opportunities of dairy farmers from further income generation. This in turn reduced the initiatives of dairy farmers to participate actively in their dairy Cooperatives and related economic transactions. As a result, the dairy farmers in the study area were experiencing subsistent dairy production systems rather than market oriented.

B) LACK OF IMPROVED DAIRY COWS

The second most important constraint perceived by interviewed members and that hinder them from effective participation in their dairy Cooperatives was lack of improved or cross breed dairy cows. Lack of high yielding improved dairy cows was the critical constraint that has been pressurizing the small scale dairy producers (both members and non-members of the dairy cooperatives) in the study area. In addition to the unavailability of high yielding exotic dairy breeds, their associated high purchasing cost is another challenge that has been treating the members of dairy cooperative societies. The participants of FGD (Focus Group Discussion) have mentioned that the unit purchase price of one high yielding exotic dairy cow or heifer has reached to 30,000. Birr (Ethiopian Currency) which is unlikely to be affordable by resource-poor small scale dairy farmers in the study area.

C) LACK OF FACILITIES (COOLING, TRANSPORTATION, AND STORAGE)

As milk is a perishable commodity and its life is shorter than vegetables, availability of effective facilities like coolers, storage, and transportation facilities are vital. However, these facilities were among the bottlenecks of the dairy cooperatives in the surveyed area.

D) SHORTAGE AND POOR QUALITY OF ANIMAL FEEDS

The sampled members of the dairy cooperatives were ranked the Shortage and poor quality of animal feeds as the fourth main constraint in dairy production and marketing More than 60 percent of the respondents replied that they had difficulties in having adequate feeds for their dairy cattle. The constraint is not only the inadequacy of animal feeds, but the available feed in not well formulated and thus of poor in nutritional quality. In connection with this, most of the members had shortage of land to plant/grow high quality animal feeds in their home yard. In addition to this, shortage of grazing land and poor quality of the pastures grown on the land were also predisposing factors to the constraint.

E) LACK OF ACCESS TO CREDIT

It is obvious that credit relaxes the financial constraint of smallholder farmers. It enables the dairy farmers to purchase essential dairy inputs (improved cross breed cows, concentrate feeds, milking utensils, and others) and expansion of their dairy businesses. About 51 percent of the members of the dairy cooperatives have perceived that access to credit was the fifth most important constraint that adversely influenced their effective marketing participation businesses.

TABLE 3.3: SUMMARY OF MAJOR OPPORTUNITIES OF DAIRY COOPERATIVES

S.No	Major opportunities	Most Important (3)	Important (2)	Least Important (1)
1	Growing trends in population	60(80)	10(13.33)	5(6.67)
2	increasing demand for milk	55(73)	17(22.67)	3(4.33)
3	increased in the trends of milk price	50(66.67)	16(21.33)	6(12)
4	conducive agro ecology	47(62.67)	20(26.67)	8(10.66)
5	Ease of entry to the dairy sector	39(52)	27(36)	9(12)
6	Accumulated experience and social capital in dairy farming	33(44)	30(40)	12(16)
7	Need and potential for future commercialization and organization of farmers	29(38.67)	31(41.33)	15(20)

Figures (numbers) in the parenthesis show the percentage (%)

Source: Author's Survey, 2014.

TABLE 3.4: SUMMARY OF MAJOR CONSTRAINTS OF DAIRY COOPERATIVE SOCIETIES

S. No	Major Constraints	Most Important (3)	Important (2)	Least Important (1)
1	Lack of market access for members' milk especially during the fasting months	64(85.33)	7(9.33)	4(5.34)
2	Lack of improved dairy cows	65(86.67)	7(9.33)	3(4)
3	Lack of facilities (cooling and storage)	43(57.33)	11(14.67)	21(28)
4	shortage and poor quality of animal feeds	41(54.67)	29(38.67)	5(6.66)
5	Lack of credit to expand dairy activities	38(50.67)	22(29.33)	10(20)
6	Poor infrastructures like roads, water supply, and electric power	35(46.67)	22(29.33)	18(24)
7	high cost of exotic breeds	33(44)	23(30.67)	19(25.33)
8	high transaction costs and ever increasing in the price of animal feeds	33(44)	30(40)	12(16)
9	members' low attention towards dairy sector	30(40)	34(45)	11(15)
10	low commitment and negligence of Cooperatives management committee in discharging their responsibilities	29(38.67)	37(49.33)	9(12)

Figures (numbers) in the parenthesis show the percentage (%)

Source: Author's Survey, 2014.

4. CONCLUSION AND RECOMMENDATIONS

4.1. CONCLUSION

Growing trends in urban and peri-urban as well as rural population, increasing demand for milk by the children and younger generation, ease of entry to the dairy sector increased in the trends of milk price, conducive agro ecology in the area for dairy farming, proximity to the major towns including the capital city, Addis Ababa, need and potential for future commercialization and organization of farmers and accumulated experience and social capital in dairy farming in the area are among the existing opportunities identified.

Lack of market access for members' milk especially during the fasting months, Lack of improved dairy cows, Lack of facilities (cooling, transportation, and storage), shortage and poor quality of animal feeds, Lack of credit to expand dairy activities, Poorly developed infrastructure like roads, water supply, and electric power, high cost of exotic breeds, high transaction costs and ever increasing in the price of animal feeds, members' low attention towards dairy sector, and low commitment and negligence of Cooperative officials in discharging their responsibilities were among the main constraints perceived by members of dairy cooperatives and participants of FGD.

4.2. RECOMMENDATIONS

In light of the finding the following recommendations were drawn:

- The dairy stakeholders (members, cooperatives, Government, and NGOs) should think of better dairy products market access and establishment of milk processing plant at dairy cooperative union level
- Provision of high yielding improved exotic dairy cows at fair price to the farmers
- The dairy cooperatives must be fully capacitated with coolers, storage, and transportation facilities
- Provision of better quality feeds at reasonable price (from the cheap sources) and launching programs for fodder development
- There should be access to credit especially for small holder farmers
- Improving the status of infrastructures like road, water supply, and hydroelectric power
- Enhancing the formation of dairy unions as well as establishment of animal feed processing factory so as to obtain the economies of scale (bargaining power.)
- Continuous education and training for members, cooperative officials, and hired staff to improve their awareness about the dairy sector alongside the follow up and control of the activities of cooperative
- Management committee of the cooperatives should be dedicated in discharging their responsibility and members must support their cooperative though donation of raw milk to tackle financial limitation.
- The government (both federal and regional) should develop the strategy to secure adequate amount of credit facilities to small scale resource poor dairy farmers at fair interest cost and convenient terms of payment.

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MAKE IN INDIA AND FINANCIAL INCLUSION**PHIZA MOULAVI****TEACHING ASSISTANT****SYMBIOSIS INSTITUTE OF BUSINESS MANAGEMENT (SIBM)****LAVALE****ABSTRACT**

Make in India campaign is more to do with rationalization of industrial regulations and an attempt to increase the contribution of the manufacturing sector to the National Income. The link between financial inclusion and Make in India campaign seems remote but it may have spillover effects. The level of growth of any economy, its culture, social attitudes, ability to accept changes, human endowments, historical accidents and many other factors would decide whether any macroeconomic policy would work for that nation or not. It may get success in one nation it may not in the other. The New Economic Policy 1991 drew attention of many as the terms such as Liberalisation, Privatisation and Globalisation were new then. Everybody, whether capitalist or the socialist, was curious to know what would its impact be on the Indian Economy. It took almost a decade to understand the merits and the demerits of the New Economic Policy. The first part of my paper deals with - is this campaign new or did it even exist before without a brand name. It also discusses the economic basis of the campaign. The second part of the paper discusses the much sought after financial inclusion and tries to find if even that existed before. The third part of my paper deals with the possible opportunities associated with and challenges to this campaign. The paper identifies the Make in India campaign to be an aggressive version of the New Economic Policy, 1991. The opportunities and challenges associated with the Make in India Campaign are inferred on the grounds of the past experiences of the NEP, 1991. Hence this paper may be taken as a preliminary exercise towards the same.

KEYWORDS

priority, inclusion, infrastructure, GDP.

1.1 INTRODUCTION

The production method of GDP identifies three contributors to the GDP viz, the agricultural, manufacturing and the tertiary sector. Calling any economy to be developed or underdeveloped depends not only on its GDP as a percentage of the GDP of the US but also on many other parameters other than the GDP included in the construction of the Human Development Index developed by the UNDP. Among many other indices of development, a shift away from the agriculture to manufacture is a sign of development. So a nation to be categorized to be developed must show high levels of the GDP and that can, among other possible ways, be achieved if the manufacturing sector performs well.

A comparison between the advanced and some of the underdeveloped nations of the world shows heavy dependence of the underdeveloped nations on the agricultural sector. For advanced nations not only is their dependence on the agricultural sector low, in terms of employment provision, but even in terms of its contribution to the GDP. On the other hand, the manufacturing and services sectors play vital roles. So for a nation to be advanced in terms of technological richness, infrastructural soundness and income levels it must move away from the traditional sectors of the economy such as the agriculture to the manufacturing. This manufacturing sector is demanding. One of the most important prerequisites for the manufacturing sector to perform is a well-developed infrastructure both economic and social. Economic infrastructure includes roads, bridges, banking and financial institutions while the social infrastructure includes education and health. Manufacture needs a well-developed network of financial institutions and a strong capital market. Without a network of good financial institutions, that provide capital, manufacturing growth cannot be thought of. The establishments of IFCI in 1948 and ICICI in 1955 are examples to support the same.

Financial institutions can make available all that can be only when these institutions reach the remotest. Some sections of the community may wish to access the services of these financial institutions but they may find it difficult so to do on account of lack of availability of these institutions in these areas. The extension of the services of financial institutions in remote areas and to neglected sections of the community could help the economy in two ways – a) Mobilizing resources that were hitherto not mobilized and b) Getting to know those who could set up a venture, if supported financially.

The 'Make in India' campaign was declared by the incumbent government with the intent of popularizing manufacture and innovation in India. This paper attempts to study a link between economic growth and 'Make in India campaign' and figure out the role of financial inclusion, if any, in the same.

OBJECTIVES OF THE PAPER

The following paper aims at attaining certain defined objectives. The Make in India Campaign has brought with it a lot of expectations among the Indians. The industry and the aspiring students of different academic institutions look at this campaign as an opportunity worth capitalizing. This campaign has created a very positive picture about the future of the Indian Economy.

The following is my miniscule contribution to assess these and many other related issues. The objectives of this paper are mentioned below -

1. To clearly understand what the campaign stands for.
2. To identify the sectors to which this campaign is applicable.
3. To find the economic basis of the campaign.
4. To identify if such an attempt, but in some different name, existed in the past.
5. To understand financial inclusion clearly.
6. To identify a possible link between Financial Inclusion and Make in India.

REVIEW OF LITERATURE**MAKE IN INDIA CAMPAIGN**

Make in India is all about making India a very attractive destination for production whether for the companies incorporated in India or outside India. Make in India is both to boost the production of the domestic companies as well as inviting the foreign companies to India and creating an atmosphere conducive to their existence for production in India.

It is said that the manufacturing companies to remain in the host nation, the said nation must create a case for their existence. This is called the 'Ease of doing business'. The Make in India campaign aims at creating all such ground wherein business can be done with ease in India.

The campaign that was launched in September 2015 by the Prime Minister focuses 25 sectors of the Indian Economy. These sectors are given in the following table:

TABLE 1: SECTORS PROMOTED UNDER MAKE IN INDIA CAMPAIGN

Title of the sector	Title of the sector	Title of the sector
Automobiles	Media and Entertainment	Electronic systems
Automobile components	Mining	Food processing
Aviation	Oil and Gas	IT and BPM
Biotechnology	Pharmaceuticals	Leather
Chemicals	Ports	Space
Construction	Railways	Textiles and Garments
Defence manufacturing	Renewable Energy	Thermal Power
Electrical machinery	Roads and highways	Tourism and Hospitality
xxxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxxxxx	Wellness

(Source: Make in India: Illusion or Possible Reality Project – Dr. T.V. Ramanna, Asst. Professor, Dept. of Economics, Andhra University – International Journal of Academic Research, Vol. 2- Issue 2(5), April-June, 2015, Page number – 14)

THE ECONOMIC BASIS

Many macroeconomic theories underline the importance of aggregate demand as well as aggregate supply in economic growth. For creation of aggregate demand, there needs generation of income which is possible only when there is production. Efforts to produce more generate employment.

Keynesian theory of Investment Multiplier establishes a relationship between changes in investment and the corresponding change in the income. This theory of investment multiplier emphasizes the role of Marginal Propensity to Consume (MPC) in determining the level of income of a nation. The theory states that the higher the MPC higher would be the income of that nation.

So for economic growth to take place there must be rise in investment coming either through the government or through the private sector.

The launching of such a big campaign called 'Make in India' has no other target than those spelt out by the economic theories. This campaign rightly aims at bringing with it the following:

- a. Creation of employment opportunities
- b. Enhancement of GDP
- c. Alleviation of Poverty
- d. Increasing capital formation by way of attracting foreign investment and enabling technology transfer
- e. Boosting manufacturing in India along with setting of high quality standards in manufacture.

DID MAKE IN INDIA EXIST BEFORE?

A question arises, were these objectives never set before. Was the Make in India campaign never thought of before at all? An investigation into this reveals that may be this existed before but aggression about the same is seen now.

A number of papers reveal that the 'Make in India' campaign was christened to be Make in India by this government but it existed in India even prior to this but without a title. The references about the lament of Dadabahi Nauroji over the exploitation of the colonies, production of the first iron plough by Laxmanrao Kirloskar and the setting up of the first steel mill in India by Sir Jamshedji Tata (Satish Deodhar, 2015) endorse the existence of entrepreneurship in India and the story of Make in India evolved then. The sustainability of the same was doubted by M.G. Ranade.

The Industrial Policy resolution of 1991 deviates sharply away from the Industrial Policy Resolutions of 1948 and 1956 in terms of Industrial regulations. The tightly governed manufacturing sector was freed by the New Economic Policy, 1991.

The industrial policy 1991 aimed at removing the bureaucratic controls over industry. It introduced a policy of liberalization that aimed at integrating the Indian Economy with the world economy.

The act of liberalization involved making alterations in many policies and acts pertaining to industrial development. The alterations pertained to foreign direct investment, Monopolies Restrictive Trade Practices Act (MRTP), industrial licensing etc. Requirements of compulsory licensing were relaxed for many industrial activities and the number of industries reserved for public sector was reduced.

This policy transformed the Indian Economy from a tightly governed to a liberal one and India progressed from a low rate of GDP growth to high rate of GDP growth. So market expansion is a thing of the past. Make in India campaign can be presumed to be an improvement of the New Economic Policy, 1991.

COMPARISON OF INDIAN ECONOMY WITH SOME ECONOMIES OF THE WORLD ON IMPORTANT PARAMETERS

Intertemporal Comparison of GDP - GDP by Industry Origin and Contribution of the Manufacturing Sector to India's Exports

TABLE 2: COMPARISON THE INDIAN ECONOMY WITH SOME ASIAN NATIONS

Sr. No.	1990	2000	2010	2015
INDIA				
1.	3,26,60,80,14,285	4,76,60,91,48,165	17,08,45,88,76,829	20,73,54,29,78,208
2.	16.2	15.3	14.8	16.1
3.	0.1	0.8	1.6	2.1
CHINA				
1.	3,58,97,32,30,048	12,05,26,06,78,392	60,39,658,508,485	1,08,66,44,39,98,394
2.	32.5	31.9	31.9	30.1
3.	1	3.5	4	2.3
THAILAND				
1.	85,34,31,89,320	126,392,308,497	3,40,92,35,71,200	3,95,28,15,80,952
2.	27.2	28.6	31.1	27.7
3.	2.9	2.7	4.3	2.0
JAPAN				
1.	31,03,69,80,99,973	47,31,19,87,60,271	54,98,71,78,15,809	41,23,25,76,09,614
2.	25.9	21.2	19.7	18.6
3.	0.1	0.2	0.1	0

(Source: World data bank – databank.worldbank.org – World Development Indicators (Serial numbers in the table above express - 1. GDP in Current \$ terms 2.

Contribution by the Manufacturing sector to the GDP 3. Net inflows of FDI as a % of GDP)

The GDP, at current prices, by industry origin reveals that the relative share of services sector in the Indian GDP has steadily risen from 33.25 per cent to 57.03 per cent between 1951 and 2014. During the same term the relative share of the agriculture and allied services has gone down from a high of 51.81 per cent to 18.20 per cent. But the manufacturing sector has not shown any significant rise or fall in its share in the Indian GDP, between 1951 and 2014. It has remained more or less the same between 12 and 17 per cent. It is this that a nation needs to improve so that it is developed. The high share of manufacturing sector in the GDP enables a nation to export manufactured goods on a large scale.

In case of India the contribution of the manufacturing sector to its exports is substantial but when compared with other nations of the world it is not satisfactory.

TABLE 3: COMPARISON BETWEEN NATIONS OVER CONTRIBUTION BY THEIR MANUFACTURING SECTOR TO THEIR TOTAL EXPORTS

Nation	1990	2000	2010	2015
India	70.7	77.8	63.8	70.6
China	71.6	88.2	93.6	94.3
Thailand	63.1	75.4	75.3	77.8
Japan	95.9	93.9	89	88
Israel	86.6	81.9	93.3	92

(Source – World data bank – databank.worldbank.org – World Development Indicators)

The data reveals that India's exports carry share of manufactured sector that stands at the lowest among a mix of the nations mentioned above. China's exports constitute 94% manufactured goods. The major reason behind this is the value addition of the manufacturing sector to the GDP of the respective nations.

When compared with china we get to know that the contribution of the manufacturing sector of China to its GDP is substantial and hence the Indian economy stands much behind that of the Chinese in terms of manufacturing sector. The absolute value of the GDP of China is also much bigger than that of India's.

And one must note that the GDP of India is much lower than the GDP of Japan as well. So even if Japan's manufacturing sector contributes 18.6% to its GDP, this 18.6% itself is a substantial amount.

The net FDI inflows as a percent of GDP has been the same for India and China but as stated earlier the GDPs of the two nations are not comparable and hence China has a greater flow of FDI than India has.

These factors create a strong case and a good economic basis for some campaign like the Make in India.

FINANCIAL INCLUSION

Financial system of any nation consists of Financial Markets, Institutions and Instruments. Financial institutions are the purveyors of credit. They are the ones who would make the deficit saver meet a surplus saver. In this way they balance the financial spread in the economy.

The need of any developing economy is to see that every possible resource is saved and is made available for the development projects in the country. But it so happens that the resources remain untapped on account of a variety of reasons.

The historical episodes reveal that even after 22 years of independence credit was not made available to the most primary sectors of the economy, defined to be the priority sector, though we went on arguing that the Indian economy was an agrarian one then.

So just like Make in India, which existed before but never ever was stressed as much as it is being today; financial inclusion is an old idea that was reiterated in 2005.

Varied definitions of financial inclusion connote financial inclusion to be a process of offering access to financial products and services to all and especially those neglected hitherto of the same. They could be weaker sections of the community and even low income groups. The Report of the committee on financial inclusion headed by Dr. C. Rangarajan defines financial inclusions as –

“The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.”

The report rightly points out “The ideal definition should look at people who want to access financial services but are denied the same. If genuine claimants for credit and financial services are denied the same, then that is a case of exclusion.”

The report refers to the 59th round of survey carried out by the National Sample Survey Organisation to highlight the extent of financial exclusion. The findings of the Organisation are serious and create a case for financial inclusion.

But financial inclusion was tried in the past as well. The efforts of the government included -

- The Nationalisation of Banks, on the pretext of non-supply of credit to agriculture, small scale industries, exports etc., in July 1969,
- Formalization of the priority sector in 1972 on the recommendations of the Informal Study Group on Statistics and consequently fixing of priority sector lending targets at 33.33% in November 1974.
- Based on the recommendations of the 'Working Group on Modalities of Implementation of Priority Sector Lending' the revision of target for the priority sector lending to 40% of the aggregate bank advances by 1985.
- Introduction of 'Lead Bank Scheme' on the recommendations of Nariman Committee in December 1969, to carry out an Area Approach in enabling the public sector banks discharge their social responsibilities.
- Setting up of the Regional Rural Banks in 1975 with the intent of providing the rural sector with a mature institutional source of credit.

So financial inclusion is a thing of the past with its roots in 1960s.

FINANCIAL INCLUSION - POST 2014

A number of schemes were introduced by the newly elected government to bring in financial inclusion.

- 1) The progress report on the Pradhan Mantri Jan Dhan Yojana (PMJDY) highlights how the current government has been successful in carrying ahead the much needed financial inclusion. The accounts opened under the scheme as on September 21, 2016 stood at a total of 24.61 crore and these accounts were successful in generating an amount aggregating to Rs 43,347 crore. Overdraft (Sanctioned/Disbursed) under PMJDY as at the end of August 2016 stood at Rs 288.14 crore.
- 2) In addition to the PMJDY another endeavour of the current government is that of MUDRA (**Micro Units Development & Refinance Agency Ltd.**), a non-banking finance company registered with the RBI with an intent of providing financial assistance to the micro enterprises through banks and other financial institutions. This would benefit the micro/small business units that are engaged in manufacturing, trading and service provision.

HAS FINANCIAL INCLUSION HELPED?

Speech delivered by Shri P. Vijaya Bhaskar, Executive Director, Reserve Bank of India on "Financial Inclusion in India – An Assessment" on December 10, 2013 reveals that a deliberate attempt on financial inclusion has yielded results. The speech highlights the progress that occurred between 2005 and 2013. The same includes –

- a. Manifold increase in number of branches of scheduled commercial banks not only in urban but rural areas as well.
- b. The number of Basic Savings Bank Deposit (BSBD) Accounts rose considerably.
- c. An overdraft facility to the BSBD account holder was advised by the RBI.
- d. Issuance of Kisan Credit Cards, to meet the production credit requirements of the farmers in a timely manner, remained slow but steady.
- e. The number of General Credit Cards issued and credit provided under the same rose steadily. GCC scheme was introduced to provide hassle-free credit to banks' customers on assessing the cash flows of the customer and without demanding any security against the said advance. The purpose of credit taken would not be considered and the credit would take the form of cash credit or overdraft.

MAKE IN INDIA AND FINANCIAL INCLUSION – POSSIBLE LINK?

Growth needs assistance in the form of capital. One of the only two possible links that may be established between the Make in India campaign and financial inclusion could be that of the latter helping the former with capital while the micro, small units being taken care of by the domestic untapped resources, the medium and large scale manufacture can be helped by domestic capital markets and the flow of direct investments from abroad.

The second link comes in the form of the positive effects of the Make in India campaign. The campaign would create employment opportunities enhancing the capacity of the people to save.

The Make in India campaign both requires finance and gets in finance (capital from outside). The financial inclusion programme of the government also looks at raising finances from those who can and providing finances to those who need. So the similarity between the two is about the raising of the financial resources much needed for manufacture.

The money collected from all possible sources would definitely enable more productive activities to take place. Hence financial inclusion would promote the basic aim of the Make in India campaign i.e. enhancing manufacture. Both the Jan Dhan Yojana as well as the Mudra Bank scheme would cater to the requirements of enhancing manufacture. While the former would mobilize resources and allocate them to the needy for productive purposes while the Mudra loans would in fact help the micro units to get started as well as get established.

OPPORTUNITIES

The opportunity for the Government could be to use the Make in India campaign for financial inclusion. The government could create employment opportunities through this campaign leading to creation of income to those who were struggling for the same. This in turn would increase their abilities to save.

There is possibility of technology transfer through this campaign. With this the obsolete techniques of production can be replaced and the productive capacity of a manufacturing unit would go up.

Foreign Direct Investment would supplement the internal sources of financing. This would add to capital and capital formation would go up.

CHALLENGES

While commenting over the Make in India campaign in Bharat Ram Memorial lecture the then Governor of the Reserve Bank of India Dr. Raghuram Rajan pointed out the possible challenges that India may face in making this campaign work well. I subscribe to the possible bottlenecks this campaign may face. They include –

- a. Linking every corner of India with reasonably good infrastructure in the forms of roads, railways, ports and airports. In the absence of this the markets would not be well linked.
- b. Ensuring undisturbed supply of water, power and other raw material that too at competitive prices.
- c. Well execution of financial inclusion for provision of financial assistance to carry out the projects in time. This also requires a very good support of network of electronic communication.
- d. Both the sets of infrastructure viz, the economic and social will have to be present in good shape. The former would involve roads, bridges, banking facilities etc while the latter would require facilities in the form of hospitals and academic institutions.
- e. Human capital will have to be trained because the levels of skills and academic achievements would have to suit the requirements of the manufacturing firms. 'Vision 2030' created by FICCI's Education Committee on Higher education in India reveals certain facts. They include – only 10% of the general graduates and 25% of engineers and MBAs are employable. While no Indian institute features in top 200 institutes of the world only 4 universities are featured in 400 universities of the world. Eleventh five year plan document – Volume II – on Social Sector - Chapter – I- page 23 reveals that from out of the then NAAC accredited colleges only 9% of the colleges and 31% of the universities were rated as 'A' grade and the rest fell in 'B' and 'C' categories.
- f. The social set fabric of our nation must remain smooth so as to facilitate continuous production. It may be disturbed because of the unrest within caused due to clashes on religious, class and territorial grounds.
- g. If Make in India aims at manufacture for exports and thereby export led growth, then it has to look at the competition it would face from the Made in China campaign launched by China.
- h. A World Bank group flagship report on 'Doing Business 2016 -Measuring Regulatory Quality and Efficiency' identifies what measures are to be taken to do business with ease. Point (a) discusses the already existing and point (b) discusses the newly added by this report –
 - a. Procedure, time and cost needed to complete all formalities to build warehouse, get connected to electrical grid, to transfer property, to resolve a commercial dispute etc.
 - b. Reliability of electricity supply, transparency of tariffs and price of electricity, Quality of the land administration system, Quality of judicial processes etc.

Based on these parameters, the rankings benchmarked to June 2015 reveal that among 189 nations surveyed, India stands at 130 much below the rankings the Chinese, Japanese or Thais have in the Ease of Doing Business.

CONCLUSIONS

The NEP of 1991 opened the gates of the Indian economy for the outside world. The policy of Liberalisation, Privatisation and Globalization drove Indian economy away from a very low rate of GDP growth to double digit rate of growth. The financial system was strengthened by introducing financial sector reforms.

It is rightly pointed out by Dr. Raghuram Rajan in his Bharat Ram Memorial Lecture on December 12, 2014 that any signs of growth will attract foreign capital. The policy makers will have to assess the possibility of further growth in Indian and the world economy against the available competitors who can fulfill these growth

requirements because if the foreign capital is not managed properly it would cause negative effects such as credit and asset price rise along with overvaluation of the exchange rate.

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