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PROMOTING TRANSPARENCY IN UNIVERSITY ADMINISTRATION THROUGH E-GOVERNANCE

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ABSTRACT

The advances in information and communication technology (ICT) has created opportunities to transform the relationship between universities, students and other stake holders in new ways that contribute to the attainment of good governance. They provide choices for the universities and its stake holders to involve in the process of governance at all levels. They facilitate larger participation and better service delivery, thus making governance more efficient and effective. In addition, e-governance may lower transaction costs both for the university and its stake holders. E-governance presents many avenues for improving administrative transparency and performance efficiency. It has opened up new opportunities for universities to manage things differently and in a more efficient manner by utilizing information and re-engineering the processes. Many universities have launched specific initiatives for transparent administration. Students are being perceived as clients rather than beneficiaries. The Internet revolution has proved to be a powerful tool for student-centric governance of universities. An important dimension of the Internet potential is the possibility of providing educational services anytime, anywhere. This paper investigates the role of e-governance in promoting transparent administration in the universities.

KEYWORDS

transparency, efficiency, e-governance, university administration.

INTRODUCTION

The progress in information and communications technology (ICT) has enhanced effective communication, efficient storage and retrieval of data, as well as exchange of information to its users, be they individuals, groups, organizations or governments. What had begun as a faster, accurate and simpler means of word processing, has gradually lent itself to being used as a tool for processing and tabulating data for decision making. With growing computerization and increased internet connectivity, this process has now reached a stage where more and more users are motivated to change their ways of doing things in order to harness the advantages of technological innovation. In other words, this has led to business process re-engineering. In government organizations, the coming together of computerization and internet connectivity in association with process reengineering, promises better processing of information leading to effective decision making, greater reach, accountability, better utilization of resources and overall good governance. In the case of service users, it holds the promise of enhanced access to government information, efficient service delivery and transparency.

Government organizations are expected to be transparent in their functioning, accountable for their activities and faster in their responses. This has made the use of ICT imperative in any agenda drawn towards achieving good governance. Good governance is generally characterised by participation, transparency and accountability. It has also led to the realization that such technologies could be used to achieve a wide range of objectives and lead to faster and more equitable development with a wider reach. In its Fourth Report entitled 'Ethics in Governance' the second administrative reforms commission of India, had clearly stated that the tools of modern technology such as information and communications technology (ICT) should be used to transform the relationship of the government with its constituents, citizens and businesses, and also between its own agencies. While recognizing the potential of ICT in transforming and redefining processes and systems of governance, the commission had suggested that e-Governance is the logical next step in the use of ICT in governance, in order to ensure wider participation and deeper involvement of citizens, institutions, civil society groups and the private sector in the decision making process of governance (Planning Commission, 2001). Hence the purpose of implementing e-governance is to enhance good governance.

The recent advances in communication technologies provide opportunities to transform the relationship between governments and citizens in a new way, thus contributing to the achievement of good governance goals. The use of information technology can increase the broad involvement of citizens in the process of governance at all levels by providing the possibility of on-line discussion groups, continuous feedback to government and development of effective of pressure groups.

MEANING OF E GOVERNANCE

E-governance or 'electronic governance' is basically the application of information and communication technology (ICT) to the processes of Government functioning in order to bring about 'simple, moral, accountable, responsive and transparent' (SMART) governance. This would generally involve the use of ICTs by government agencies for any or all of the following reasons: (a) exchange of information with citizens, businesses or other government departments (b) speedier and more efficient delivery of public services (c) improving internal efficiency (d) reducing costs / increasing revenue (e) re-structuring of administrative processes and (f) improving quality of services (Gartner, 2000). E-governance is an evolving discipline which is being implemented in different degrees and at different levels across the world. Hence its definition also varies from one organization to another.

According to United Nations Educational, Social and Cultural Organization (UNESCO, 2014), governance refers to the exercise of political, economic and administrative authority in the management of a country's affairs, including citizens' articulation of their interests and exercise of their legal rights and obligations. E-governance may be understood as the performance of this governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities. E-governance is generally considered as a wider concept than e-government, since it can bring about a change in the way how citizens relate to governments and to each other. E-governance can bring forth new concepts of citizenship, both in terms of citizen needs and responsibilities. Its objective is to engage, enable and empower the citizens.

Although the term 'e-Governance' has gained currency in recent years, there is no standard definition of this term. Different organizations have defined it to suit their own aims and objectives. Sometimes, the term 'e-government' is also used instead of 'e-Governance'. According to the World Bank, "E-Government refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions (World Bank, 2013). Thus, the stress here is on use of information technologies in improving citizen-government interactions, cost-cutting and generation of revenue and transparency.

E-governance means the use by the Government of web-based Internet applications and other information technologies, combined with processes that implement these technologies, to (A) enhance the access to and delivery of Government information and services to the public, other agencies, and other Government entities; or (B) bring about improvements in Government operations that may include effectiveness, efficiency, service quality, or transformation (E-Government Act of 2002). This definition reflects the strategy of the US Government regarding the use of ICT in improving Government operations on the one hand and enhancing the access and delivery of information and services to citizens and government entities on the other.

EVOLUTION OF E-GOVERNANCE

Global shifts towards increased deployment of IT by governments emerged in the nineties, with the advent of the World Wide Web (www). The technology as well as e-governance initiatives have come a long way since then. With the increase in Internet and mobile connections, the citizens are learning to exploit their new mode of access in wide ranging ways. They have started expecting more and more information and services online from governments and corporate organizations to further their civic, professional and personal lives, thus creating abundant evidences that the new 'e-citizenship' is taking hold.

The concept of e-Governance has its origins in India during the seventies with a focus on development of in-house government applications in the areas of defence, economic monitoring, planning and the deployment of IT to manage data intensive functions related to elections, census, tax administration etc. The efforts of the National Informatics Centre (NIC) to connect all the district headquarters during the eighties was a very significant development. From the early nineties, IT technologies were supplemented by ICT technologies to extend its use for wider sectoral applications with policy emphasis on reaching out to the rural areas and taking in greater inputs from NGO's and private sector as well. There has been increasing involvement of international donor agencies under the framework of e-governance for development to catalyze the development of e-governance laws and technologies in developing countries.

While the emphasis has been primarily on automation and computerization, state governments have also endeavoured to use ICT tools into connectivity, networking, setting up systems for processing information and delivering services. At a micro level, this has ranged from IT automation in individual departments, electronic file handling and workflow systems, access to entitlements, public grievance systems, service delivery for high volume routine transactions such as payments of bills, tax dues to meeting poverty, alleviation goals through the promotion of entrepreneurial models and provisions of market information (Bhatnagar, 2010). The thrust has varied across initiatives, with some focusing on enabling the citizen-state interface for various government services, and others focusing on bettering livelihood. Every state government has taken the initiatives to form an IT task force to outline IT policy document for the state and the citizen charters have started appearing on government websites. For governments, the more overt motivation to shift from manual processes to IT-enabled processes may increase efficiency in administration and service delivery, but this shift can be conceived as a worthwhile investment with potential for returns.

In 1970 the Government of India (GoI) has established Department of Electronics and subsequently in 1977 GoI has taken first major step towards implementation of e-governance by establishment of National Informatics Centre (NIC). By 1980 most of the government offices were equipped with computers but their role was confined to word processing. With the span of time and advent of ICT, the GoI has taken a remarkable step for fostering e-governance by launching the national satellite based network NICNET in 1987, followed by District Information System of the National Informatics Centre (DISNIC). [1] NICNET was the first government informatics network across the world equipped with facilities like TELNET, FTP, and internet along with database services (GISTNIC and MEDLARS). Upto 1990, NICNET has extended its scope from state headquarters to district headquarters. In year 2000, the GoI has established Ministry of Information Technology and identified minimum 12-points minimum agenda for e-governance. Finally, in year 2006 the GoI has launched National e-Governance Plan (NeGP) with various Mission Mode Projects (MMPs) to automate essential mundane tasks.

PHASES OF E-GOVERNANCE

Gartner (2000), an international consultancy firm, has formulated four-phase e-governance model. This can serve as a reference for governments to position where a project fits in the overall evolution of an e-governance strategy. An effort as tremendous as complete realization of e-governance has to be addressed in these phases. This approach would allow for retrospection after each phase, and the ability to retrace steps if required, within a feasible frame of time and money. The design and purpose of each step would have to serve the relevant needs of all G2C, G2B and G2G sectors.

- 1. Presence:** This first phase calls for making the intentions and objectives of the government known. Development of an inclusive government website, or a network of sites dedicated to different ministries and departments would set the stage for further advancements. These sites would convey the government's initiatives, providing information such as official addresses, working hours, as well as forms and applications to the public, economic reviews, corporate regulations for business and budgetary allocations and spending as a reference for government agencies. With this first phase, the very critical task of building the infrastructure, such as telecommunications would be undertaken.
- 2. Interaction:** This phase would allow for basic interaction with the government. Besides hosting search engines on the sites for easy navigation, information detailing social records and job application forms for the public, permit and license documentation for businesses and census details, submission of requests and approvals to the centre by local government officers would have to be provided. The task of building the underlying infrastructure would have to be sustained through these two stages, allowing for rapid implementation of advanced applications as endorsed by the consequent phases.
- 3. Transaction:** This phase onwards would signify direct interaction of the government and relevant entities. With the infrastructure in place, complete online service suites can be put forth for the public, businesses and governmental agencies. Services for the public such as bill and fine payments, license renewal, aggregating opinion etc online procurement tax returns etc for businesses, cooperative budget preparation, tax records, etc., for governmental agencies can be envisaged here.
- 4. Transformation:** This final phase would strive to achieve the true vision of e-Governance. A single point of contact to constituent entities would provide an integrated platform for government services and organization totally transparent to citizens and businesses. Focus on 'virtual agencies' where government information is readily available to all allowing a seamless interface to respective agencies involved in the transactions. State-of-the-art Intranets linking government employees in different agencies extranets allowing seamless flow of information thereby facilitating collaborative decisions among government agencies, NGO's and the public.

It is evident that e-Governance is intrinsically linked with the development of computer technology, networking of computers and communication systems. In developing countries, such technologies and systems became available with a perceptible time lag as compared to developed nations. However, in the case of India, with the liberalization of the economy from the early 1990s onwards, there has been a convergence in the availability of cutting edge technologies and opportunities in the field of e-Governance. Generally speaking, the Indian experience demonstrates that the onset of e-Governance proceeded through the following phases (Punith et al, 2014):

- (a) Computerisation:** In the first phase, with the availability of personal computers, a large number of Government offices got equipped with computers. The use of computers began with word processing, quickly followed by data processing.
- (b) Networking:** In this phase, some units of a few government organizations got connected through a hub leading to sharing of information and flow of data between different government entities.
- (c) On-line presence:** With increasing internet connectivity, a need was felt for maintaining a presence on the web. This resulted in maintenance of websites by government departments and other entities. Generally, these web-pages/web-sites contained information about the organizational structure, contact details, reports and publications, objectives and vision statements of the respective government entities.
- (d) On-line interactivity:** A natural consequence of on-line presence was opening up of communication channels between government entities and the citizens, civil society organizations etc. The main aim at this stage was to minimize the scope of personal interface with government entities by providing downloadable Forms, Instructions, Acts, Rules etc. In some cases, this has already led to on-line submission of Forms. Most citizen-government transactions have the potential of being put on e-Governance mode.

TYPES OF INTERACTIONS IN E-GOVERNANCE

E-Governance facilitates interaction between different stake holders in governance. These interactions may be described as follows:

- (a) *G2G (Government to Government)*: In this case, Information and Communications Technology is used not only to restructure the governmental processes involved in the functioning of government entities but also to increase the flow of information and services within and between different entities. This kind of interaction is only within the sphere of government and can be both horizontal i.e. between different government agencies as well as between different functional areas within an organisation, or vertical i.e. between national, provincial and local government agencies as well as between different levels within an organisation. The primary objective is to increase efficiency, performance and output.
- (b) *G2C (Government to Citizens)*: In this case, an interface is created between the government and citizens which enables the citizens to benefit from efficient delivery of a large range of public services. This expands the availability and accessibility of public services on the one hand and improves the quality of services on the other. It gives citizens the choice of when to interact with the government (e.g. 24 hours a day, 7 days a week), from where to interact with the government (e.g. service centre, unattended kiosk or from one's home/workplace) and how to interact with the government (e.g. through internet, fax, telephone, email, face-to-face, etc). The primary purpose is to make government, citizen-friendly.
- (c) *G2B (Government to Business)*: Here, e-Governance tools are used to aid the business community – providers of goods and services – to seamlessly interact with the government. The objective is to cut red tape, save time, reduce operational costs and to create a more transparent business environment when dealing with the government. The G2B initiatives can be transactional, such as in licensing, permits, procurement and revenue collection. They can also be promotional and facilitative, such as in trade, tourism and investment. These measures help to provide a congenial environment to businesses to enable them to perform more efficiently.
- (d) *G2E (Government to Employees)*: Government is by far the biggest employer and like any organisation, it has to interact with its employees on a regular basis. This interaction is a two-way process between the organisation and the employee. Use of ICT tools helps in making these interactions fast and efficient on the one hand and increase satisfaction levels of employees on the other.

BENEFITS OF E-GOVERNANCE

In the end, e-Governance is about reform in governance, facilitated by the creative use of Information and Communications Technology. It is expected that this would lead to (OECD, 2003):

(a) *Better access to information and quality services for citizens*: ICT would make available timely and reliable information on various aspects of governance. In the initial phase, information would be made available with respect to simple aspects of governance such as forms, laws, rules, procedures etc later extending to detailed information including reports (including performance reports), public database, decision making processes etc. As regards services, there would be an immediate impact in terms of savings in time, effort and money, resulting from online and one-point accessibility of public services backed up by automation of back end processes. The ultimate objective of e-Governance is to reach out to citizens by adopting a life-cycle approach i.e. providing public services to citizens which would be required right from birth to death.

(b) *Simplicity, efficiency and accountability in the government*: Application of ICT to governance combined with detailed business process reengineering would lead to simplification of complicated processes, weeding out of redundant processes, simplification in structures and changes in statutes and regulations. The end result would be simplification of the functioning of government, enhanced decision making abilities and increased efficiency across government – all contributing to an overall environment of a more accountable government machinery. This, in turn, would result in enhanced productivity and efficiency in all sectors.

(c) *Expanded reach of governance*: Rapid growth of communications technology and its adoption in governance would help in bringing government machinery to the doorsteps of the citizens. Expansion of telephone network, rapid strides in mobile telephony, spread of internet and strengthening of other communications infrastructure would facilitate delivery of a large number of services provided by the government. This enhancement of the reach of government – both spatial and demographic – would also enable better participation of citizens in the process of governance.

Good governance is fundamental and e-governance is instrumental. No e-governance tool can be successful without focusing attention to process reforms for good governance. Good governance dictates the design and shape of e-tools for improving governance outcomes and processes. E-governance can be an effective and efficient tool for good governance if and only the process reforms have been carried out (Manuel, 2010). One of the principal objectives of is the extensive use of IT within the process of governance for providing better citizen services and for enhancing efficiency, transparency and accountability of Government departments. Simplification of rules and procedures has been an important area for the use of ICT.

E GOVERNANCE IN EDUCATIONAL SECTOR

E-Governance solutions in educational sector incorporates the latest technology to bring systems that combine administrative and university management functions, necessary for successful handling of all issues relating to the academic affairs and the challenges for smooth functioning of educational institution. Through implementation of e-governance in every unit of an academic institution, the real time information processing and knowledge management of the institution is made possible. E-governance solution is an integrated solution that facilitates the processing and maintenance of large volumes of information, including student, faculty, inventory management, facility management, transport, library, staff details, and payroll and accounts among various departments in an academic institution (Sudeep S & Angshu M.S., 2013).

It generates and maintains whole data and processes of an educational Institution into a unified system, making the process uncomplicated, well-organized and error proof. The solutions are designed to make the system user-friendly, quick and economical (Dlamini, 2008). Many of them are flexible enough to adapt to the changing educational environment. Educational institutions may have various requirements that include computerization and management of processes such as registration, admission, student information, class time table, transport, attendance, library, salary and expenses, examinations, performance, grades, hostels, security and reports. Many of the software providers allow their clients to choose from the available modules to meet their needs (Ashok, 2009).

The Mission of the National e-Governance Plan (NeGP) of Government of India, is to focus on education sector that provide greater opportunities of access to higher education with equity to all eligible persons and in particular to the vulnerable sections. It can be extended to various existing institutions, and upcoming institutions supported by State Governments and non-government organizations to supplement public efforts aimed at removing regional or other imbalances that exist at present (Kalyan, 2011). The plan can initiate policies and programs for strengthening research and innovations and encourage institutions to engage in developing the frontiers of knowledge. NeGP can promote the quality of higher education by investing infrastructure and faculty, promoting academic reforms, improving governance and institutional restructuring.

SIGNIFICANCE OF THE STUDY

E governance in higher education institutions like universities has tremendous potential to bring transparency, efficiency, economy and accessibility. Understanding the e-governance practices in universities not only helps in knowing the current status but also to identify the areas of concern and the way forward for improvement. Indian education sector happens to be the third largest globally. Government of India has taken many steps for encouraging the usage of ICT in the education sector. E-governance and education is an institutional thinking that seeks to entrust in building, managing and sustaining students, teachers, and administrators for achieving the larger benefits of e-governance system.

SCOPE OF THE STUDY

The study explores the following parameters of e-governance in the universities. In this age of electronic communication, universities should display all its information (which is not confidential) on the website so that any member of the general public in need, can have access to such information. Such information will educate the members of general public, to help them understand the worth of the university. It is also important that universities should display all the student

centric information in the website, like names of the courses, fees structure, admission procedure, learning methodologies, evaluation criteria etc. The study has examined the nature and extent of university information displayed in their websites from various perspectives like, sufficiency, accuracy and accessibility. Display of adequate and accurate information actually promotes transparency in governance.

LIMITATIONS OF THE STUDY

Since major part of the data was collected through the use of mailed questionnaire and discussions, it is possible that some respondents may not have given accurate data as they have not been able to understand some of the questions correctly. The study is based on the information collected only from the service providing organizations i.e. the universities. The perspectives of service users like, students, staff members and regulating bodies was not obtained due to constraints of time and resources.

METHODOLOGY OF RESEARCH

This study is exploratory in nature, since there has not been enough research in the past. The available literature on the subject is revived thoroughly by visiting reputed libraries across India. The material sources available online through Ebsco and JGate are also made use of. Detailed discussions were held with over 50 subject matter experts to understand the research problem and appropriateness of research methodology. Based on the insights gained through the review of literature and expert discussion the research gaps were identified. The data shared by subject matter experts was cross validated by online verification of university information displayed in the university web sites of sampled universities.

STATEMENT OF THE PROBLEM AND RESEARCH QUESTIONS

Major part of the university education in India is under the control of either central or state universities or under deemed universities funded by the government. But the e-governance measures taken by these universities are at different levels. This study therefore explores the e-governance practices of universities and their implications for the stakeholders in providing, transparency in governance. Hence the authors of this paper have explored the implementation of e-governance, in 50 randomly selected universities in Karnataka state of India. The following research questions were framed for this purpose.

- 1) Whether the university has displayed all the *administrative* information in its website, for the benefit of general public. For this purpose, all the information that can be revealed under the Right to Information Act 2005 is used as a bench mark.
- 2) Whether the university has displayed all the *academic* information in its website for the benefit of students. For this purpose, all the information that can be revealed under the Right to Information Act 2005 is used as a bench mark.

TABLE NO. 1: NUMBER OF UNIVERSITIES WHO HAVE DISPLAYED ADMINISTRATIVE INFORMATION ON THEIR WEBSITES

Type of university	Details of administrative staff			Details of students			Details of revenues			Details of Expenses		
	Lack of information	Insufficient information	Outdated information	Lack of information	Insufficient information	Outdated information	Lack of information	Insufficient information	Outdated information	Lack of information	Insufficient information	Outdated information
State	0	6	7	11	2	0	11	2	1	11	2	1
Central	0	3	9	6	6	0	0	10	2	0	10	2
Deemed universities funded by govt	0	7	6	4	8	0	0	8	4	0	8	4
Private	0	6	8	2	11	0	12	0	0	12	0	0
Total	0	22	28	23	27	0	23	20	7	23	20	7

MAJOR FINDINGS

Administrative information: In the matter of displaying information about administrative staff, 41% universities have displayed insufficient information and 59% have displayed outdated information, which is more fully described in table No. 1. As regards students' information 47% of the universities have displayed insufficient information and 53% have displayed outdated information.

With respect to financial matters about revenue generation, 46% universities have not displayed, 41% have displayed insufficient information and 13% have displayed outdated information. As regards expenditure details, 46% of the universities have not displayed, 41% have displayed insufficient information and 13% have displayed outdated information.

TABLE NO. 2: NUMBER OF UNIVERSITIES WHO HAVE DISPLAYED ACADEMIC INFORMATION ON THEIR WEBSITES

Type of university	Details of the academic programmes			Details of faculty and their expertise			Details of facilities available for education and research		
	Lack of information	Insufficient information	Outdated information	Lack of information	Insufficient information	Outdated information	Lack of information	Insufficient information	Outdated information
State	2	9	1	2	8	4	1	9	3
Central	3	7	2	2	9	1	0	10	3
Deemed universities funded by govt	0	9	4	2	8	2	0	11	0
Private	0	10	3	3	8	1	0	12	0
Total	5	35	10	9	33	8	1	42	7

Academic information: 9% of the universities have not displayed their academic programmes, 72% have displayed insufficient information and 18% have displayed outdated information which is more fully described in table No.2. As regards faculty details, 18% of the universities have not displayed the details of faculty members and their expertise, 67% have displayed insufficient information and 15% have displayed outdated information. In the matter of academic facilities, 2%

of the universities have not displayed the facilities available for education and research, 85% have displayed insufficient information and 13% have displayed outdated information.

CONCLUSION

Universities are supposed to be doing good work and hence there should be nothing to hide. They should keep their administration open for scrutiny by the public. Such a move will enhance public confidence and usher in good governance. But it can be seen from the above data that most of the universities in India have not even thought about bringing transparency in their administration. Hence major part of the administration, whether it is government or private universities, is shrouded in mystery. In the case of Government Universities at least people can seek information under the Right to Information Act 2005, but private Universities are immunised from revealing any information. Truth and openness in globalised economy enhances brand equity. Thus universities should strive to change towards transparent administration in their own interest to become the best and the sooner they do the better they will be.

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IMPORTANCE OF CAPITAL STRUCTURE ANALYSIS IN CONSTRUCTION COMPANY

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ABSTRACT

Capital structure is an important decision of the business to fix the mixture of debt and equity capital of the company. Capital structure refers to the mix of source from where the long term funds required in a business may be raised i.e., what should be the proportion of equity share capital, preference share capital, internal source debenture, and other sources of funds in the total amount of capital which an undertaking may raise for establishing its business. The finance manager for the procurement of funds is therefore required to select such a finance mix or capital structure which maximizes shareholder's wealth. To design an optimal capital structure such mix of sources of finance should be selected so that the overall cost of capital is minimum. This study will be implemented and helpful to corporate managers, investors, researchers and management for framing and formation of capital structure of their company. This paper gives the knowledge about the capital structure and theory analysis. Financing decisions involve rising of funds for the firm. It is concerned with formulation and designing of capital structure or leverage. The most crucial decision of any company is involved in the formulation of its appropriate capital structure. The best design or structure of the capital of a company helps the management to achieve its ultimate objectives of minimizing overall cost of capital, maximising profitability and also maximizing the value of the firm. It is very effective way to judge a company's cash flow prospects, as cash is like blood life for any company. The purpose is developing to an action plan that creates such a capital structure that will upgrades and standardize the quality of business analysis.

KEYWORDS

EBIT, EPS, capital structure, debt-equity ratio, profitability, net profit, return on net worth, return on capital employed.

INTRODUCTION

Capital structure is an important decision of the business to fix the mixture of debt and equity capital of the company. Capital structure refers to the mix of source from where the long term funds required in a business may be raised i.e., what should be the proportion of equity share capital, preference share capital, internal source debenture, and other sources of funds in the total amount of capital which an undertaking may raise for establishing its business. The finance manager for the procurement of funds is therefore required to select such a finance mix or capital structure which maximizes shareholders wealth. To design an optimal capital structure such mix of sources of finance should be selected so that the overall cost of capital is minimum.

FINANCING DECISION

Financing strategy forms a key element for the smooth running of any organization where money flow, as a rare commodity, has to be obtained at the right time and the optimum cost and put into wheels of the business at the right time and if not, it would lead intensely to the shutdown of the business.

Financing strategies basically consists of the following components:

1. Mobilization
2. Costing
3. Timing/availability
4. Business interest

Therefore, the strategy is to always keep sufficient availability of finance at the optimum cost at the right time to protect the business interest of the company.

OBJECTIVES OF THE STUDY

The Project in an attempt to seek an insight into aspects that are involved in capital structuring to achieve the following objectives:

1. To examine the financing trends in Bevcon Wayors Ltd. finance for period of 2006 – 07 to 2010 – 11.
2. To examining the leverage analysis of Bevcon Wayors Ltd.
3. To study the effect of financing decision on EPS and EBIT of the firm
4. To study the debt / equity ratio of the firm from 2006 – 2007 to 2010 – 2011

SCOPE OF THE STUDY

A study of capital structure involves an examinations of long term sources that a company taps in order to meet its requirements of finance. The scope of the study is confines to sources that Bevcon Wayors Ltd. has tapped.

CAPITAL STRUCTURE ANALYSIS

The objective of any company is to mix the permanent sources of funds used by it in a manner that will maximize the company's market price. In other words companies seek to minimize their cost of capital. This proper mix of funds is referred to as the optimal capital structure. The capital structure decision is a sufficient managerial decision which influences the return on investment. The company will have to plan its capital structure at the time of promotion itself and also subsequently whenever it has to raise additional funds for various new projects. Whenever the company needs to raise finance, it involves a capital structure decision because it has to decide the amount of finance, to be raised as well as the source from which it is to be raised.

FACTORS AFFECTING THE CAPITAL STRUCTURE

- 1) **Leverage:** The use of fixed charges sources of funds such as preference shares, debentures and term loans along with equity capital structure is described as financial leverage or trading on equity.
- 2) **Debt-Equity ratio:** Financial institution while sanctioning long term loans insist companies should generally have a Debt-Equity ratio of 2:1 for medium and large scale industries. The ratio 2:1 indicates that for 1 unit equity the company can raise 2 units of debt. The debt-equity ratio indicates the relative proportion of capital contribution by creditors and shareholders.
- 3) **EBIT-EPS:** In our research for an appropriate capital structure we need to understand how sensitive EPS (earnings per share) is to changes in EBIT under different financial alternatives.

The other factors that should be considered whenever a capital structure decision is taken are:

- 1) Cost of capital
- 2) Cash flow projection of the company
- 3) Size of the company

FEATURE OF OPTIMAL CAPITAL STRUCTURE

An optimal capital structure should have the following features

- 1) **Profitability:** The Company should make maximum use of leverage at a minimal cost.
- 2) **Flexibility:** The capital structure should be flexible to be able to meet changing conditions. The company should be able to raise funds whenever the need arises and costly to continue particular source.
- 3) **Control:** The capital structure should involve minimal dilution of control of the company.
- 4) **Solvency:** The use of excessive debt threatens the solvency of the company in a high interest rates environment. Indian companies are beginning to realize the advantage of low debt.

CAPITAL STRUCTURE THEORIES**ASSUMPTIONS**

- 1) There are only two sources of funds used by a firm: perpetual risk less debt and ordinary shares.
- 2) There are no corporate taxes. This assumption is removed later.
- 3) The dividend payout ratio is 100. That is, the total earnings are paid market out as dividend to the shareholders and there are no retained earnings.
- 4) The total assets are given and do not change. The investment decisions are in other words, assumed to be constant.
- 5) The total financing remains constant. The firm can change its degree of leverages (capital structure) either by selling shares and use the proceeds to retire debentures or by raising more debt and reduce the equity capital.
- 6) The operating profits (EBIT) are not expected to grow.
- 7) All investors are assumed to have the same subjective probability in distribution of the future expected EBIT for a given firm.
- 8) Business risk is constant over time and is assumed to be independent of its capital structure and financial risk.
- 9) Perpetual life of the firm.

FACTORS GOVERNING THE CAPITAL STRUCTURE DECISION**PROFITABILITY ASPECT****Earnings before interest and Tax (EBIT) Earnings per share (EPS) analysis**

Keeping in view the primary objective of financial management of maximizing the market value of the firm, the EBIT-EPS analysis should be considered logically as the first step in the direction of designing a firm's capital structure. The EBIT-EPS analysis is useful for two reasons:

- 1) The EPS is a measure of firm's performance given the P/E ratio, the larger the EPS, the larger would be the value of firm's shares; and
- 2) Given the importance of EPS and the function of the EBIT-EPS analysis information can be extremely useful to the finance manager in arriving at an appropriate financing decision.

LIQUIDITY ASPECT**CASH FLOW ANALYSIS**

The analysis of the cash flow ability of the firm to service fixed charges is an important exercise to be carried out in capital structure planning in addition to profitability analysis. The exercise is of overwhelming significance in the context of the risk of bankruptcy. If the firm borrows more than its debt capacity and, therefore, fails to meet its obligations in future, the lenders may seize the assets of the company to satisfy their claims.

Cash flow analysis yields a number of distinct advantages in the crucial task of setting debt policy

1. It focuses on the solvency of the firm during adverse circumstances in contrast to EBIT-EPS analysis which is concerned with the effects of leverage under normal circumstances;
2. It takes into considerations the balance sheet changes and other cash flows that do not appear in the profit and loss account;
3. It gives an insight into the inventory of financial resources available in the event of recession; and
4. Finally, it views the problems in a dynamic context over time whereas EBIT/EPS and coverage analysis normally consider only single year.

It can be concluded that the cash flow analysis evaluates the risk of financial distress and should be recognized as a good supporting supplement to the EBIT/EPS analysis in framing the firm's capital structure.

CONTROL

The main object of the management is to maintain control, they will like to have a greater weight age for debt and preference shares in additional capital requirements, since by obtaining funds through them the management sacrifices little or no control. However, it should be remembered that if the company borrows more than what it can service of repay, the creditors may seize the assets of the company to satisfy their claims. In the situation, the management would lose all control. It might be better sacrifice a measure of control by some additional equity financing rather than run the risk of losing all control to creditor by employing too much debt.

LEVERAGE RATIOS FOR OTHER FIRMS IN THE INDUSTRY

Yet another approach to the capital structure decisions is to make a comparison with the debt-equity ratios of companies belonging to the same industry, having a similar business desk. The ratios of the use of industry standards are debt-equity ratios appropriate for other firms in a similar line of business should be appropriate for the company as well. Industry standards provide a useful benchmark. However, comparison is helpful as it acts as a red signal to the management that there may be something wrong with the debt-equity mix of the company.

NATURE OF INDUSTRY

The nature of industry is one of the most important elements in determining the degree of financial leverage a firm can carry safely without any risk of bankruptcy. If industries sales are subject to wide fluctuations, over a business cycle, the firm should have a low degree of financial leverage; such firms will already have a high operating leverage.

OVERVIEW

The two principle sources of finance for a business firm are equity and debt. What should be the proportion of equity and debt in the capital structure of a firm? Put differently, how much financial leverage should a firm end. The choice of a firm's capital structure is a marketing problem it is essentially concerned with how the firm decides to divide its cash flows into two broad components, a fixed component that the earmarked to meet the obligations toward debt capital and a residual component that belongs to equity shareholders.

Since the objective of financial management is to maximize shareholders wealth, the key issue: what is the relationship between capital structure and firm value? Alternatively, what is the relationship between capital structure and cost of capital? Remember that valuation and cost of capital are inversely related. Given a certain level of earnings, the value of the firm is maximized when the cost of capital is minimized and vice versa.

There are different views on how capital structure influences value. Some argue that there is no relationship whatsoever between capital structure and firm value; others believe that financial leverage (i.e. the use of debt capital) has a positive effect on firm value up to a point and negative effect thereafter; still others contend that, other things being equal, greater the leverage, greater the value of the firm. How can the optimal capital structure be determined in practice? There does not seem to be any single method or technique that enables a firm to hit the optimal capital structure decision, you will realize that is not amenable to a neat, structured solution. A variety of analyses are done in practice to get a handle over the capital structure decision. One analysis looks at how alternative capital structure influences the earnings per share. A second analysis relies on certain leverage ratios. A fourth analysis relies on what comparable firms are doing.

TREND ANALYSIS OF FINANCIAL LEVERAGE

TABLE 1.1: EARNING BEFORE INTEREST AND TAX AND EARNING BEFORE TAX

Particulars	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
EBIT	100	154	186	292	380
EBT	100	109	114	140	108

From the above Table 1.1 it can be observed that the financial leverage, defines/specifies the impact of fixed interest charges on the returns to the share holders. Company has reported an increasing trend in the financial leverage. A moderately higher level of financial leverage is recommended as it yields in higher returns to the shareholders. The financial leverage is growing constantly but this should not grow beyond the specific limits as very high financial leverage is risky to the concern. However, in 2006-07, it has declined on account of increasing operating profits.

DEBIT-EQUITY RATIO

INTRODUCTION

The debt-equity ratio indicates the relative contribution of creditors and owners. Depending on type of business and pattern of cash flow the components in debt-equity will vary. Normally the debt components include all liabilities including current and the equity component consists of net worth & preference capital, including the only preference share not redeemable in one year. The ratio of long term debt (total debt-current liability) to equity could also be used. The lower the debt-equity ratio, the higher the degree of protection felt by the lenders. The debt-equity ratio indicates the relative proportion of the capital contribution by creditors and shareholders. It is used as a screening device in financial analysis.

Total Debt=Secured Loans+ Unsecured Loans.

Equity=Share Capital + Free Reserves + Share Premium-Miscellaneous Expenditure

Debt-Equity Ratio = $\frac{\text{Total Debt}}{\text{Equity}}$

TABLE 1.2: DEBT - EQUITY (Rs. in Lakhs)

Particulars	Year				
	2006-07	2007-08	2008-09	2009-06	2010-11
EBIT	2452.75	3108.51	6248.77	9331.10	10786.07
EBT	2511.21	3050.37	3958.89	3888.54	4833.49

TABLE 1.3: DEBT – EQUITY RATIO

Particulars	Year				
	2006-07(1)	2007-08(2)	2008-09(5)	2009-10(3)	2010-11(5)
D/E Ratio	0.977	1.1019	1.578	2.399	2.232

From the above Table 1.3 it can be shown that debt - equity ratio has shown a continuous trend. This states that the debt is growing in a large proportion when compared with that of equity. In the year 2006 - 07, the debt-equity ratio was 0.977 it's states that equity is more than the debt. The company has there after shown more debt than equity in all the subsequent years.

However, in the 2009-10, the debt-equity ratio has been around 2.399 the company is advised not to raise any more funds by debt as it has already crossed the standard ratio of 2:1. In the year 2010-11, it has marginally declined and reached to 2.23, it is on account of increase in reserves of the company.

TREND ANALYSIS FOR DEBT-EQUITY RATIO

TABLE 1.4: DEBT - EQUITY (Rs. in Lakhs)

Particulars	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
Debt	100	127	255	380	440
Equity	100	121	158	155	192
D/E Ratio	100	104	162	246	228

RETURN ON NET WORTH

INTRODUCTION

The real owners are the ordinary share holders who bear all the risk, participate in management and are entitle to all the profits remaining after all outside liabilities including preference dividend are met in full. The profitability of a firm the owner's point of view should therefore, in fitness of things is assessed in terms of ordinary share holders. The ratio under reference serves this purpose.

RETURN ON NET WORTH = $\frac{\text{PAT} - \text{PREFERENCE DIVIDEND}}{\text{NET WORTH}}$

This is probable the single most important ratio to judge whether the firm has earned a satisfactory return for its equity- holders or not. Its adequacy can be judged by:

- 1). Comparing of with past record of same firm
- 2). Inter-firm comparison
- 3). Comparison with overall industry average.

NET WORTH = Equity share capital + Reserves and Subdues – Fictitious assets

TABLE 1.5: NET WORTH (Rs in Lakhs)

Particulars	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
PAT	353.93	437.25	481.43	628.48	999.42
Net Worth	1808.66	2785.69	3268.16	3888.54	4833.488

RETURN ON NET WORTH

EBIT-EPS ANALYSIS

TABLE 1.6

Particulars	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Net Worth	19.58	15.69	14.73	16.16	20.68

From the above table 1.6 it can be stated that the return on net worth has reported a declining trend in the years 2007-08 and 2008-09. However, in the last year, company has reported its return on net worth as 15.69%. In the current year 2010-11, the company reported a return on net worth of 20.68%.

TREND ANALYSIS RETURN ON NET WORTH

TABLE 1.7: NET WORTH (Rs in Lakhs)

Particulars	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
PAT	100	124	136	178	282
Net Worth	100	154	181	215	267
RONW	100	80	75	83	106

* 2006-07 is taken Base Year

EBIT- EPS ANALYSIS

Introduction: this analysis is a method used to study the effect of leverage, essentially involving the comparison of different methods of financing under various EBIT level. A firm has a choice to raise funds for financing its activities from different sources in different proportions.

- 1). Exclusively equity capital
- 2). Exclusively debt capital
- 3). A combination of 1&2 in different proportion

The last option is mostly used. The choice of the combination of the various level sources also called as financing plan would be one which at a given level of EBIT would be one which at a given level of EBIT Would ensures the largest EPS. EBIT-EPS Analysis is thus a useful tool for designing a financial structure. The finance manager may do two things:

- 1) Compare the expected value of EBIT with its indifference value.
- 2) Assess the profitability of EBIT falling below its indifference value.

If the most likely value of EBIT exceeds the indifference value. If the Most likely value of EBIT exceeds the indifference value of EBIT, the debt Financing option, may be advantageous: the larger the difference between the expected value of EBIT and its indifference value, the stronger the case for dept financing, other things beings equal. Given the variability of EBIT, arising out of business risk of the company, the profitability of EBIT falling below the indifference level of EBIT may be assessed. If such probability is negligible; the dept financing option is advantageous. On the other hand, if such probability is higher, the financing alternative is a sky.

TABLE 1.8: EBIT-EPS ANALYSIS

Particular	Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
EBIT	772.35	1190.75	1439.35	2258.51	2946.8
(+)interest	343.43	585.63	740	1363.66	1443.14
EBT	428.92	605.12	699.35	894.85	1503.66
(-)Tax	75	167.87	217.92	266.37	504.23
EAT	353.92	437.25	481.43	628.48	999.43
Equity Share(no in lacks)	100	118	118	118	118
EPS in Rs	3.53	3.71	4.07	5.33	8.47

The above Table 1.8 revealed that EBIT has been increasing from 2007-08 to 2010-11 from Rs. 1190.75 lakhs to 2,946 lakhs. EBT has also increased from 605.12 lakhs to 1,503.66 lakhs from 2007-08 to 2010-11. EAT has also increased from 437.25 lakhs to 999.43 lakhs from 2007-08 to 2010-11. Hence it is clear that the profitability position of the company is very good. Finally, the Earning per share of the equity shareholders also gradually increased from Rs. 3.71 lakhs to 8.47 lakhs from 2007-08 to 2010-11.

This paper it would be concluded that there would be a Here it is found that debt-equity ratio of the company is significant relation between capital structures (Deb-Equity having significant impact on profitability (Net Profit Ratio, ROI, ROCE) of companies in India. If company maintains ideal capital structure (Deb-Equity Ratio) its helps to generate more profit.

FINDING AND SUGGESTIONS

1. The financial leverage is growing constantly but this should not grow beyond the specified limits as very high financial leverage is risky to the concern. However, in the current year it has declined marginally.
2. Retained earnings have reported a constant increase.
3. The equity increased at a higher rate than that of the debt, on account of increase in reserves and subdues. The debt-equity ratio has gradually declined.
4. Company has reported a decreasing trend in RONW up to 2004-05. In the last two years it has increased, as the proportionate rise in PAT is more than proportionate rise in Net worth.
5. The EPS has shown an increasing trend all through the period of study

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LINKING INTERNAL MARKETING AND EMPLOYEE'S IN-ROLE PERFORMANCE: A CROSS-LEVEL MEDIATION ANALYSIS

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ABSTRACT

The direct relationship between internal marketing and attitudinal outcomes (e.g., job satisfaction, organizational commitment, etc.) is well-established in the extant literature on internal marketing. However, in-role performance as a behavioral outcome of internal marketing has received relatively little attention. To bridge this gap in the research, we attempt to examine the direct effect of an organization's internal marketing on employee in-role performance, as well as the mediating effects of service climate, goal commitment, person-job fit (P-J fit), and person-organization fit (P-O fit) therein. The data for this study were collected from the tourism and hospitality industries (i.e., hotels, travel agencies, restaurants, etc.) in Taiwan. Hierarchical linear modeling (HLM) was used to test the hypotheses. The results reveal that an organization's internal marketing is positively related to employee in-role performance, and that the relationship is significantly mediated by the organization-level service climate and individual-level goal commitment, P-J fit, and P-O fit. We also discuss the limitations and suggestions for future research.

KEYWORDS

goal commitment, in-role performance, internal marketing, person-job fit, person-organization fit, service climate.

INTRODUCTION

In the service industry, the customer's perception of service quality largely depends on the service-providing process. In this process, certain factors, such as the attitude of service employees, in-site performance, and crisis disposal influence customer evaluations of the service-providing organization (Bitner et al., 1990; Lings, 2004). Previous research suggests that to deliver better service and consequently achieve customer satisfaction, an organization can implement internal marketing policies to convey its marketing beliefs and values to its employees, while attracting, developing, motivating, and retaining customer-conscious employees by integrating human resource management (HRM) practices. In other words, internal marketing involves a combined application of marketing and HRM, aiming to continuously improve the service quality that employees provide to external customers (Cooper & Cronin, 2000; Kelemen & Pappasolomou-Doukakis, 2004).

Chowdhary (2003) emphasized that internal marketing practices can be utilized effectively to ensure that employees meet expected performance levels. Although Chowdhary (2003) provided a link between internal marketing and employee performance, this linkage has not been extensively verified. In past research, certain factors, such as service climate, goal commitment, person-job fit (P-J fit), and person-organization fit (P-O fit) have been found to positively affect job performance (Borucki & Burke, 1999; Kristof, 1996; Kristoff-Brown et al., 2005). Therefore, in the current study, we intend to verify whether service climate, goal commitment, P-J fit, and P-O fit serve as the process variables that mediate the relationship between internal marketing and in-role performance.

Despite the growing body of research on internal marketing in the management field, no known studies have simultaneously examined the relationships among internal marketing, service climate, goal commitment, P-J fit, P-O fit, and in-role performance through cross-level analysis. Hence, by applying the social exchange theory and theory of work adjustment, we attempt to investigate the direct effect of organization-level internal marketing on employee in-role performance, as well as the mediating effects of organization-level service climate and individual-level goal commitment, P-J fit, and P-O fit. The former theory helps to justify the relationships among internal marketing, service climate, and in-role performance, as well as the relationships among internal marketing, goal commitment, and in-role performance; the latter theory helps to explain the relationship of internal marketing with P-J fit, P-O fit, and in-role performance.

REVIEW OF LITERATURE

INTERNAL MARKETING

Since the 1970s, a number of researchers have provided different definitions and viewpoints on internal marketing. According to Johnson and Seymour (1985), internal marketing refers to the creation of a kind of organizational internal environment that supports customer orientation and generates service-mindedness. Green et al. (1994) emphasized that organizations that highly interact with customers should sell their products to their employees as internal customers prior to selling the same products to external customers. The reason for this is that only when employees identify with their organization's service values and understand the significance of providing excellent service can they satisfy the needs of external customers.

Generally, internal marketing can be conceptualized into different perspectives. For instance, Gronroos (1981) and Berry (1984) advocated that a company should regard employees as internal customers and sell the service values to them; in doing so, the company becomes customer-conscious and market-oriented. Another perspective involves the integration of HRM functions with internal marketing. Tansuhaj et al. (1988: 32) pointed out that "a comprehensive internal marketing program is all about employee recruitment, training, motivation, communication, and retention efforts." George and Gronroos (1991) argued that internal marketing strives to manage the human resources of an organization from the marketing perspective. Moreover, internal marketing aims to integrate the various functions of the organization in two ways: (1) ensure that employees at each level have an understanding of the organization's activities and marketing events in an organizational environment that emphasizes customer consciousness; and (2) ensure that all employees are properly stimulated and have the capacity to

exhibit service-oriented behaviors. The present study adopts the perspectives provided by Tansuhaj et al. (1988) and George and Gronroos (1991) as mentioned above.

SERVICE CLIMATE

The environment in which employees work may have intangible norms or work climates. Thus, an organization's service climate may influence the service behavior of its employees. Service climate is a collective and shared phenomenon, which delineates employees' perceptions or beliefs regarding managerial practices, procedures, and behaviors that are supported and rewarded with regard to effective delivery of customer service (Schneider et al., 1998).

Schneider and Bowen (1993) indicated that when employees detect the existence of a strong service climate in their organization while providing external services, they tend to provide high-quality products and services to promote the corporate image and show their loyalty to the organization. Yoon et al. (2001) emphasized that the service climate sensed by employees will exert a positive influence on the process of providing service to customers. In exploring the effect of service climate on customer satisfaction, Dietz et al. (2004) reported that when employees sense the existence of a positive service climate, they tend to engage in more service-oriented behavior to increase customer satisfaction. Thus, service climate influences not only the customer-oriented behavior of employees (Williams and Attaway, 1996), but also their service performance (Borucki & Burke, 1999; Zhang et al., 2011).

INTERNAL MARKETING, SERVICE CLIMATE, AND IN-ROLE PERFORMANCE

The social exchange theory draws a relationship between internal marketing and in-role performance. According to the norm of reciprocity, "one individual voluntarily provides a benefit to another, invoking an obligation of the other party to reciprocate some benefit in return" (Whitener et al., 1998: 515). Chowdhary (2003) indicated that internal marketing practices can ensure that employees meet the expected benchmarks for in-role performance. Employee in-role performance refers to behaviors related to the tasks and responsibilities specified in the employee's job description and is tied to the reward systems of the organization (Williams & Anderson, 1991).

Moreover, from marketing and customer-orientation perspectives, when employees perceive that they will receive rewards for providing good service to customers and that the organization will reward (e.g., through internal marketing practices) employees who provide good service, the organization's service climate will improve (Schneider & Bowen, 1985). The current study predicts that an organization's internal marketing practices can enable the development of a positive service climate.

The norm of reciprocity explains the relationship between service climate and in-role performance. Schneider et al. (1992) found that when employees sense the existence of a highly positive service climate in the organization, they tend to internalize the service spirit into their personal values, optimize their in-role performance, and subsequently provide higher quality service to customers. A similar aspect is supported by Borucki and Burck (1999), who indicated that an organization's service climate is helpful for improving employees' in-role performance.

The preceding discussion provides sufficient grounds for proposing that an organization's internal marketing can help foster a positive service climate, which in turn can encourage desirable employee in-role performance. In view of the above discussion, the following hypotheses are proposed:

- H1: Internal marketing is positively related to in-role performance;
 H2: Internal marketing is positively related to service climate;
 H3: Service climate mediates the relationship between internal marketing and in-role performance, such that internal marketing improves service climate, thereby resulting in better employee in-role performance.

GOAL COMMITMENT

The goal-setting theory, presented by Locke (1968), advocated that a goal is a motivator for employees, as it determines the direction, intensity, and continuity of their efforts. By letting employees participate in the setting of goals, managers can combine work goals with employees' personal needs, so that employees accept and agree with these goals.

Goal commitment refers to the intensity of efforts that individuals continuously make to attain their goals, as they consider their goals to be attractive and important. When employees believe that they can attain their goals and that doing so is of substantial significance, they will be much more committed to these goals (Locke, 1968; Leifer & McGannon, 1986).

INTERNAL MARKETING, GOAL COMMITMENT, AND IN-ROLE PERFORMANCE

The relationships among internal marketing, goal commitment, and in-role performance can be justified by the social exchange theory. When employees perceive that internal marketing can develop service-mindedness and help them to attain their performance goals, they may feel obligated to reciprocate by demonstrating high levels of goal commitment. Previous research indicates that employees who are more committed to their goals will strive to achieve them and persist in such effort longer (Locke et al., 1988). This persistence constitutes one of the powerful factors of task performance (Locke & Latham, 2002). Hence, goal commitment is viewed as the most proximal antecedent of job performance (Locke et al., 1988).

This study predicts that an organization's internal marketing will foster employees' goal commitment. In turn, highly goal-committed employees will put in extra effort on behalf of their organization, which will result in higher levels of in-role performance. Based on the above discussion, the following hypotheses are proposed:

- H4: Internal marketing is positively related to goal commitment;
 H5: Goal commitment mediates the relationship between internal marketing and in-role performance, such that internal marketing increases goal commitment, thereby resulting in higher in-role performance.

P-J FIT AND P-O FIT

In agreement with the study of Edwards (1991), Cable and DeRue (2002) proposed that P-J fit can be classified into two categories: the first is the demands-abilities fit, in which the KSAs (knowledge, skills, and abilities) of employees match the requirements of their jobs; the second is the needs-supplies fit, in which the needs, desires, or preferences of the employees are met by the jobs that they perform and the rewards of their jobs. Following Edwards (1991) and Cable and DeRue (2002), the present study conceptualizes P-J fit in terms of the demand-abilities and needs-supplies fit.

P-O fit can be defined as value congruence that depicts the similarity between organizational values and those of the organization's employees (Kristof, 1996). Chan (1996) defined P-O fit as the compatibility of the individual's attributes and those of the organization. Individual attributes include an individual's beliefs, values, interests, and dispositional traits, whereas organizational attributes include the values, norms, and culture of an organization. Past research found P-O fit to be positively related to individual goal attainment, such as job performance (Kristof, 1996), and work attitudes, such as job satisfaction and organizational commitment (Verquer et al., 2003).

INTERNAL MARKETING, P-O FIT, P-J FIT, AND IN-ROLE PERFORMANCE

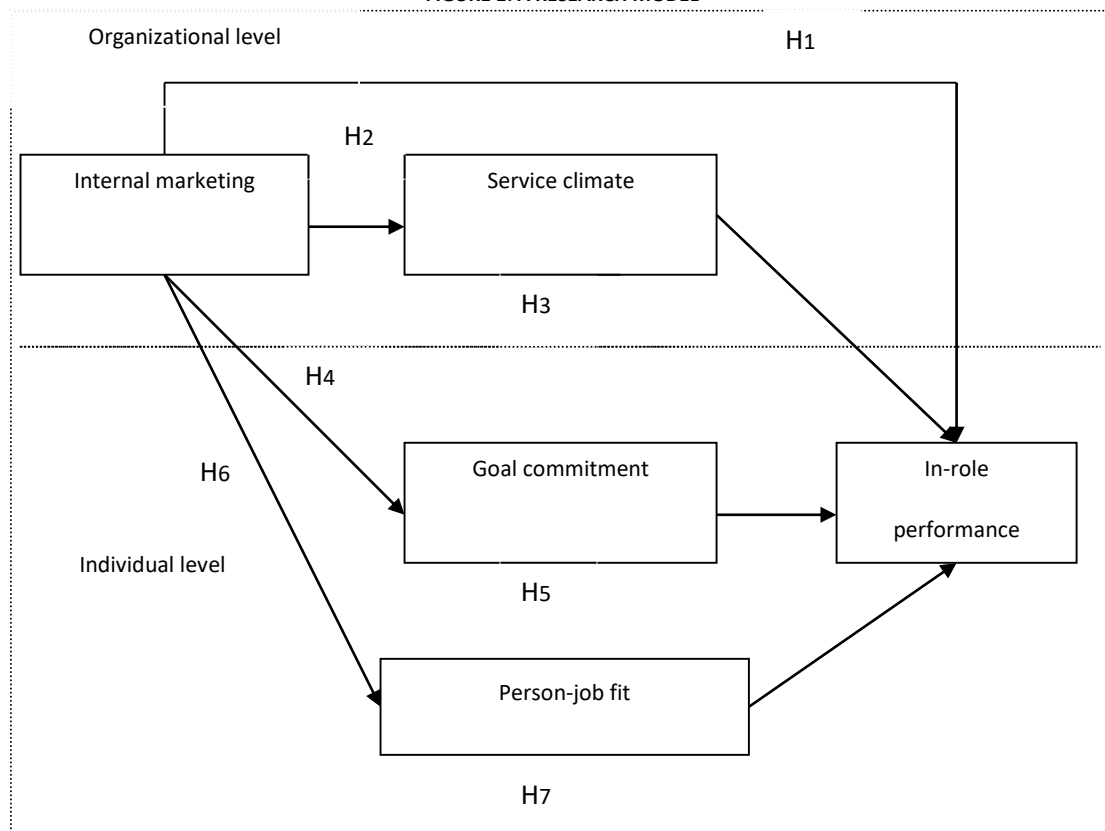
The theory of work adjustment (Dawis & Lofquist, 1984) deals with the interaction between employees and their work environment. The theory delineates that the behavior and performance of employees is guided by fulfilling their organizational duties and responsibilities. In return, the organization rewards employees in the form of providing social interaction, compensation, and a safe working environment, thereby satisfying their individual needs. To maintain this interaction, an organization's employees and its work environment should continually function to meet each other's requirements.

In this study, internal marketing corresponds to the organization's work environment. When employees perceive a good fit between their KSAs and job requirements (i.e., performance appraisal aspects of internal marketing), as well as among their values, needs, desires, and work environment (i.e., vision, development, rewards, and retention aspects of internal marketing), they would be motivated to improve their job performance (Brkich et al., 2002; Greenberg, 2002; Kristoff-Brown et al., 2005). In other words, effective use of internal marketing is likely to increase employees' P-J fit and P-O fit, thereby resulting in higher in-role performance. In view of the above discussion, the following hypotheses are proposed:

- H6: Internal marketing is positively related to P-J fit and P-O fit;
 H7: P-J fit and P-O fit mediate the relationship between internal marketing and in-role performance, such that internal marketing increases P-J fit and P-O fit, thereby resulting in higher in-role performance.

Based on the relevant literature explored above, a research model is developed and presented below.

FIGURE 1: A RESEARCH MODEL



RESEARCH METHODOLOGY

The data for this study were collected from the tourism and hospitality industries (i.e., hotels, travel agencies, restaurants, etc.) in Taiwan. We designed two sets of questionnaires - an employee questionnaire and a supervisor questionnaire to reduce the potential for common method variance (CMV) (Podsakoff et al. 2003). The employee questionnaire included questions on internal marketing, service climate, goal commitment, P-J fit, P-O fit, and demographic questions (i.e., gender, age, and organizational tenure). The supervisor questionnaire included questions on employee in-role performance and demographic aspects. Prior research highlights that a portion of the data aggregated to a cross-level can reduce the presence of CMV (Peng, Kao, and Lin 2006). This study meets the individual-level data aggregation at the organizational level (See data aggregation).

Of the 540 sets of questionnaires, 306 sets of completed questionnaires were returned. 50 sets were excluded due to incomplete responses, thereby yielding a total of 256 sets of useful questionnaires. The effective response rate is 42.4%. In the total sample, 54.7% were female and 45.3% were male. Furthermore, 50.8% of participants were below 30-years-old, whereas 34.4% were aged between 31 and 35. With regard to the organizational tenure, 60.9% of the participants have been in their present job for less than five years, whereas 30.5% have worked in their current organization for 6-10 years.

MEASURES

Except for the demographic control variables (i.e., gender, age, and tenure), all variables in this study were assessed on a five-point Likert scale (where 1 = strongly disagree and 5 = strongly agree), and were averaged to form an overall score. High scores represent high levels of the variables.

Internal marketing: In this study, we examined internal marketing at the organizational level. The internal marketing scale was developed by Foreman and Money (1995) and comprises three subscales, i.e., "vision" (three items), "development" (eight items), and "rewards" (four items). Vision refers to the extent to which an organization gives its employees something to believe in. Development denotes the extent to which an organization offers training and development opportunities to improve the service ability of its employees. Reward represents the extent to which an organization adopts appropriate incentives based on employee contributions. Sample items included the following: "In this organization, the employees are properly trained to perform their service roles"; "In our organization, employees who provide excellent service are rewarded for their efforts"; and "Our organization communicates its vision well to employees".

Service climate: We employed Kelley's (1992) three-item scale of service climate to study service climate at the organizational level. Sample items included the following: "In this organization, consistent service performance is important"; "In this organization, prompt service from its employees is stressed"; and "In this organization, a reputation for good service is emphasized".

Goal commitment: Based on Hollenbeck et al. (1989), we adopted the five-item shortened scale of goal commitment validated by Klein et al. (2001). Participants were asked to indicate their level of commitment to agreed-upon goals. Of the five items, three items were reverse-coded. Sample items included the following: "It is hard to take my work goals seriously"; "I am strongly committed to pursuing this goal"; and "I think this is a good goal to aim for".

P-J fit and P-O fit: The six-item scale for P-J fit and the three-item scale for P-O fit were adopted from Cable and DeRue's (2002) scale. The following are sample items from the P-J fit scale: "The match between the demands of my job and my personal skills is very good"; "The attributes that I look for in a job are fulfilled very well by my present job"; and "My abilities and training are a good fit with the requirements of my job". Sample items for the P-O fit include the following: "The things that I value in life are very similar to the things that my organization values"; "My personal values match my organization's values and culture"; and "My organization's values and culture provide a good fit with the things that I value in life".

In-role performance: In-role performance was measured using a four-item scale developed by Van Dyne and Lepine (1998). The present study uses supervisory ratings to assess an employee's in-role performance that includes behaviors formally recognized by the organization's reward system. Sample items included the following: "This subordinate performs the tasks that are expected as part of the job"; "This subordinate fulfills the responsibilities specified in his/her job description"; and "This subordinate meets performance expectations".

Control variables: Gender (Bowen, Swim, & Jacobs 2000), age (Waldmann & Avolio, 1986), and tenure (O'Hara et al., 1991) were controlled to prevent their impact on in-role performance. The study coded gender as 0 = women and 1 = men. Age was measured in continuous numbers. Tenure was measured by the number of years that the participants had worked in their current organizations.

DATA AGGREGATION

To examine the appropriateness of data aggregation (i.e., internal marketing and service climate), this study examined the inter-rater agreement of internal marketing and service climate by calculating the rwg(j) values (James et al., 1984). For this purpose, a normal distribution of the expected error variance was used

(LeBreton & Senter, 2008). The mean rwg(j) across the organization was found to be 0.776 for internal marketing and 0.611 for service climate, thereby demonstrating an acceptable level of inter-rater agreement (Mathieu & Schulze, 2006).

According to the suggestion of Bliese (2000), this study also calculated intra-class correlation coefficients [ICCs; i.e., ICC(1) and ICC(2) values]. We obtained ICC(1) values of 0.251 for internal marketing and 0.221 for service climate, thereby meeting the standard value of 0.12. Moreover, we obtained ICC(2) values of 0.845 for internal marketing and 0.822 for service climate, thereby meeting the standard value of 0.6 (Lin & Peng, 2008). This study conceptualized internal marketing and service climate at the organizational level. The aforementioned results show that the data aggregation was appropriate.

RESULTS

HLM 6.08 (Raudenbush & Bryk, 2002) was utilized to test the cross-level direct and mediating effects. A null model was executed to test whether employee in-role performance would vary according to different organizations. Table 1 presents the mean estimation of in-role performance intercept (γ_{00})=3.842, the between-organization variance of in-role performance (τ_{00})=0.090, and the within-organization variance of in-role performance (σ^2)=0.545. The ICC of in-role performance was found to be 14.2% [0.090/(0.090+0.545)], which indicates that 14.2% of the variance of in-role performance was due to between-organization variance and 85.8% [0.545/(0.090+0.545)] was due to within-organization variance. These findings suggest that HLM analysis is necessary if the between-organization variance of in-role performance is to be considered (Cohen, 1988).

Moreover, to satisfy the rule of the dependent variable (DV) on within-organization variance and between-organization variance (Hofmann, 1997), this study examined independent-dependent relationships. In line with previous research (Gliner et al., 2002), more rigorous statistically significant levels, i.e., $p < 0.01$ (highly significant) and $p < 0.001$ (extremely significant), were used to test the hypotheses proposed in this study. In intercepts-as-outcome model 1 (Table 1), $\gamma_{01} = 0.725$ ($p < 0.01$), which indicates that internal marketing positively affected in-role performance. Thus, H1 was supported. In the random coefficient regression model (Table 1), $\gamma_{01} = 0.916$ ($p < 0.001$), thereby indicating a positive relationship between internal marketing and service climate. Thus, H2 was supported.

Employing the mediation approach suggested by Mathieu and Taylor (2007), this study further examined the cross-level mediation hypotheses. First, the relationship between the independent variable (IV) and the DV was examined. Second, the relationship between the IV and the mediator was tested. Third, the relationship between the mediator and the DV was examined when the IV was included in the model. The mediation condition is considered to be satisfied if the relationship between the IV and DV is non-significant, while that between the mediator and DV remains significant.

To test the cross-level mediation hypothesis (H3), internal marketing (IV), and service climate (mediating variable) were tested at the organizational level, whereas in-role performance (DV) was tested at the individual level. Table 1 shows that the results satisfied the first three conditions of Mathieu and Taylor (2007). With regard to the last condition, intercepts-as-outcome model 2 shows that γ_{01} (-0.599) became non-significant after service climate was included in the model. This result demonstrates that service climate had full mediating effects on the relationship between internal marketing and in-role performance. Therefore, service climate served as an organization-level full mediator, and H3 was supported.

TABLE 1: HIERARCHICAL LINEAR MODELING ANALYSIS-INTERNAL MARKETING, SERVICE CLIMATE, AND IN-ROLE PERFORMANCE

Variables	Null model	Intercepts-as-outcome model-1(H1)	Random coefficient regression model (H2) DV: Service climate	Intercepts-as-outcome model-2(H3)
Intercept $\gamma_{00}(\tau_{00})$	3.842*** (0.090***)	1.418(0.031)	0.230(0.099)	2.135(0.019)
Control variables				
Gender γ_{10}		0.011	-0.097	0.035
Age γ_{20}		-0.171**	0.060	-0.183**
Tenure γ_{30}		-0.122	0.143**	-0.098
Organizational level				
Internal marketing γ_{01}		0.725**	0.916***	-0.599
Service climate γ_{02}				1.095
σ^2	0.545	0.528	0.377	0.527
Deviance	590.936	581.676	492.404	578.912

Notes: Companies N=15; Employees N=256. ** $p < 0.01$, *** $p < 0.001$. DV=dependent variable.

With regard to the relationship between internal marketing and goal commitment, the intercepts-as-outcome model 2 (Table 2) shows that $\gamma_{01} = 0.647$ ($p < 0.001$), thereby indicating the positive effect of internal marketing on goal commitment and supporting H4. Moreover, with regard to the cross-level mediation hypothesis (H5), internal marketing (IV) was tested at the organizational level, whereas goal commitment (mediator) and in-role performance (DV) were tested at the individual level. It is evident from Table 2 that the first three conditions of Mathieu and Taylor's approach were met. Intercepts-as-outcome model 3 reveals that γ_{01} (0.307) became non-significant after goal commitment was included in the model. This result demonstrates that goal commitment had full mediating effects on the relationship between internal marketing and in-role performance. Thus, goal commitment served as an individual-level full mediator, and H5 was supported.

TABLE 2: HIERARCHICAL LINEAR MODELING ANALYSIS-INTERNAL MARKETING, GOAL COMMITMENT, AND IN-ROLE PERFORMANCE

Variables	Null model	Intercepts-as-outcome model-1(H1)	Intercepts-as-outcome model-2(H4) DV: Goal commitment	Intercepts-as-outcome model-3(H5)
Intercept $\gamma_{00}(\tau_{00})$	3.842*** (0.090***)	1.418(0.031)	2.025** (0.003)	0.032(0.038)
Control variables				
Gender γ_{10}		0.011	0.081	-0.048
Age γ_{20}		-0.171**	-0.196**	-0.039
Tenure γ_{30}		-0.122	-0.207***	0.016
Individual level				
Goal commitment γ_{40}				0.661***
Person-job fit γ_{50}				
Person-organization fit γ_{60}				
Organizational level				
Internal marketing γ_{01}		0.725**	0.647***	0.307
Service climate γ_{02}				
σ^2	0.545	0.528	0.404	0.365
Deviance	590.936	581.676	507.613	491.450

Notes: Companies N=15; Employees N=256. ** $p < 0.01$, *** $p < 0.001$. DV=dependent variable.

With regard to the relationships between internal marketing and P-J fit, and those between internal marketing and P-O fit, intercepts-as-outcome model 2 and intercepts-as-outcome model 3 in Table 3 show that $\gamma_{01} = 0.668$ ($p < 0.001$) and $\gamma_{01} = 0.589$ ($p < 0.001$), respectively, thereby indicating the positive effects of internal marketing on P-J fit and P-O fit. These results support H6. In terms of the cross-level mediation hypothesis (H7), internal marketing (IV) was tested at the organizational level, whereas P-J fit and P-O fit (mediators) as well as in-role performance (DV) were tested at the individual level. The results in Table 3 indicate that the first three conditions of Mathieu and Taylor's approach were satisfied. Furthermore, intercepts-as-outcome models 4 and 5 show that γ_{01} (0.480) and γ_{01} (0.485)

both became non-significant after P-J fit and P-O fit were included in the models, respectively. This finding demonstrates that both P-J fit and P-O fit played individual-level full mediating roles on the relationship between internal marketing and in-role performance. Thus, H7 was supported.

TABLE 3: HIERARCHICAL LINEAR MODELING ANALYSIS-INTERNAL MARKETING, PERSON-JOB FIT, PERSON-ORGANIZATION FIT, AND IN-ROLE PERFORMANCE

Variables	Null model	Intercepts-as-Outcome model-1(H1)	Intercepts-as-outcome model-2(H6) DV: P-J fit	Intercepts-as-outcome model-3(H6) DV: P-O fit	Intercepts-as-outcome model-4(H7)	Intercepts-as-outcome model-5(H7)
Intercept $\gamma_{00}(\tau_{00})$	3.842*** (0.090***)	1.418(0.031)	1.310**(0.000)	1.553**(0.000)	0.761(0.482)	0.888(1.191***)
Control variables						
Gender γ_{10}		0.011	0.191**	0.182***	-0.063	-0.055
Age γ_{20}		-0.171**	-0.156***	-0.085	-0.104	-0.123
Tenure γ_{30}		-0.122	0.024	-0.076	-0.147**	-0.105
Individual level						
Goal commitment γ_{40}						
Person-job fit γ_{50}					0.414***	
Person-organization fit γ_{60}						0.374***
Organizational level						
Internal marketing γ_{01}		0.725**	0.668***	0.589***	0.480	0.485
Service climate γ_{02}						
σ^2	0.545	0.528	0.527	0.507	0.418	0.403
Deviance	590.936	581.676	572.143	562.634	538.712	539.752

Notes: Companies N=15; Employees N=256. ** $p < 0.01$, *** $p < 0.001$. DV=dependent variable.

DISCUSSION

By conducting the HLM analysis, we confirm that an organization’s internal marketing has direct effects on employee in-role performance (H1), thereby consistent with Chowdhary’s (2003) standpoints. The current study also provides empirical support for H2 and H3 — that an organization’s internal marketing is positively related to its service climate, and that an organization’s service climate, indeed, plays an important mediating role in the relationship between internal marketing and employee in-role performance. Based on the norm of reciprocity, when employees strongly feel that the organization conveys the value of high-quality service and provides appropriate business direction through internal marketing (i.e., vision, training, motivation, rewards, communication, etc.), the overall organizational service climate will be fostered. Subsequently, employees will demonstrate high levels of in-role performance to meet the organization’s expectations. The significant relationship between service climate and in-role performance is consistent with that found in previous studies (Borucki & Burck, 1999; Schneider et al., 1992). In addition, the present study shows that an organization’s internal marketing had positive effects on the employee’s goal commitment (H4), which in turn results in higher in-role performance, thereby providing support for goal commitment as a significant mediator (H5). Under the norm of reciprocity, when employees perceive that internal marketing can equip them with customer-oriented awareness, it is expected that employees will reciprocate by demonstrating high levels of goal commitment. In turn, highly committed employees will put in extra effort on behalf of their organization, which consequently improves in-role performance substantially. The positive relationship between goal commitment and in-role performance has been supported by prior research (Locke & Latham, 2002; Locke et al., 1988).

Moreover, with respect to internal marketing, P-J fit, P-O fit, and in-role performance, empirical results show that an organization’s internal marketing is positively related to the employee’s P-J fit and P-O fit (H6), and that both P-J fit and P-O fit fully mediated the relationship between internal marketing and in-role performance (H7). As previously indicated, the theory of work adjustment provides a theoretical base for delineating the hypothesized relationships. When employees perceive congruence between their KSAs and job requirements (i.e., performance appraisal aspects of internal marketing) and between their needs, desires, and values and work environment (i.e., vision, development, rewards, and retention aspects of internal marketing), they will perform their jobs well. The positive relationship of P-J fit and P-O fit with in-role performance is in line with the results of previous research (Brkich et al., 2002; Greenberg, 2002; Kristoff-Brown et al., 2005).

CONCLUSION

This study explored the cross-level mediation process from an organization’s internal marketing to employee in-role performance. In addition to the discovery of the direct relationship between the two variables, the results reveal that the organization-level service climate and the individual-level goal commitment, P-J fit, and P-O fit fully mediated the relationship between internal marketing and in-role performance. The results demonstrate that the effective implementation of internal marketing fosters a positive service climate in the organization and further enhances the levels of in-role performance. Moreover, internal marketing could also improve employee in-role performance through goal commitment, P-J fit, and P-O fit. Such findings add new insights to the extant literature on internal marketing.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study primarily focused on the tourism and hospitality industries in Taiwan. However, the service industry comprises a wide variety of industries and settings. Future researchers can consider studying service employees from different industries (e.g., department stores, banks, estate agents, hospitals, etc.) to expand the generalization of the research findings. Moreover, the current study considered only employee in-role performance. Future researchers could explore the influence of an organization’s internal marketing on other important work outcomes, such as customer-oriented behavior and contextual performance/organizational citizenship behaviors through cross-level analysis.

In addition to the mediators examined in this study, psychological attachment and psychological empowerment may constitute important process factors that mediate the relationship between an organization’s internal marketing and work outcomes. For instance, previous studies show that psychological attachment positively relates to prosocial behaviors and negatively relates to turnover (O’Reilly & Chatman, 1986). Evidence also exists that psychological empowerment mediates the relationship between P-O fit and in-role performance, as well as between P-O fit and job satisfaction (Gregory et al., 2010). Hence, these psychological variables could be investigated in future research.

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STRENGTHENING MENTAL HEALTH SYSTEMS CASE STUDY WITH RESPECT TO KAMAYANI SCHOOL FOR MENTALLY HANDICAPPED

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ABSTRACT

Intent of writing this case study is to make people aware about the special schools which has made difference to mentally retarded students. In all cultures and society, we can observe mental retardation. There are thirty per thousand mental retardation cases which has been estimated. Around seventy-five percent population have been categorised in mild mental retardation, on the other hand rest twenty-five percent who have Intelligence Quotient as 50 or below have been categorised as moderately, profoundly or severely retarded. In that ten percent of mental retarded people are suffering from medical conditions such as mental illness, Epilepsy or Hyperkinesis. And also four percent of the children who are mentally retarded are suffering multiple handicaps. Large number of children are diagnosed with mental retardation problem at their early age. Lot of preschool, recreation, family counselling session, religious education program, and home training and schools helping youngsters who are mental retarded for future employment. Employers are satisfied and are encouraging the retarded by having a view that whatever a retarded man is capable of doing things is different from what he cannot work on. This is bringing a new approach to thinking, public is realising that in all handicapped people, it is his/her ability that matters- not their disability. Stephen Hawking says disability need not to be an obstacle to success.

KEYWORDS

mental health, mental retardation, special school, corporate social responsibility.

ABOUT MENTAL RETARDATION ORGANISATIONS

A child suffering from this challenge of mental retardation may do well in school but they are requiring individualised support. Luckily, government is responsible for supporting educational requirements for disabled children.

Through early intervention mechanism, children up to three years can be provided with services. With child's family, the staff develops Individualised Family Service Plan (IFSP). This plan will meet the child's unique requirement. This plan also defines the services which the child will receive to get the needs fulfilled. Also IFSP focusses on the family's unique requirements, this will help the family members and parents to help their child. They may charge fee for early intervention service and the charges will depend on the income of the family. In some places, they may help for free.

In cases like children who are eligible for school (comprising of pre-schoolers), they are given related services and special education through school system. Dedicated staff of school work with parents in developing an Individualized Education Program, or IEP. This is similar to IFSP. This is for free to the parents. Children need adaptive skills which helps them to play and live in community. Some of the adaptive skills comprises of:

- Interpersonal communication with others
- Personal care like bathing, dressing and going to washrooms.
- Safety and health
- Home setup living (activities related to setting the table for meal, cleaning the home or cooking food)
- Some social skills like rules of conversation, manners, getting along with the group and playing with others.
- Basic maths for calculation, writing and reading.
- Skills that will help in future, at time of employment

For adaptation of these skills, changes are to be made in the class rooms to help these children.

Special schools were invented to cater the needs need of such children who could not focus on demands of the mainstream (Travancore, 1931, Kurseong, 1918, Chennai 1938).

In Mumbai, first residential home was created for persons with mental retardation names Children Aid Society, Mankhurd, 1941). In 1944, a special school was established. This led to establishment of 11 more homes in other parts of India.

Since independence, various special schools were established in India, which is shown in below table:

TABLE 1: NUMBER OF SPECIAL SCHOOLS

Year	Number of special schools for children with mental retardation
1950	10
1960	39
1970	120
1980	290
1990	1100
2007	More than 3000

Source: <http://www.rehabcouncil.nic.in/writereaddata/mr.pdf>

ABOUT KAMAYANI

In 1917-2008, Mrs. Sindhutai Joshi founded Kamayani for making children suffering from mental retardation, self-reliant at Kamayani Centre, as students finishes their craft sections and upgraded school, the adolescents go through an apprenticeship period in the attached sheltered workshop. They learn decent habits and significance of dignity of labour, determination and completion of job when started. This is done through continuous training through special teachers who are skilled. After years of constant training which is repetitious in nature, small percentage of the mentally retarded people develop work skills and adaptability for independent job.

This is done through constant encouragement from social workers, who acts as a contact person between employee and the employer. Rest of the left retarded people work in the sheltered workshops.

INTRODUCTION

A person is said to be mental retarded when he or she suffers from certain limitation in mental functioning and in some skills like taking care of himself or herself, communicating with others and social skills. They are not able to develop their mind in comparison with the normal typical child. These children take long time in adjusting themselves, long time to learn to speak, take care of themselves and walk, they also take long time in eating and dressing. They have trouble learning at their school. At time there are something's which they are not able to learn and may take long time in learning.

In ancient civilization, we can track the attitude of people towards these people and their treatment (we can see in Rome, Egypt, China, Sparta and the early Christian world). During middle ages, these people were seen as "innocents of God" and humane care was provided either at monasteries or at home. On the other side, people believed that these retarded are visitations of the evil spirit and were subjected to exorcism and suffering.

Beginning in the latter years of the Middle Ages and continuing through the 18th century, many individuals including individuals with mental retardation were persecuted and executed for practicing witchcraft. During the 17th and 18th centuries, which encompassed the age of reason and the enlightenment in Europe and the colonial period in America, understanding of brain function and certain types of mental retardation (e.g. cretinism and hydrocephalus) increased. However, the treatment of individuals with mental retardation seemed to reach an all-time low. Individuals with mental retardation were confined to institutions (e.g. foundling homes, hospitals, prisons). The death rate of children placed in these facilities was appallingly high. People with mental retardation were incarcerated with criminals and individuals with mental illness. A few humanitarian individuals did attempt to improve the prevailing conditions. During the same period, in the U.S.A., dismal conditions prevailed for people with mental retardation.

The history of the systematic treatment of individuals with mental retardation began in the 19th Century. Mental retardation became a conspicuous social problem during this period. As industrialization expanded and grew, opportunities for a simple agrarian existence decreased. With technological advances, jobs became more complex. Mass education became more common. Inability of some children to handle school curriculum led to the identification of mild mental retardation. The first public day-school classes for children with Mental Retardation in the U.S. are generally thought to have started in Providence, Rhode Island in 1894. From 1900 through the 1920s, optimism concerning the prospects of ameliorating mental retardation was replaced by profound pessimism. The first decades of the twentieth century represented the nadir of professional sensitivity towards mentally retarded persons, at least as a class or sub population. Education and training efforts in institutions were largely replaced by custodial care. The belief that mental retardation was caused by environmental factors was replaced by a belief that mental retardation was caused by hereditary factors.

During the 1950s, children with moderate mental retardation emerged as a focus of concern, largely through the efforts of increasingly well-organised parent advocacy groups. An important event during this time was the formation in 1950 of the National Association for Retarded Children (NARC), now known as the ARC (Association for Retarded Citizens). In North America, the emergence of civil rights movement assisted the cause of people with mental handicaps. The 1960's were dominated by a concern for the rights of minority individuals, including individuals with mental retardation. In US, President Kennedy appointed the President's Panel on Mental Retardation in 1961. The panel of experts recommended an extensive eight-point programme in 1962 which covered every aspect of mental retardation from preventive to rehabilitative measures. There is a considerable increase in the literature on the topic of mental retardation throughout the world, and in the recent years the discoveries and methodological innovations have increased. Recent times have witnessed the advent of new directions in educating and training students with mental retardation. There is a trend toward providing community based instruction and programming for these students. Great strides have been made in providing services to infants, toddlers and other young children. Transitional programming is in evidence. New models for making these individuals employable have been introduced. Competitive employment options are replacing the former sheltered employment model. Self-advocacy and consumer awareness, that have empowered people with disabilities globally, have made human services to recognise and restructure their programmes and strategies.

WORK AREAS

VOCATIONAL TRAINING

At times, child suffering from mental retardation are described as bitter blossom. This has been mistaken. With the help of modern training process, retarded children have been engage in some occupations and are contributing in partial economic activities. This can be achieved through establishment of vocational training and there are about 200 institutions in India which offers vocational training. National Institute for Mentally Handicapped (NIMH) has listed number of occupation which can provide employment to retarded like making file covers etc.

SHELTERED WORKSHOP

Venkatesan et al (1992) surveyed that the training which retarded people get is based on sheltered workshop in Indian context. There are 68% of institutions which has vocational training facilities which has shelter workshop. Most of the product are sold in exhibition sale.

PLACEMENT SERVICES

In India there are placement services for mental retarded. Venkatesan et al (1992) surveyed that there are 10 percent of the institute which are providing vocational training are helping adult mentally retarded persons in getting job in open employment setup without much support. There is institution which is helping the retarded to make candle, running Xerox- copier centre, making aggarbattis and chalk, managing petty shops, preparing edible goods and running telephone booths.

FAMOUS PEOPLE WITH MENTAL RETARDATION

1. KIM PEEK

She is an actress; she is known as mega servant of television industry. She has acted in a movie "Rain". Kim has been diagnosed with mental retardation since her birth. She died at age 58.

2. GRETCHEN JOSEPHSON

She has been diagnosed with Down's syndrome since birth. This did not let her to stop in her career. She is famous for her personality as a famous individual, as a successful publisher and writer of many books. She is a great poet too. She wrote a book names "Bus Girl" which has several poems by her. This book also throw light on the suffering and pain she has undergone as victim of mental retardation.

3. CHRIS BURKE

He is a famous actor of ABC channel. He is one of the individual to suffer mental retardation throughout his life. He was diagnosed with Down's syndrome upon his birth. He took initiative himself to decrease the effect of mental retardation in his performance, he enrolled himself in special schools during his adulthood stage. One of his best accomplishment on ABC channel was his program names "Life Goes On".

4. DWIGHT MACKINTO

He is a famous artist and he was also diagnosed with a genetic mental disorder called Down's syndrome at the time of his birth. He is known for his overwhelming success and determination in spite of his challenges that he was suffering. He discovered that his mental illness is affecting his performance at stage of early adulthood.

Disability has affected millions of families around the world in developing countries. It has been found that one in four people in the world are affected by this neurological or mental disorders. It has been estimated that 450 million people are suffering from this condition, this has placed mental problem as leading cause of disability and ill-health across the world.

(http://www.who.int/whr/2001/media_centre/press_release/en/)

In India we have 20 million people suffering from mental retardation, out of which two million are children.

(<http://indiatoday.intoday.in/story/over-20-million-mentally-retarded-people-in-india-deprived-of-their-chances-of-rehabilitation/1/435300.html>)

CAUSES OF MENTAL RETARDATION

There are many caused which doctors have found. Most prevalent are:

- **GENETIC CONDITIONS:** Child inheriting the abnormal genes from their parents. Examples of such genetic conditions are fragile X syndrome, Down syndrome and phenylketonuria (PKU).
- **PROBLEM OCCURRING AT PREGNANCY:** When baby is not developed inside the mother properly, then this mental retardation occurs. Examples: problem could be the way baby’s cell divide as it grows. And if woman consumes alcohol or get infection like rubella at time of pregnancy, which could result in mental retardation.
- **PROBLEM AT TIME OF BIRTH:** baby having problem at time of labour and birth, like not getting adequate oxygen, she or he may get mental retardation.
- **HEALTH PROBLEMS:** May cause due to diseases like measles, whooping cough or meningitis, these can cause mental retardation. If the child is suffering from extreme malnutrition (not eating right amount of food), by getting exposed to poisons like mercury or lead or not getting adequate medical care, this can lead to mental retardation.

It has been proved that mental retardation is not a disease. It can’t be caught from anyone. It is also not a type of mental illness like depression and all. People need to be aware that there is no cure of mental retardation. But through our collective efforts most of the children can learn many things. They just take more time and efforts than other children.

Table 1: Characteristics of Persons with Mental Retardation

<i>Severity</i>	<i>Mild</i>	<i>Moderate</i>	<i>Severe</i>	<i>Profound</i>
Pre-school	Can develop social and communicative skills, minimal retardation in sensory- motor areas, often not distinguished from those normal until late age.	Can talk or learn to communicate, poor social awareness, fine motor development. Profits from training, self help can be managed.	Poor motor development, speech minimal, generally unable to profit from training, self help little, no communicative skills.	Gross retardation, minimal capacity for functioning in sensory motor areas needs running care.
School age 6–20 years	Can learn academic skills up to approximately 6th grade level by late teens. Can be guided on social skills.	Can profit from training in social and occupational skills to progress beyond 2nd grade level in academic subjects, may learn to travel alone in familiar places.	Can talk or learn to communicate, can be trained in elementary skills and can profit from systematic training.	Some motor development present. Many respond to minimal to limited training in self help.
Adult 21 & over.	Can usually achieve social and vocational skills adequate to minimum, self support but may need guidance and assistance when under social or economic stress.	May achieve self maintenance in unskilled, under sheltered conditions, needs supervision and guidance when under mild social or economic stress.	May contribute partially to self maintenance under complete supervision, can develop self protection skills to a minimal useful levels in controlled environment.	Some motor and speech development may be achieved, but very limited self care needs are achieved.

ABOUT KAMAYANI SCHOOL

The school has 125 children and there are 110 adult students are in the workshop. In the school not only academic but skills for daily living are also taught. The school celebrates all festivals and conducts many competitions in co-curricular activities. It also sends children to participate in various competitions.

Researcher has spent 2 hours on each of her 15 visits. And has learned student- teacher interaction at various level. Teachers are very helpful. They are very patient and supportive. There were classes in school, according to their mental understanding level students were placed. Classes like;

PRIMARY: The class has been customised in such a ways that students of age group 6 to 12 years are taught to learn basic things used in daily basis. The class has a doll house which has small bed, sofa, kitchen, rack to keep utensils, toys, chair table to teach how to greet guest at home. They are taught to keep all things at right place. There were students who were quite restless. To make them calm there was bungee jumping bed. Students were made to dance in group and teachers used to show number of times the same step with patience so that students learn by observing.

Class also has doll house, which has small sofa, table, dining table, bed and kitchen. Students are taught how to keep things at a proper place in home. So that they could help their parents and family members at their home.

SECONDARY: Age group of students is 7 years to 14 years. It’s a home science class, teacher teaches how to do basic day to day activity in kitchen, how they can help their mothers in their daily kitchen activities. Researcher observed that students were cleaning Fenugreek vegetable. Teacher teaches what part of the leaves are to be plucked and separated from rest. Class room also have refrigerator, microwave, mixer grinder and flour grinding machine. Students are taught their functionality, and how they can use it. Students get opportunity to bake cake, cook vegetables, and make flour.

WORKSHOP FOR BOYS: There are 21 boys of age group 18 years to 40 years.

This workshop was involved in making the floor mats. So work was assigned to boys like cutting the cloth, stitching the corners and stacking them in order. Teacher in-charge is highly dedicated to work with the students there. Researcher got to know about boy’s back ground and how they behave in situations. Some boys work according to their wish and few of them used to request for more work. There is no target based work. Boys work according to their capacity. Researcher observed that there was one man in his late 30s, who was crying, when asked why he is crying. He replied he is missing his father. There were 3 boys who were consoling him, giving him water. Teacher did not teach them to console, this shows those 3 boys have sense of empathy.

WORKSHOP FOR GIRLS: There are 18 girls, of age group 18 years to 42 years. Researcher learned that teacher in-charge had special bonding with the girls. In case any girl is absent, the teacher personally used to call at their home to enquire about the girl and tries to figure out the reason for absenteeism. Girls were dedicated to work. They demand special attention towards themselves. Those who were not allowed to work on sewing machine, they requested the teacher to teach them to use it. Girls used to share their personal life activities. There is a special bonding that researcher noticed. There was birthday chart on wall of workshop room, teacher in-charge used to get gifts for the girls. She used to distribute the gift on same day. Girls used to get chocolates on their birthday to distribute to other workshop girls. All girls are from Kamayani School before coming to the workshop except two girls, who came directly to workshop. More focus was given to activities related to making purse, bag, door mat and duster. And also calculation so that they could use in their day today life.

Mode of communication of message to their parents is through diaries. Though girls used to communicate verbally, still teacher in-charge used to write in their diaries. On monthly basis, parent's teacher interaction takes place.

Researcher also observed that girls do not fight with each other. In case there is difference of opinion, girls used to communicate to the teacher in-charge.

CULTURAL PROGRAM: All festivals, leader's birthday, important days are celebrated to make students aware about them. Teachers of the school and workshops are assigned work to introduce the day to the students turn wise in advance. They prepare a speech about the day's importance and they communicate on the celebration day. Students prepare songs, dance, and play to make the events more attractive.

Disability day is celebrated on 3rd December every year. The school organised a disability awareness week for public, where students, teachers, staff, parents were invited to be part of the awareness program. Eminent key people who are part of NGO's, hospitals and corporates who have involved themselves in social welfare are invited to be part of the panel. They discuss the issues related to disability prevalent in society, what we can do to accept the disabled people and how we can avoid such problems to occur in near future.

INPUTS BY RESEARCHER

Researcher assisted the teacher in-charge in cultural programs like dance, organising Christmas day celebration, art and craft activity and giving soft skill training to trainee, teachers, and school and workshop staff.

Soft skill training constituted the modules related to general etiquettes, personal manner while meeting a new friend, proper handshake, interpersonal skills, types of communication, non-verbal communication, active listening skills, self-development ways, time management, and stress management.

CHANGES OBSERVED AFTER THE INPUT BY THE RESEARCHER

After soft skills session, researcher observed that audience was able to shake hands properly, they looked confident and they could actually relate their real life with the things the researcher discussed. They were shown relevant videos which could give them real life examples and also researcher organised 2 activities to make the session more interactive and make the audience more alert. Researcher could make out the level of interaction between her and the staff has increased. Principle and the staff gave a positive feedback about the session.

Researcher donated paper crowns to the students and staff on account of Christmas day. Students and staff enjoyed the event, this gave them a sense of pride wearing the crown as they have seen only the kings wearing the crown.

RESEARCHER EXPERIENCE

After joining Kamayani for CSR activity being part of the MBA program curriculum. Researcher could see the other side of the life of mental retarded people. People with disabilities are especially influential, as our hardships in life aren't easily forgotten. People with a disabilities learn so much throughout their lives; life lessons that able-bodied people rarely get to experience.

Having a disability is definitely difficult, but it's also one of the richest classrooms a human can experience, too. Researcher observed that students at Kamayani were so talented that they got opportunity to play in para Olympics games while some students were playing to represent India in various competition around the world. They were good in dancing, singing as well as they could contribute to society. Kamayani gave them platform to work in workshops in making various items which is supplied directly to factories nearby Pune city.

The students have communication problem, but from their end they greet well with others and even mingle with strangers. They like to get recognised and are very lovable. They are obedient and well mannered.

They are like you and me who want to be part of society. If this is thought and kept in mind, we all will be same level.

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PERFORMANCE OF PUBLIC SECTOR BANKS IN INDIA – AN ANALYTICAL STUDY

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ABSTRACT

The study is an effort to analyse the financial soundness and shareholder value creation in Indian Banking Industry by applying Bankometer Model and Refined Economic Value Added Model. These models help the stakeholders and the true owners of the business to compare the return earned to the proportion of the profit made. For this purpose, 20 listed public sector banks in BSE (Bombay Stock Exchange) are chosen for the study. The data have been collected for a period of ten years from 2005-06 to 2014-15 from Capitaline Plus Database, CIME Prowess Database and Annual Reports of the banks. Statistical tools viz., correlation and regression have been applied to find the relationship and impact of financial soundness ratios and value creation models in banks. The results reveal that there is significant relationship between the select parameters in the study and the study highlight the value creation of public sector banks. These results would be useful to the bankers, policy makers and researchers to develop more insights for indepth analysis of the banking industry in India.

KEYWORDS

banks, financial soundness, shareholder value.

INTRODUCTION

Financial system has an imperative role for the economic growth and development of a nation. Strong financial sector which is inclusive of banking industry is the backbone of a country. Banks are vital to business circulating money through the economy and form the core of the money market. It is an indispensable institution of a modern society that provides financial services to their customers and acts as a yardstick to measure the economy of a country. A strong and profitable banking system is always ready to solve the abrupt crisis and contribute to the stability of the financial system.

The banking system in India, not hassle free but it is able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit and has modernized their service point by providing various financial and insurance products. In spite of these changes, banks continue to maintain and perform their primary role - accepting deposits and lending funds from these deposits. Profitability and productivity of any bank depict its ability to generate earnings. In the present trend banking industry has adopted numerous changes as a result of reform in financial sector in world economy. As an impact of reforms banks have started to promote capital formation, monetary policy, trade, agriculture, infrastructure and balance of payment from traditional functions. The present study is an effort to analyse the performance of the commercial banks in India.

REVIEW OF LITERATURE

Amir Hussain et al. (2010), have made a study using secondary data derived from the statistics department of the State Bank of Pakistan and from financial statements published by State Bank of Pakistan and published audited annual reports of the banks. The study had been conducted for the period 1998-99 to 2000-01 by using Bankometer Model. The results of the study provide the solvent score for all the select banks that shows the banks are super sound during the study period. **Muhammad Hanif et al.** (2012), have analysed Islamic and conventional banks in Pakistan with a sample of 22 conventional banks and 5 Islamic banks for a period of five years from 2004-05 to 2008-09. Bankometer model has been applied to gauge the solvency of banks. It has been found that in terms of profitability and liquidity conventional banking is better and in terms of credit risk and solvency Islamic banking is found to be much better. **Senthil kumar** (2012), has examined the financial soundness of public and private sector banks in India for a period of three years (2008-09 to 2010-11) by applying Bankometer Model. Secondary data has been collected from the annual reports of select banks and bankometer model has been applied to find the solvency of banks. The researcher has concluded that private sector banks have been found to be performing better than public sector banks in India. **Makkar and Singh** (2012) have evaluated the solvency of 37 Indian commercial banks by applying bankometer model for a period of five years from 2006-07 to 2010-11. The analysis reveals that private sector banks have performed much better than public sector banks in terms of financial soundness. The results conclude that top five financially sound banks in the private sector are Kotak Mahindra Bank, Federal Bank, ICICI Bank, HDFC Bank and Development Credit Bank. The least five banks of public sector are Central Bank of India, UCO, Syndicate Bank, Bank of Maharashtra and State Bank of Travancore. **Arulvel et al.** (2013), have examined the banking sector in Sri Lanka for a period of five years from 2005-06 to 2009-10 using bankometer model which is derived from CAMELS and CLSA stress test parameters with some modifications. The researchers have made an effort to analyse the solvency position of public and private sector banks in Sri Lanka and have concluded that "S" value of public sector banks indicates that these banks are found to be sounder than private sector banks in Sri Lanka. **Eduardo Sandoval** (2000), has analysed the performance of 62 Chilean companies for six years from 1993-94 to 1998-99 by applying economic measures (EVA and REVA) and accounting measures (net income and operating cash flows). Regression has been applied to test the results statistically. The results indicate that REVA have outperformed as an alternative measure in associations between current and lagged realizations and value creation. The researcher from the analysis has concluded that accounting measures are found to be complementary in performance analysis of the selected industries. **Moghaddam et al.** (2012), have compared the performance of 97 companies listed in Tehran Stock Exchange which are taken as the sample through systematic omittance method for a study period of five years from 2003-04 to 2007-08. The researchers have examined the relationship between REVA, MVA and earnings per share. Regression and Young statistics have been applied to analyse the relationship between the economic model and to select the best model among the select models respectively. The results indicate that MVA has correlation with earnings per share than Refined Economic Value Added. **Hajiabbasi et.al** (2012), have analysed the shareholder value creation in 76 companies listed in Iran Stock Exchange. The hypotheses framed in the study are tested with respective statistical tools to find the relationship between accounting and value based measure with Shareholder Return. The researchers have concluded that there is no significant relationship between value based measure (EVA, REVA, MVA, SVA and CVA) and accounting measures (ROE, EPS and CFO) with Shareholder Return. The results also indicate that CVA is positively correlated and ROA is negatively correlated with Shareholder Return.

METHODOLOGY**SAMPLING DESIGN**

To achieve the objectives of the study 20 public sector banks in the Indian banking industry listed in Bombay Stock Exchange with continuous data for ten years (2005-06 to 2014-15) have been chosen as the sample for the analysis.

SOURCES OF DATA

The information needed for the study have been collected through secondary sources, namely, Capitaline Plus, CMIE proress databases and annual reports of respective banks.

PERIOD OF STUDY

The study on financial soundness and its impact on shareholder value of public banks in India were taken with an aim to explore the solvency level and shareholder value created during the period 2005-06 to 2014-15 using Bankometer Model and Economic measure (REVA).

RATIOS TO TEST FINANCIAL SOUNDNESS

Financial soundness of the select banks would be analysed through Bankometer Model from 2005-06 to 2014-15. Bankometer ratios are derived from both the CAMEL and CLSA stress test parameters with some modifications. The changes in the selected ratios are made only to integrate the measurement of banks financial soundness. Following IMF (2000) recommendations, the procedure of Bankometer has been used to measure the public and private sector banks in India. In applying Bankometer model, solvency scores for banks have been ascertained as follows:

$$S = 1.5 * CA + 1.2 * EA + 3.5 * CAR + 0.6 * NPL + 0.3 * CI + 0.4 * LA$$

'S' stands for solvency score.

Capital to Assets ratio (CA), measures the assets financed by total capital. Higher ratio suggests the bank is more secure because the assets are financed by long term funds.

Equity to Assets ratio (EA), measures the assets financed by equity capital. Higher this ratio, more secure the financial position of the bank in the long run because more assets could be financed by bank's capital and is less dependent on external funding.

Capital Adequacy ratio (CAR), measures the bank's capital position. The S-score of the banks are mainly influenced by capital adequacy rate.

Non performing loans to loans ratio (NPL) measures the proposition of NPL to total loans. Higher ratio indicates higher non-productive loans given by a bank.

Cost to Income Ratio (CI), compares operating expenses excluding non-cash expenses and operating income. Lower the ratio, higher is the level of bank profits.

Loans to Assets (LA), ratio measures the amount of assets invested in long-term credit. Higher ratio indicates more loans, that give positive impact on bank earnings but give negative impact on bank liquidity, whereas lower ratio means fewer loans and hence it gives bad impact for bank earnings yet good impact on the liquidity of the bank.

Individually analyzing the bankometer parameters, IMF has laid down the limits for a financially sound bank as follows:

Bankometer parameters and IMF limits

Capital to Assets Ratio : More than or equal to 4%

Equity to total Asset : More than or equal to 2%

Capital Adequacy Ratio : Between 8% to 40%

NPLs to Loans : Less than or equal to 15%

Cost to Income ratio : Less than or equal to 40%

Loans to Assets ratio : Less than or equal to 65%

According to Altman (1968) all banks having 'S' value greater than 70 percent are solvent and termed as super sound banks, while those banks having 'S' value below 50 percent are not solvent. The area between 50 and 70 percent is defined as gray area because of the susceptibility to error classification.

Refined Economic Value Added (REVA) REVA is calculated based on market value and market based weighted average cost of capital, net operating income after taxes, capital invested and rate of return on capital. The tool assesses the capital charges based on market value than economic book value of the assets at the end of the period. Refined economic value added is otherwise known as net residual profit that is obtained after deducting opportunity cost of investors to the market value from the net operating profit after tax. A positive REVA shows that additional value has been added to the shareholders in proportion to opportunity cost based on market and vice versa. REVA is one of the economic measures to determine the shareholder value of a company. In general, economic tools help the researchers to overcome the limitations in performance analysis with the traditional measures. REVA is calculated based on market value and market based weighted average cost of capital, net operating income after taxes, capital invested and rate of return on capital. The tool assesses the capital charge based on market value than economic book value of the assets at the end of the period. REVA is calculated as follows (Bacidore et al. 1997):

$$REVA_t = NOPAT_t - WACC_t (MCAPITAL_{t-1})$$

NOPAT_t = Net operating profit after tax in t end

WACC = Weighted Average Cost of Capital

MCAPITAL_{t-1} = market value at beginning of period t (end of period t-1)

i.e (Stock market price in the first period × number of shares) – (book value of total liabilities - Interest free current liabilities).

RESULTS AND INTERPRETATIONS

Bankometer Model, Refined Economic Value Added Model and statistical tools, namely, correlation and regression have been applied to analyse the data. The results shown below would state the financial soundness and shareholder value creation with relationship prevailing among the parameters in the select banks of the study. Table 1 shows the mean S-scores computed for the banks for 10 years.

TABLE 1: S-SCORE FOR SELECT BANKS FROM 2005-06 TO 2014-15

S.No	Bankometer Ratios (Wgs)	1.5	1.2	3.5	0.6	0.3	0.4	S-score
	Banks/Ratios	CA	EA	CAR	NPL	CI	LA	
1.	ALBK	5.89	1.62	12.22	1.72	72.03	60.71	100.47
2.	ANBK	5.77	2.03	12.23	1.07	70.82	63.17	101.03
3.	BOB	5.91	0.17	12.96	0.82	68.94	60.49	99.77
4.	BOI	4.69	1.75	11.65	1.45	71.1	62.5	97.13
5.	BOM	4.09	1.82	11.46	1.54	71.59	60.68	95.10
6.	CAN	5.02	1.75	12.82	1.44	75.33	61.01	102.38
7.	CORP	5.68	1.87	12.86	0.99	74.81	59.61	102.65
8.	DENA	4.58	1.96	10.98	1.81	73.6	60.15	94.88
9.	IOB	4.89	1.33	12.32	1.96	71.93	61.35	99.34
10.	OBC	6.38	2.04	11.63	1.5	75.41	61.02	100.64
11.	PNB	5.90	1.47	12.33	1.39	63.53	61.54	98.29
12.	SYND	4.02	1.29	11.48	1.06	71.58	64.55	95.68
13.	UNION	4.68	1.53	12.01	1.34	71.38	63.08	98.35
14.	UCO	3.36	1.19	11.58	2.22	74.56	61.69	95.37
15.	VB	4.07	2.28	11.68	1.23	76.64	58.51	96.84
16.	IDBI	5.63	1.87	12.7	1.51	88.27	60.49	106.72
17.	SBI	6.09	1.39	12.41	1.9	67.37	61.06	100.03
18.	SBBJ	5.04	2.43	12.23	1.5	68.94	64.54	100.68
19.	SBM	5.00	1.33	11.84	1.46	70.23	64.41	98.25
20.	SBT	4.54	1.05	11.64	1.38	73.39	64.47	97.43

Source: Computed

CAPITAL TO ASSETS RATIO

It is evident from the above table that the mean Capital to Assets Ratio of select banks have been found to be above 3 per cent during the study period. The results of the analysis shows that OBC (6.38 per cent) has topped among the select public sector banks, followed by SBI (6.09 per cent) which indicates that the banks are safer in their financial position, by right investment strategies on assets. The least mean of Capital to Assets Ratio has been found for UCO Bank (3.36 per cent), followed by SYND at 4.02 per cent which proves that the banks are highly dependent on external funds. The banks are said to be secure as the select public sector banks (except UCO) have been found above 4 per cent of Capital to assets ratio (IMF 2000 norms). The results of the analysis indicate that all the select banks in the study have performed well by achieving the IMF norms (4 per cent) for capital to assets ratio and the banks are found to be secured. OBC Bank is the topper among the select banks with the highest mean capital to assets ratio.

EQUITY TO ASSETS RATIO

It is observed from the table that the mean Equity to Assets Ratio of the select banks the SBBJ (2.43 per cent) has the highest mean Equity to Assets Ratio followed by VB (2.28 per cent) and OBC (2.04 per cent) which indicates the banks are safe in their financial position. The least mean of Equity to Assets Ratio has been found for BOB (0.17 per cent), followed by SBT at 1.05 per cent which indicates that the banks are dependent on more of equity funds. The banks are said to be less secure as high leverage would lead to bankruptcy and the banks have not fallen in line with IMF 2000 norms.

CAPITAL ADEQUACY RATIO

The table depicts that mean Capital Adequacy Ratio has been above the mean Capital Adequacy Ratio has been above 10 per cent for all the select public sector banks. BOB (12.96 per cent) is found to be the highest among the select public sector banks, followed by CORP (12.86 per cent) which implies that the banks are safe and can meet their financial obligations at the right time. The least mean CAR is found for DENA (10.98 per cent), followed by BOM (11.46 per cent) which reveals that the bank is not much safe as the risk weighted assets are higher. While IMF norms have prescribed a range of 8-40 per cent for the CAR, the RBI Basel norms have recommended a CAR of 11.5 per cent for the banks. The banks with less CAR should concentrate on their capital and risk weighted assets to avoid insolvency in future. It is understood that all the select public sector banks in the study have a CAR above RBI Basel III norms and IMF recommendations which have proved that the banks are safe and financially sound.

NONPERFORMING LOANS TO LOANS RATIO

It is evident from the above table that mean non performing loans to loans ratio is below the mean non performing loans to loans ratio is below 2.5 per cent for all the banks. UCO (2.22 per cent) is found to have the highest mean ratio, followed by IOB at 1.96 per cent and SBI at 1.90 per cent. It indicates that the banks are at a greater risk with their inefficient asset management and poor maintenance of credit quality. It is observed that during the period of study, the recovery of loans granted has not been satisfactory in the banks which have secured highest mean ratio of NPL/L. A high NPL/L ratio is an alarm for the stakeholders to have a turnaround strategy to avoid bankruptcy. The least non performing loans to loans ratio has been found for BOB at 0.82 per cent, followed by CORP at 0.99 per cent and SYND at 1.06 per cent. From the analysis, it is concluded that the banks with less mean ratio of non performing loans to loans ratio are said to be more productive through lending loans and assets utilization.

COST TO INCOME RATIO

The mean Cost to Income ratio of select public sector banks has been above 63 per cent during the study period. The table depicts that the mean cost to income ratio of IDBI (88.27 per cent) is found to be the highest among the select public sector banks, followed by VB (76.64 per cent) and OBC (75.41 per cent) showing that the banks are not very profitable and the proportion of operating cost to income of the banks has been found to be higher. The least mean cost to income ratio has been found for PNB (63.53 per cent), followed by SBI (67.37 per cent) which implies that the banks are efficient in cost control to increase the profit. No public sector banks in the study have been found with the cost to income ratio below 40 per cent (IMF norms less than 40 per cent). Hence, the banks have to introduce effective cost management measures to increase the profitability. The results disclose that the cost to income ratio of select public sector banks is more than the IMF norms (40 per cent) which implies that the high cost affects the profitability of the banks. The highest mean of cost to income ratio has been found for IDBI Bank.

LOANS TO ASSETS RATIO

The mean loans to assets ratio of the select public sector banks in the study are found to be above 58 per cent. It is interesting to note that SYND (64.55 per cent) has been the highest in public sector, followed by SBBJ (64.54 per cent) and SBT at 64.47 per cent which indicates that the banks are at a risk of cash crunch. The least mean of loans to assets ratio has been found for VB (58.51 per cent), followed by CORP at 59.61 per cent and DENA at 60.15 per cent which proves that the banks enjoy high liquidity position with less earnings. The select public sector banks have achieved the IMF 2000 norm by maintaining the loans to assets ratio below 65 per cent though closer to it. The results indicate that all the select banks have performed well by maintaining the loans to assets ratio below 65 per cent (IMF norms) showing the liquidity position to be better. VB has been the best among the select public sector banks as the mean loans to assets ratio is the least.

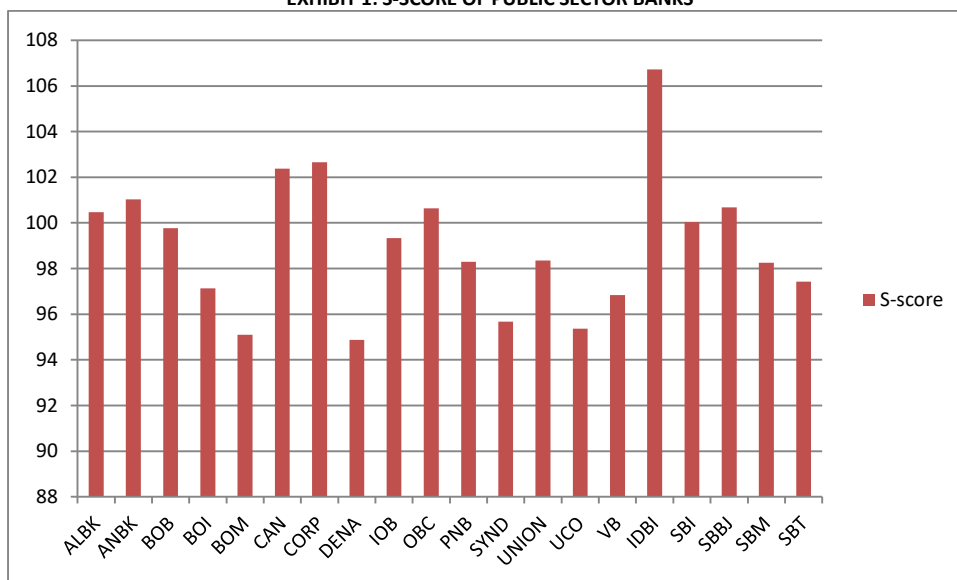
S-SCORE

The mean S-score of IDBI (106.72 per cent) is the greatest among the select public banks in the study, followed by CORP (102.65 per cent) and CAN (102.38 per cent) which implies that the banks are solvent and super sound in their financial strength. It is understood from the analysis that the S-score of all the select public sector banks have been found above 94 per cent. The least mean S-score is found in DENA (94.88 per cent), followed by BOM (95.10 per cent) and UCO (95.37 per cent).

The select banks have performed the best as the S-score of the banks are found above IMF norms which indicates that all the public sector banks selected for the study are said to be super sound and solvent.

It could be concluded that all the select public sector banks in the study are found to be super sound in their financial position as per the IMF norms. The highest mean of S-score has been found for IDBI.

EXHIBIT 1: S-SCORE OF PUBLIC SECTOR BANKS



REFINED ECONOMIC VALUE ADDED (REVA)

The table presents the mean of Refined Economic Value Added of public sector banks from 2005-06 to 2014-15.

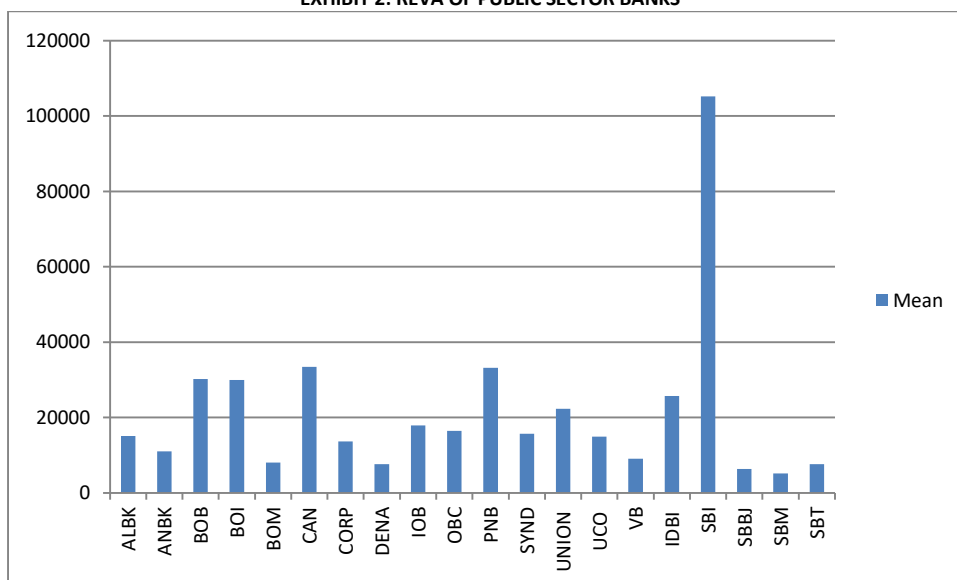
TABLE 2: REFINED ECONOMIC VALUE ADDED PUBLIC SECTOR BANKS

S.No	Bank	Mean(Rs.in Crores)	S.No	Bank	Mean(Rs.in Crores)
1.	ALBK	15104.00	11.	PNB	33201.10
2.	ANBK	11033.10	12.	SYND	15726.50
3.	BOB	30171.60	13.	UNION	22279.50
4.	BOI	29958.50	14.	UCO	14957.90
5.	BOM	8045.56	15.	VB	9055.87
6.	CAN	33466.90	16.	IDBI	25689.60
7.	CORP	13659.60	17.	SBI	105203.00
8.	DENA	7605.03	18.	SBBJ	6332.81
9.	IOB	17886.30	19.	SBM	5186.70
10.	OBC	16413.20	20.	SBT	7637.88

Source: Computed

The table depicts that mean REVA of SBI (Rs.1,05,203 Crores) is the highest among the select public sector banks in the study, followed by CAN (Rs. 33,466.90 Crores) and PNB (Rs. 33,201.10 Crores) which shows that these banks have added value to their shareholders as the opportunity cost of the shareholders to the market value are found to be less than the NOPAT. The least mean REVA has been found for SBM at Rs. 5,186.70 Crores, followed by SBBJ (Rs.6,332.81 Crores) and DENA (Rs. 7,605.03 Crores) which implies that current liabilities have been higher resulting in higher cost of capital and reduce the economic profit of the banks. The table reveals positive REVA values showing that the public sector banks have created value to their shareholders during the study period. It could be concluded that REVA of public sector banks is found to be positive which implies that NOPAT is greater than opportunity cost of capital employed by the banks. The highest mean REVA has been found for SBI.

EXHIBIT 2: REVA OF PUBLIC SECTOR BANKS



FINANCIAL SOUNDNESS Vs. REVA

Regression analysis has been done to find the relationship between the financial soundness variables and REVA of the select banks. As an initial step for regression, correlation has been applied to find the relativity between the variables of final soundness and REVA.

TABLE 3: CORRELATION OF BANKOMETER RATIOS AND REVA

	C/A (%)	E/A (%)	CAR (%)	NPL/L (%)	C/I (%)	L/A (%)
REVA	.267**	-.212**	.089	.326**	.017	.162*

**Correlation is significant at 1%, * Correlation is significant at 5%.

It is observed from the table that economic measure REVA has significant positive correlation with C/A ratio, NPL/L ratio and L/A ratio mean while it has significant negative correlation with E/A ratio during the study period.

H₀: The variables, namely, C/A, E/A, CAR, NPL/L, C/I and L/A do not have a significant influence on REVA.

TABLE 4: REGRESSION ANALYSIS-DEPENDENT VARIABLE: REVA

	Regression Coefficients (B)	Std. Error	Beta	T	Sig.
(Constant)	-73208.120	42886.572			
C/A (%)	7224.627	1901.436	.273	3.800	**
E/A (%)	-11561.424	3141.637	-.236	-3.680	**
CAR(%)	2359.471	1956.202	.088	1.206	Ns
NPL/L (%)	9005.683	1966.381	.323	4.580	**
C/I (%)	2.747	255.097	.001	.011	Ns
L/A (%)	564.312	507.891	.073	1.111	Ns

TABLE 5

R	R Square	F	Sig.
.498 ^a	.248	10.624	**

Ns- Not significant, * Significant at 5% level, ** Significant at 1% level.

The coefficient of multiple correlation with its value at 0.498^a indicates a positive degree of correlation of independent variables with REVA.

The coefficient of multiple determination (R²) signifies that 24.8 per cent of variation in the REVA has been explained by the independent variables.

The regression results show that the regression co-efficient of E/A ratio is negative indicating that the ratio has negative effect on REVA whereas C/A, CAR, NPL/L, C/I and L/A ratios have positive effect on REVA. The t-test results show that C/A, E/A ratio and NPL/L ratio are found to have significant influence on dependent variable, REVA at 1 per cent level of significance and the other independent variables are found to have no significant influence on the dependent variable.

The Beta co-efficient (Standard Regression Co-efficient) of NPL/L ratio (Beta=0.323), contributes more in explaining the relationship with REVA followed by C/A ratio (0.273) in absolute terms. The least contributing beta is that of E/A ratio (-0.236) and the F ratio has been found with the value of 10.624.

Hence, the variables C/A, E/A and NPL/L have significant influence on REVA and the null hypothesis is rejected at 1 per cent level of significance for public sector banks during the study period.

CONCLUSION

Banks are found with the required IMF limit with respect to bankometer ratios, hence it could be concluded that all the public sector banks are financially secure and super sound. OBC and SBBJ Bank have been found with the highest mean of Capital to Assets Ratio and Equity to Assets ratio respectively. In terms of CAR and Non Performing Loans to Loans ratio, BOB has been found to be the topper among the select banks. PNB and VB have taken the top position in terms of Cost to Income and Loan to Assets ratio respectively. Considering the S-score, the wonder test (Bankometer Model) identifies IDBI as the best performer among the select public sector banks which also indicates that the top performers in individual ratio have not taken the top position in terms of s-score. It is quite attention-grabbing that SBI has been found to be the best performer in shareholder value creation during the study even though the bank has not gained the top position in any of the bankometer ratios and S-score. The regression result proves that bankometer ratios and REVA are statistically significant and indicates that financial soundness of banks have impact on their shareholder value creation.

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A STUDY ON CONCEPT OF IFRS, BENEFICIARIES AND CHALLENGES

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ABSTRACT

Due to globalization all countries are able to adopt a single set of accounting standards. Major changes are noticed in financial reporting system, the most obvious is the continuing adoption of IFRS worldwide. More than 100 countries are converged their reporting system to IFRS for providing uniformity. It is very useful and understandable to all the people beyond the boundary of nations. IFRS are the globally accepted accounting standards which are issued by the International Accounting Standards Board (IASB), a committee including 14 members from different countries which work together to establish global accounting standards. Almost countries are decided to converge to International Financial Reporting System; India too becomes the part of this system. In India, ICAI has decided to adopt IFRS by April 2011. This study was undertaken to understand the concept of IFRS, beneficiaries of IFRS and the challenges faced by the stakeholders.

KEYWORDS

IFRS, IASB, accounting standards.

INTRODUCTION

A financial statement should reflect true and fair view of the business affairs of the organization. As these statements are used by various constituents of the society or regulators, they need to reflect an accurate view of the financial position of the organization. It is very helpful to check the financial position of the business for a specific period. One country's financial statement is used by another country which leads to a problem of harmonization of accounting policies, presentations etc. Due to economic, political, legal and cultural environment we cannot attain complete harmonization. For solving all these problems the accounting standards are introduced. Accounting standards provides solution for complex business transactions and also provide transparency in all areas. Accounting standards helps to implement best practices of various regulatory agencies in connection with accounting accuracy. Not only in national level but also international level the accounting standards are being established. Accounting standard helps the investor to provide quality information for taking decisions and also helps to reduce the overall cost of capital of the company. Accounting standards are formulated by accounting standard board and institute of chartered accountants of India. Presently Generally Accepted Accounting Principles and the international financial reporting standards are the two sets of accounting standards. It will help to coordinate the activities of reporting of financial statements worldwide.

OBJECTIVES OF THE STUDY

1. To understand the concept of International Financial Reporting System (IFRS).
2. To identify the beneficiaries if IFRS.
3. To understand the challenges of IFRS.

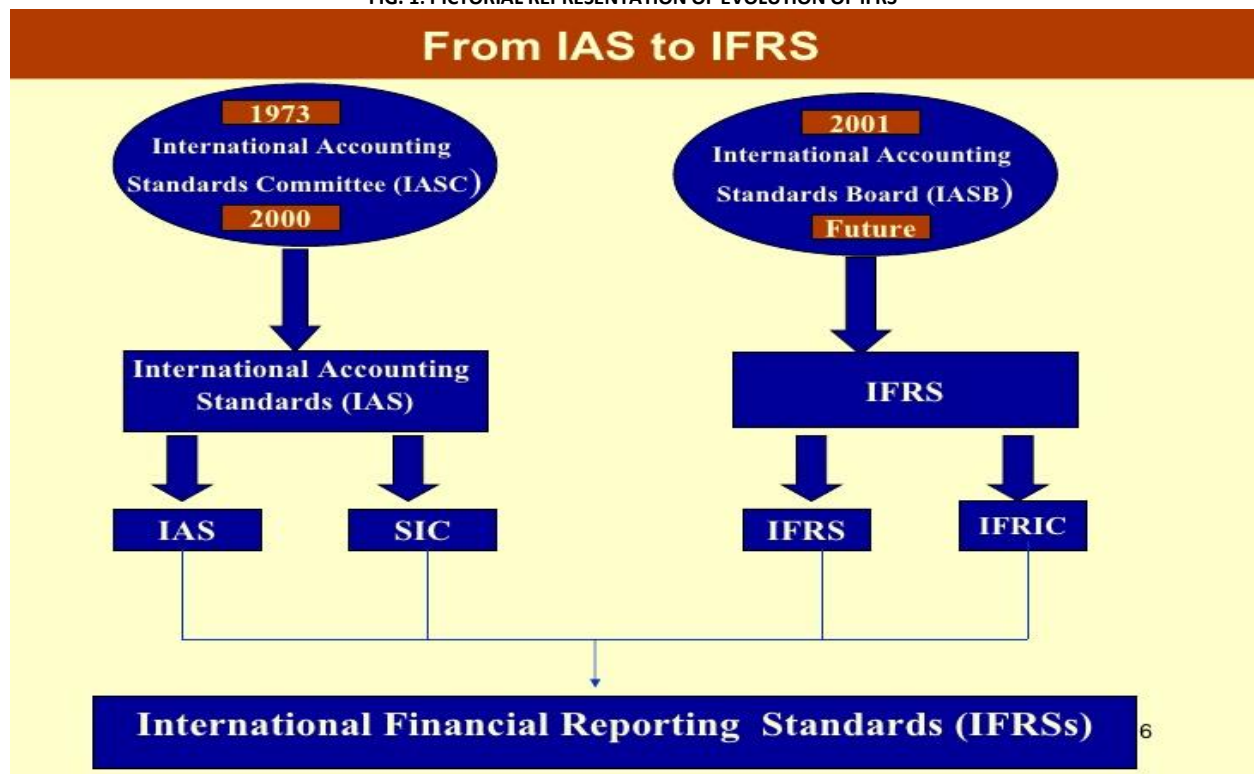
RESEARCH METHODOLOGY

This study was focused to understand the concept of IFRS, beneficiaries of IFRS and challenges for the implementation of IFRS. This study was conceptual in nature. Data were collected from secondary sources. It includes different books, journals and articles.

INTERNATIONAL FINANCIAL REPORTING SYSTEM

IFRS is a common global financial language for business affairs that is understandable and comparable across international boundaries. These are standards which are designed for reporting business matters, which are understandable all over the world for the purpose of establishing global accounting language. IFRS is one of the best financial reporting systems, which does not include any country with variation of accounting policies. The main advantage of implementation of global accounting standards is that one format can be used for the preparation of financial statements. It will facilitate the companies to compete abroad, raise capital, win global contracts and provide financial details. With the support of IFRS investors, government and organizations can compare various financial statements in an easy way. This is because there are many countries that permit to comply with IFRS standards. IFRS is important for companies that have dealings in different countries. They are replacing many different national accounting standards. Through the implementation of IFRS, companies will be better understandable in global markets. They will be able to tap global capital markets and they can reduce their cost of capital. The communication system of companies can improve in a better and easiest way because of universally accepted accounting standards. For economic development of nations, a sound financial reporting system supported by high quality accounting and auditing standards and governance and ethical framework is very essential. Council of Chartered Accountants of India (ICAI) opined in May 2006 that adopting IFRS was considered and supported by the ASB. IFRS task force was setup to provide a road map for convergence and it decided to converge with IFRS from the accounting period commencing on or after 1 April 2011. The implementation of IFRS in India was more challenging but most of the Indian corporate are likely to access the benefits of IFRS.

FIG. 1: PICTORIAL REPRESENTATION OF EVOLUTION OF IFRS



BENEFICIARIES OF IFRS

Several beneficiaries are there because of adoption of International Financial Reporting System with Generally Accepted Accounting Principles. Some of them are:

INVESTORS

IFRS makes accounting information more relevant, reliable and comparable across different economic system. It provides common set of accounting standards worldwide and which is helpful to understand the financial position of different companies of different nations by the investors. It increases the confidence of investors who are willing to invest their funds in the countries apart from India. It will also helpful to understand more profitable avenues from different nations.

ACCOUNTING PROFESSIONALS

Through the convergence of IFRS the future of accounting professionals is more sophisticated. They have lot of opportunities to grow with their career. It will help to increase their talent and competency with a uniform policies and procedures. Accounting professionals can marketwise their whole ability and talent across the globe. They can fly with the talent of IFRS without considering the boundary of nations.

THE INDUSTRY

One important sector of beneficiaries of IFRS is the industry which will be benefited because of some valuable aspects. The implementation of IFRS helps to increase the confidence level in the minds of foreign investors. It decreases the unwanted burden of financial reporting system. IFRS provides simplest and easier procedure for the preparation of individual and group financial statements. And it will help to reduce the cost of preparation of financial statements which uses different sets of accounting standards.

CORPORATE WORLD

Implementation of IFRS will help to build up the reputation and long lasting relationship of the Indian corporate world with international financial entities. Corporate can maintain high level of consistency between internal and external reporting through the inclusion of IFRS. It will improve the risk rating and makes the corporate more and more competitive worldwide.

THE ECONOMY

One of the important benefits of IFRS is international comparability of financial statements. It will help to increase the consistency of internal and external reporting and it will result in the risk rating among the foreign investors. It will be benefited to industrial and capital markets in the country.

CHALLENGES OF IFRS

The implementation of IFRS is a difficult process especially to developing nations like India. Various challenges faced while implementing IFRS are:

TAXATION

Complete renovation of tax laws is the main challenge faced by the Indian law makers. The convergence of IFRS will affect the financial statements. The changes in financial statements will affect the tax liabilities of the company. The tax liability wants to be calculated by considering the provisions of IFRS. The provisions of taxation should address the convergence from Indian GAAP to IFRS.

ACCOUNTING METHOD

It is very difficult to change the traditional accounting method to fair value method. It is complex to arrive the fair value of different aspects in the financial statements. The experts facing some problems while changing the accounting methods. The adjustments made for calculating fair value will affect the income statements of companies. It will change the gain and losses of companies.

AUDITING

The auditing firms will affect by the convergence of IFRS. They have the ability to audit the financial statements through traditional method. They follow cost concept accounting for auditing purposes. Now it is the time to audit at fair value method because of convergence of IFRS. The implementation of IFRS is undertaken by IASB without adequate guidance for auditors. The auditors will not be apt to discharge their liabilities as per new method. It is mainly challenged by less globally oriented audit firms.

TRAINING

One of the main challenges facing in implementation of IFRS is that lack of training facilities and academic courses on IFRS in India. Still it is in a growing stage and The Institute of Chartered Accountants of India (ICAI) is continuing its training programmes for its members. There is lack of trained professionals for the better implementation of IFRS. This drawback will be rectified by these institutions in coming years.

REGULATORY CHANGES

The implementation of IFRS will affect the other sectors as well as regulations of the economy. The regulators want to undertake concerned changes to other laws and regulations. The changes will affect all the stakeholders like investors, lenders, board etc.

RE-NEGOTIATION OF CONTRACT

Re negotiation of contract is one of the big challenges in implementation of IFRS. It is happening because of the changes in the results of two methods. The result under Indian GAAP and IFRS is entirely different.

REPORTING SYSTEMS

The reporting system of traditional method and IFRS is different. That's why the companies want to ensure that the existing business reporting model is amended according to the requirements of IFRS. The new information system should be designed to capture the requirements of IFRS.

CONCLUSION

The convergence of IFRS facing very difficulties and challenges. But it is looking the advantages for the nation's global wise. The convergence of IFRS is strongly recommended because the measures taken by the ICAI and other regulatory bodies are creditable and it gives the positive aspects to the reporting system as a global wide. One important factor is that IFRS is more principle based approach with limited implementation and application guidance. Still the development of IFRS in a growing stage and we can hope for a delightful future with ifrs.

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WOMEN ENTREPRENEURSHIP: A STUDY OF INDIAN SCENARIO

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ABSTRACT

In today's world, women entrepreneurs are playing vital role and they have become important part of the global business environment. It is really important for the sustained economic development and social progress. In India, though women are playing key role in the society, but still their entrepreneurial ability has not been properly tapped due to the lower status of women in the society. The main purpose of this paper is to find out the status of women entrepreneurs in India. This paper also focuses on the rationale behind a women taking up entrepreneurship. Also, an attempt has been made to highlight as well analyse the policies and measures undertaken by Indian government for the growth of women entrepreneurship in India and also to analyse the adequacy of such measures so taken for the growth of women entrepreneurship. This paper also talks about the probable reasons for a woman to become an entrepreneur as well as the institutions that are serving the women to put their views into action. On the basis of this study some suggestions are given to encourage the spirit of entrepreneurship in women.

KEYWORDS

women entrepreneurship, reasons for entrepreneurship, government initiatives, Indian scenario.

INTRODUCTION

Across centuries and across time, the role of the women remains rooted into eternity. It forever remains the same and at the same time goes through many transitions. It takes centuries for women's roles to unfold in different forms, shapes and sizes and to move in new directions. There are some locales where women live in a bygone century chained and shackled to the social structures and coding and wishes of others who carve a code of conduct on stone. Whereas there are other locales where women struggle to find freedom and space to define their roles in a new context with new occupations and forge a new path for their lives. Then came a time when the order of the world changed. A new form and new structure emerged. This took thousands of years and tears of millions of women who with courage moved the mountain of debris and freed themselves from the chains and shackles of centuries. This change arose in the form of mass education, increasing globalisation, impact of technology, impact of media, and impact of social economic and political cross currents of the world and so on.

In today's world, women are growing in entrepreneurial sector at an increasing pace. They have become important part of the global business environment. To begin with let us first define a women entrepreneur. A Women Entrepreneur may be defined as a woman or a group of woman, who initiate, organise and runs a business venture. The Government of India has defined women entrepreneurs as owning and controlling an enterprise with a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women.

Since the 21st century, the status of women in India has been changing as a result to growing industrialisation and urbanisation, mobility and social legislations. Over the years more and more women are going in for higher education, technical and professional education and their proportion in the workforce has also been increased.

With the spread of education and awareness, women have shifted from the kitchen, handicrafts and traditional cottage industries to non-traditional higher levels of activities, small to medium-sized businesses, and small enterprises. Even the government has laid special emphasis on the need for conducting Special entrepreneurial training programs for women to enable them to start their own ventures. Financial institutions and banks have also set up special cells to assist women entrepreneurs on the economic scene in the recent years.

The women are the large part of our country about half of the total population. This large part of our population can largely produce significant support to the overall development of the country. But most of the women of our country ultimately combine them into household chores and family rituals. These era-breaking initiatives are producing these women as more confident to the individual economic freedom and on the other side they are indirectly adding contribution to the national economic growth.

Women Entrepreneurs are highly increasing in the economies of almost all countries. The hidden business potentials of women have been increasing with the growing sensitivity to the role and economic status in the society. With the introduction of media, women are becoming conscious of their qualities, rights and also the work situations. The glass ceilings have shattered and now women are found indulged in every line of business from pickles to telecommunication. Right efforts in all areas are required in the development of women entrepreneurs and their greater involvement in the entrepreneurial activities.

OBJECTIVES OF THE STUDY

1. To explore various factors encouraging women to take up entrepreneurship.
2. To study the government initiatives to boost women entrepreneurship.
3. To examine the obstacles faced by women entrepreneurs.
4. To depict the current status of women entrepreneurship in India.
5. To draw conclusions and give suggestions.

LITERATURE REVIEW

Tambunan, (2009), made a study on recent developments of women entrepreneurs in Asian developing countries. The study focused mainly on women entrepreneurs in small and medium enterprises based on data analysis and review of recent key literature. This study found that in Asian developing countries SMEs are gaining overwhelming importance; more than 95% of all firms in all sectors on average per country. The study also depicted the fact that representation of women entrepreneurs in this region is relatively low due to factors like low level of education, lack of capital and cultural or religious constraints. However, the study revealed that most of the women entrepreneurs in SMEs are from the category of forced entrepreneurs seeking for better family incomes.

Khan & Kraemer (2008)¹⁰ indicated that a significantly higher percent of women living in slums came from country side, had a poorer status by household characteristics, had less access to mass media, and had less education than women not living in slums. Mean BMI, knowledge of AIDS indicated by ever heard about AIDS, knowledge of avoiding AIDS by condom use, receiving adequate antenatal visits (4 or more) during the last pregnancy, and safe delivery practices assisted by skilled sources were significantly lower among women living in slums than those women living in other areas. Likewise, all the unadjusted significant associations with the variable slum were greatly attenuated and became insignificant (expect safe delivery practices) when some socio-economic variables namely childhood place of residence, a composite variable of household characteristics, a composite variable of mass media access, and education were inserted into the multiple regression models. Taken together, childhood place of residence, the composite variable of mass media access, and education were the strongest predictors for the health related outcomes. The study is based on socio-economic factors of woman but it is ignored business side.

Das, 2000 performed a study on women entrepreneurs of SMEs in two states of India, viz, Tamil Nadu and Kerala. The initial problems faced by women entrepreneurs are quite similar to those faced by women in western countries. However, Indian women entrepreneurs faced lower level of work-family conflict and are

also found to differ from their counterparts in western countries on the basis of reasons for starting and succeeding in business. Similar trends are also found in other Asian countries such as Indonesia and Singapore. Again the statistics showed that the proportion of business setup and operated by women is much lower than the figures found in western countries.

Al-Hossienie (2011) carried out a study on socio-economic impact of woman entrepreneurship in Sylhet city, Bangladesh. He represented in the paper that focused on exploring the socio-economic impact of women entrepreneurship in the concerned area. Based on primary and secondary sources, it is found that nearly three quarters of the women entrepreneurs in Sylhet city are married and that they are mainly involved in tailoring and beauty parlor businesses. About half of the women entrepreneurs use their income for family purposes and most of them do not need permission of their husbands in using their income. Women entrepreneurship typically brings a positive change in attitude and behavior of family members and society towards them. This paper also provides some recommendations for policy makers to undertake suitable and effective policies towards the development of women entrepreneurship in the area. But the research paper is prepared only on the basis of socio-economic factors, it did not take into account of other variables like demographic, cultural and other variables.

Singh, 2008, identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social unacceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

Lall & Sahai, (2008), conduct a comparative assessment of multi-dimensional issues & challenges of women entrepreneurship, & family business. The study identified Psychographic variables like, degree of commitment, entrepreneurial challenges & future plan for expansion, based on demographic variables. Through stratified random sampling & convenience sampling the data have been collected from women entrepreneurs working in urban area of Lucknow. The study identified business owner's characteristics as self-perception, self-esteem, Entrepreneurial intensity & operational problem for future plans for growth & expansion. The study suggested that though, there has been considerable growth in number of women opting to work in family owned business but they still have lower status and face more operational challenges in running business.

Greene et.al. (2003), evaluate the research & publication contribution in the area of women entrepreneurship. The study categorized various journal & resources of research on the basis of certain parameters concerned with women entrepreneurship like gender discrimination, personal attributes, financing challenges, business unit, context and feminist perspectives.

Mujeri (2005)⁴ in his work of small and medium enterprise development and poverty reduction described the development of SMEs and how does it assists in reducing poverty from Bangladesh on the basis of some selected issues.

Damwad, (2007), describes the experiences, initiatives & obstacles faced at five Nordic countries like Finland, Denmark, Iceland, Norway & Sweden towards women entrepreneurship. It broadly identifies few obstacles like financing, lack of knowledge & skills in business life, markets & entrepreneurial activity, work life balance including lack of growth & wishes to grow and most importantly women as other groups are heterogeneous. The study compares early stage entrepreneurial male & female activity among Nordic countries with the same of USA. It also compares various programme & schemes developed by Nordic countries & agencies that provide support to them. OECD & European Commission are focusing on methodologies in analyzing quantitative & qualitative women entrepreneurship. The Nordic countries need a framework for policy learning develop a proper policy mix towards promoting women entrepreneurship.

Mohiuddin (1998)⁶ described in his work on woman entrepreneurs that the half of the whole population in Bangladesh is woman. The proper economic growth of the country is not possible without the involvement of the large portion. This work also added the expansion and management of rural sector of rural woman entrepreneurs.

Anjum (1995)⁵ outlines an overview on the entrepreneurial development in the northern Bangladesh and finding out problems of entrepreneurship development, suggesting recommendations, outlining the opportunities for the development of entrepreneurs in the area.

Uddin (2012)⁸ addressed the demographic characteristics of women entrepreneurs and problems of women entrepreneurship development in Bangladesh. In this paper the author showed various types of businesses handled by woman, the women's educational background, family size, age, occupation, prior experiences and other demographic matters and at length the paper provides some recommendations for the existing problems in the field.

Hena (2006)⁷ proposes the role of women entrepreneurs of Grameen Bank of Bangladesh with special references to Bogra zone of the bank. The author highlights the nature of businesses the woman entrepreneurs normally engaged in, their character, their problems with doing so, and the possible way outs needed to adapt for further improvement of theirs.

REASONS FOR WOMEN TO BECOME ENTREPRENEURS

Becoming an entrepreneur did arouse a little dilemma in many women who have the potentialities for becoming one. However, to earn quick money was the basic reason for women to start entrepreneurship. They had a deep-seated need for a sense of independence along with a desire to do something meaningful with their time and to have their own identity instead of remaining closeted behind their husband's nameplate.

Self esteem, recognition, Self determination, and career goal are the key drivers for choosing entrepreneurship by women. Women choose such career path for proving their potential, caliber in order to achieve self satisfaction. However, dismal economic conditions of the women arising out of unemployment in the family and divorce with or death of the breadwinner can compel women into entrepreneurial activities.

The entry of women into business in India is an extension of their normal home activities. But with the spread of education and passage of time women started shifting from doing work at home or kitchen to the business venture. Skill, knowledge and adaptability in business are important factors for women to emerge into business ventures. Women Entrepreneur is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. Many women start a business due to some traumatic event, such as divorce, discrimination due to pregnancy or the corporate glass ceiling, the health of a family member, or economic reasons such as a layoff from existing job. But a new talent pool of women entrepreneurs is forming today, as more women opt to leave corporate world to chart their own destinies. They are growing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation. Women needs little "pull" or "push" for venturing ahead as their circumstances forced them. On the other hand, women, coming from good financial background need pull and push as at times they themselves were not aware of their own inner strengths and resources and wanted their husband's / family members to decide the ways it should be utilised. Also the women of the upper crust society were hesitating to put forth the idea of taking up a non-traditional role.

Summarisation of the reasons behind taking entrepreneurship:

PULL FACTORS

- An urge to do something new
- Need and perception of women's liberation, equity etc
- To gain recognition, importance and social status
- To get economic independence

PUSH FACTORS

- Death of breadwinner
- Sudden fall or Permanent inadequacy in family income

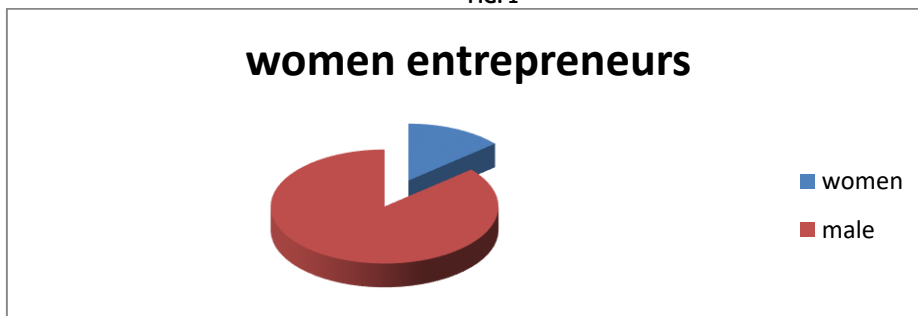
The category of push factors forms a negligible percentage of women entrepreneurs.

CURRENT TRENDS OF WOMEN ENTREPRENEURSHIP IN INDIA

The sixth economic census, released by ministry of statistics and programme implementation, presents a worrisome picture of the status of women entrepreneurs in the country.

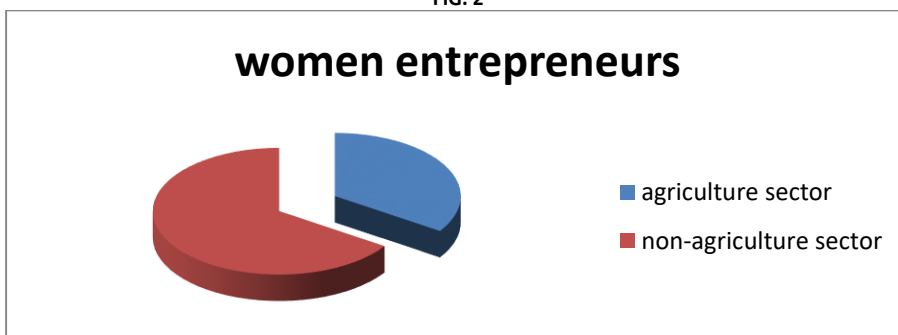
- The survey shows that women constitute only 13.76% of the total entrepreneurs, i.e., 8.05 million out of the 58.5 million entrepreneurs.

FIG. 1



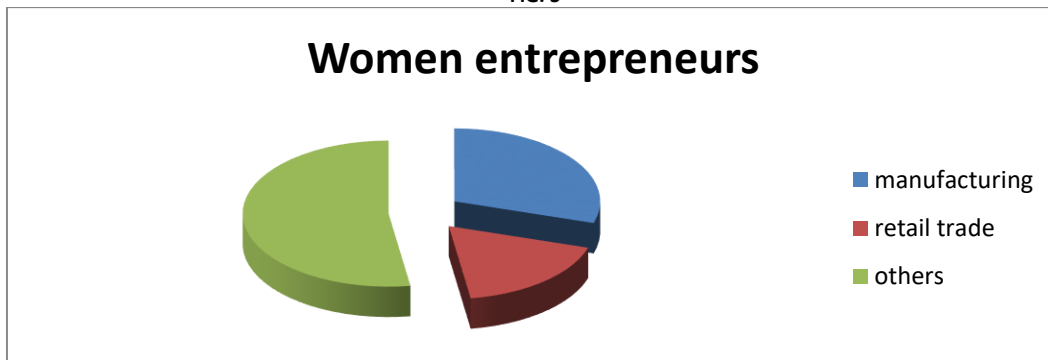
- These establishments in total, owned by females, provide employment to 13.45 million people.
- Another revelation is that out of these entrepreneurs, 2.76 million women (34.3% of the total entrepreneurs) work in agriculture sector whereas 5.29 million females (65.7% of the total entrepreneurs) work in non-agricultural sectors.

FIG. 2



- In the agriculture, livestock dominates (with a share of 31.6 %) among all other farming activities.
- Among the non-agricultural activities owned by women entrepreneurs, manufacturing and retail trade are dominant ones with corresponding percentages being 29.8% and 17.8% respectively.

FIG. 3



- Out of the total establishments under women entrepreneurs, percentage share of various social religious groups OBC: 40.60%, SC: 12.18%, ST: 6.97% and Others (40.25%); Hindus: 65.6%, Muslim: 12.84% and Christian: 5.2%.

FIG. 4

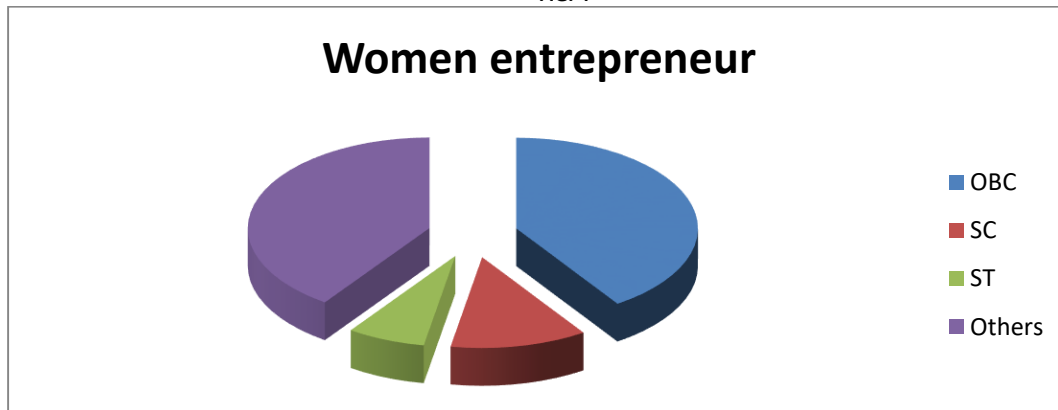
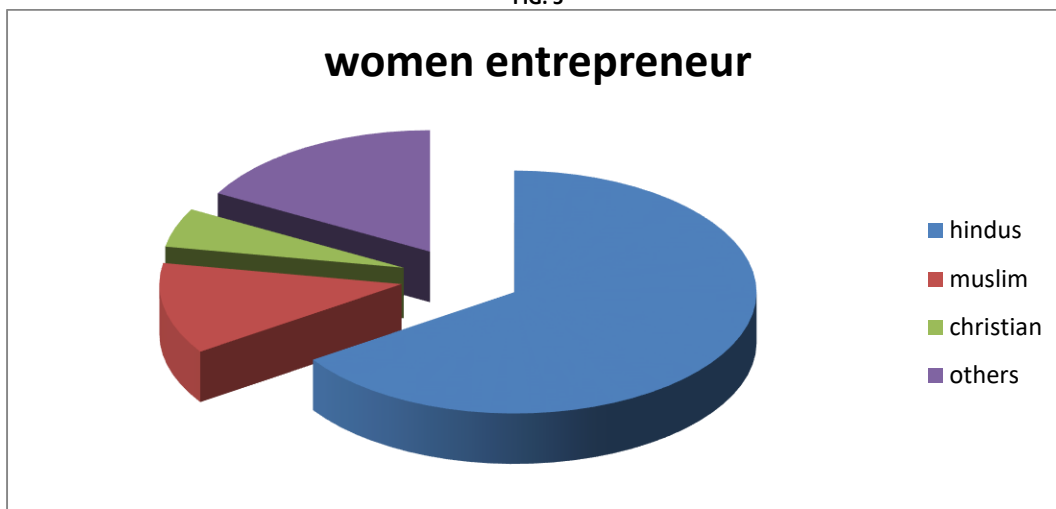
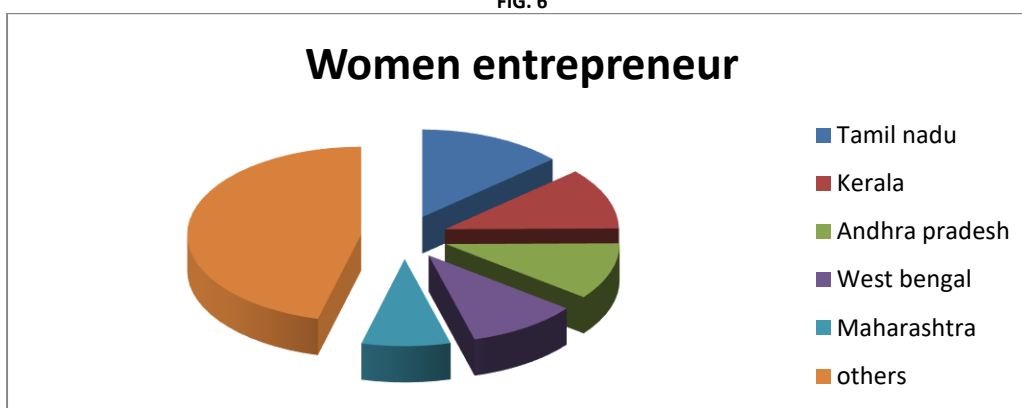


FIG. 5



- Among the states, the largest share in number of establishments under women entrepreneurship is of Tamil Nadu (13.51%) followed by Kerala (11.35%), Andhra Pradesh (10.56%), West Bengal (10.33%) and Maharashtra (8.25%).

FIG. 6



OBSTACLES IN THE PATH OF WOMEN ENTREPRENEURS IN INDIA

The latent talents of women can be acknowledged and used for various types of industries to increase the yield in the business sector. A desirable atmosphere is necessary for every woman to inculcate entrepreneurial values and involve greatly in business dealings. However, women in India are faced many problems to walk on the entrepreneurial path. A few problems can be detailed as:

- **LACK OF SELF-CONFIDENCE**

In India women have lack of self-confidence in their strength and ability. The family members and the society are unwilling to stand beside their organizational growth. To a certain degree, this situation is changing with Indian women and yet to face an incredible amend to boost the rate of growth in entrepreneurship.

- **SOCIO-CULTURAL BARRIERS**

Women have to perform multiple roles be it familial or social irrespective of her career as working women or an entrepreneur. In our society, more importance is being given to male child as compared to female child. This mindset results in lack of schooling and necessary training for women. As a result this impediments the progress of women and handicap them in the world of work.

- **MOBILITY CONSTRAINTS**

Women in India have to face lot of restriction on their mobility, our society still have some conservativeness, and due to that career of women is limited to four walls of kitchen. Though women faced lots of problems being mobile in entrepreneurial activity, the mobility problem has been eliminated to very certain extent by the expansion of education awareness to all.

- **COST**

Some businesses have high production and operation cost that adversely affects the expansion of women entrepreneurs. The installations of new machineries during expansion of the productive capacity and like similar factors discourage the women entrepreneurs from entering into new areas.

- **LACK OF FINANCIAL ASSISTANCE**

Financial institutions are often sceptical about the entrepreneurial abilities of women. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups.

- **EXPOSURE TO TRAINING PROGRAMS**

Many women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use, and often unable to do research and gain the necessary training. Although great advances are being made in technology, many women's illiteracy, structural difficulties, and lack of access to technical training prevent the technology from being beneficial or even available to females ("Women Entrepreneurs in Poorest Countries," 2001).

- **MARKET ORIENTED RISKS**

Stiff competition in the market and lack of mobility of women make the dependence of women entrepreneurs on middlemen indispensable in the areas of marketing and sales. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Even when they are otherwise in control of an enterprise, they often depend on males of the family in this area. Many business women find it difficult to capture the market and make their products popular.

- **LACK OF MOTIVATIONAL FACTORS**

Achievement motivation of the women folk is said to be less in comparison to male members. The low level of education and confidence leads to low level achievement and advancement motivation among women folk to engage in business operations and running a business concern. Self motivation can be realised through a mind set for a successful business, attitude to take up risk and behaviour towards the business society by shouldering the social responsibilities. Other factors are family support, government policies, financial assistance from public and private institutions and also the environment suitable for women to establish business units.

- **LACK OF KNOWLEDGE IN BUSINESS ADMINISTRATION**

Women must be educated and trained constantly to acquire the skills and knowledge in all the functional areas of management. This can facilitate women to excel in decision making process and develop a good business network.

- **UNAVAILABILITY OF RAW MATERIAL**

Women are hesitant to find out the access to cater their needs in the production area. Lack of knowledge of availability of the raw materials and low-level negotiation and bargaining skills affects the women entrepreneur's business adventures. In spite of the mushrooming growth of associations, institutions, and the schemes from the government side, women are not enterprising and dynamic in making more out of these resources.

Though, in practice, the same entrepreneurial process is followed for both men and women but there are many problems and challenges which are being faced particularly by the women entrepreneurs in India. These problems and challenges are:

- **MALE DOMINATED SOCIETY**

The utmost constraint to women entrepreneurs is that they are women. A male dominant social order is the biggest hurdle to them in their way towards business success. Male members consider it to be a big risk funding the ventures run by women.

- **DISTRUST IN THE ENTREPRENEURIAL ABILITIES OF WOMEN**

The financial institutions do not trust the entrepreneurial abilities of women. The bankers put impracticable and absurd securities to get loan to women entrepreneurs. According to the report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to biased attitudes of banks and informal lending groups.

- **INADEQUATE FINANCIAL RESOURCES AND WORKING CAPITAL**

Entrepreneurs generally need financial assistance of some kind to take-off their ventures- be it a formal bank loan or money from a savings account. The women entrepreneurs are suffering from inadequate financial resources and working capital. They do not have access to external funds due to their incapability to provide tangible security. Very few women have tangible property in hand.

- **FAMILY OBLIGATIONS**

Women's family obligations also restrict them from becoming effective entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business." The financial institutions dishearten women entrepreneurs on the belief that they can at any time leave their business and become housewives again. The consequence is that they are compelled to depend on their own savings, and loan from relatives and family friends.

- **MORE IMPORTANCE TO FAMILY TIES AND RELATIONSHIP**

Indian women give more importance to family ties and relationships. Married women have to make a reasonable equilibrium between business and home. Moreover, the success of a business depends on the support of the family members to married women who are engaged in the business process and management.

- **LACK OF MANAGERIAL SKILLS**

Another dispute is that women entrepreneurs have low-level management skills. They have to rest on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business.

- **HARD COMPETITION BETWEEN MALE AND FEMALE**

The male-female competition is another reason which develops hurdles in the path of women entrepreneurs in the business management process. In spite of the fact that women entrepreneurs are good in keeping their services prompt and delivery in time, due to lack of organizational skills compared to male entrepreneur's women have to face constraints from competition.

- **LOW MOBILITY**

The confidence to travel across day and night and even different regions and states are less found in women as compared to male entrepreneurs. This shows the low level of freedom of expression and freedom of mobility of women entrepreneurs.

- **LACK OF KNOWLEDGE OF AVAILABILITY OF RAW-MATERIALS**

Information of different sources of raw-materials availability and high negotiation skills are the basic prerequisites to run a business. Receiving the raw materials from different sources with discount prices is the factor that defines the profit margin. Lack of knowledge of availability of the raw-materials and low level negotiation and bargaining skills are the factors, which affect women entrepreneurs' business adventures.

- **LACK OF EDUCATION**

Knowledge of modern technological changes, know how, and education level of the person are the major factors that affect business. The literacy rate of women in India is found at low level compared to male population. Many women in developing nations lack the education required to build up successful entrepreneurship. They are unaware of new technologies or inexpert in their use, and often incapable to do research and gain necessary training.

- **INABILITY TO TAKE RISKS**

Low-level risk taking attitude is another factor affecting women entrepreneurs. Investing money, maintaining the operations and ploughing back money from surplus generation requires high risk taking attitude, courage and confidence.

- **MANAGING EMPLOYEES**

Managing employees is another challenge that women entrepreneurs in India face. Finding and retaining good employees is vital for the success of a business, but can be problematic for women entrepreneurs in India. Since women owned businesses tend to be smaller, they are often less likely to provide job security and retain good talent.

- **INEFFICIENT ARRANGEMENTS FOR MARKETING AND SALES**

For marketing their products, women entrepreneurs are frequently at the mercy of the middlemen who pocket the chunk of profit. Further, women entrepreneurs find it tough to capture the market and make their products popular. This problem is all the more serious in the case of food production and processing ventures.

SCHEMES FOR PROMOTION AND DEVELOPMENT OF WOMEN ENTREPRENEURS

Various promotional schemes and measures have been taken by the government of India as well as other national or international associations and financial institutions to help women to grow in the entrepreneurial field. These are as follows:

- **TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD)**

With the objective of encouraging women in starting their own ventures, government launched a Scheme, namely, (TREAD) Trade Related Entrepreneurship Assistance and Development during the 11th Plan. The scheme envisaged economic empowerment of women through the development of their entrepreneurial skills in non-farm activities. There are three major parts of the scheme. Govt. of India has grant up to 30% of the total project cost to the Non-Government Organizations (NGOs) for promoting entrepreneurship among women. The remaining 70% of the total project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project. Up to Rs.1 lakh per program can be granted by govt. of India to training institutions / NGOs for providing training to the women entrepreneurs.

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

Cluster is described as a group of enterprises, normally 20 or more producing same/similar products/services. The Cluster Development Programme being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify suitable technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users. The Cluster Development goals at improved competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides support for capacity building, common facilities, marketing etc. the delivery, absorption and diffusion of the identified technology from its producers to the recipient user/cluster of small enterprises. This Ministry implemented the IID Scheme to provide developed sites with infrastructural facilities like exhibition/display centers, telecommunications, drainage and pollution control facilities power distribution network, roads, water, raw materials, common service facilities storage and marketing outlets, and technological back-up services, etc. This scheme has been subsumed in the MS-ME-Cluster Development Programme. All the features of IID Scheme have been retained. To create physical infrastructure for women enterprises central grant of 40% of the project cost subject to a maximum of Rs.2 crore is available. The Ministry of MSME is trying to enhance the quantum of grant to 80% in a project of Rs.10 crore.

- **CREDIT GUARANTEE FUND SCHEME**

In May, 2000 The Government had introduced the Credit Guarantee Fund Scheme for Small Industries with the objective of providing credit to SSI units, particularly small units, for loans up to Rs. 25 lakh with no collateral/ third party guarantees. The Scheme is being operated by the Credit Guarantee Fund Trust for Small Industries (CGTSI) set up jointly by the Government of India and SIDBI. In the case of women enterprises, the guarantee cover is up to 80% of the credit subject to maximum guarantee limit of Rs. 20 lakh. The member lending institutions (MLI) availing of guarantee from the Trust have to pay a one-time guarantee fee of 1.5% of the credit facility (comprising term loan and / or working capital) allowed by the lending institution to the borrower and annual service fee of 0.75% per annum on the amount of credit facility extended by the MLI, which is covered under the scheme.

- **HELP FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT**

MSME DIs regularly conducts EDPs/MDPs for existing and potential entrepreneurs and charge fee for such courses. To encourage more entrepreneurs from among the SC/ST, women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees but, instead paid a stipend of Rs.500/- per capita per month. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Agro & Food Processing, Catering, biotechnology Pharmaceutical, etc. through specialized courses run by MSME DIs. 20% of courses conducted by these Institutions shall be exclusively for women

- **SCHEME FOR WOMEN ENTREPRENEURS TO ENCOURAGE SMALL & MICRO MANUFACTURING UNITS**

DC (MSME) has formulated a scheme for women entrepreneurs to support Small & Micro manufacturing units owned by women in their efforts at developing overseas markets, to enhance participation of representatives of small/micro manufacturing enterprises under SIDO stall at International Trade Fairs/Exhibitions, to enhance export from such units. Under this scheme participation of women entrepreneurs in 25 international exhibitions is envisaged during the 11th Plan. For the year 2007-08 a good number of outstanding women entrepreneur associations have been requested to sponsor their members for participation in 5 international exhibitions scheduled during the months of Jan.-March, 2008, With a view to give confidence to women entrepreneurs for participating in the International Exhibitions.

- Dena Bank to support India's women entrepreneur. Dena Bank will help Government of India's initiative to promote women entrepreneurs for self-employment ventures in any kind of non-farm activity.
- The government of India and the various state governments have come up with policies and programmes to assist women entrepreneurs and help in solving the above stated challenges and problems which they face. A brief account of these policies and programmes are given below.
- Policy Initiatives: Government of India is committed to develop MSMEs in general and women entrepreneurship in particular. In a broad manner the government has implemented the MSME Development Act 2006 which has already come into effect. There is a provision to reserve items exclusively for the MSMEs. At present 20 items are reserved for these sectors. However, depending on the factors such as economies of scale, level of employment, prevention of concentration of economic power etc. there are possibilities of de-reservation also. The govt. has also launched National Manufacturing Competitiveness Programme (NMCP) to encourage competitiveness in this sector. Women entrepreneurship has been benefiting from these policy initiatives.
- The Ministry of MSME is primarily set up to assist various states and Union Territories in the effort to promote growth and development of MSME in general. The two specific schemes to assist the women entrepreneur (a) The Scheme of Trade Related Entrepreneurship Assistant and Development TREAD and (b) Mahila Coir Yojana. TREAD is linked with NGOs wherein the Govt. provide the grant up to 30% of the total project cost and also provide separate grant for research and development. Mahila Coir Yojana is a self-employment programme for women aimed to provide training and ratts for carrying out spinning activities in a subsidized manner.
- Entrepreneurship Development Programme (EDP)

The Government also announce from time to time Entrepreneurship Development Programme (EDP) especially for the first generation of women who desire to be entrepreneur. For the purpose of training and skill development there are three important institutions namely National Institute of MSME, Hyderabad, National Institute of Entrepreneurship and Small Business Development (NISESBUD, Noida and Indian Institute of Entrepreneurship (IIE), Guwahati and NISC, Delhi. All the institutions taken to gather had trained more than 20,000 women during the 2011-2012.

- Prime Minister's Employment Generation Programme (PMEGP) launched in 2008-09 also gives special attention to urban and rural women by providing them subsidy at the rate of 25 to 35 per cent of the project cost in urban and rural areas respectively. Bank finance in the form of loan is 95% of the project cost for women.
- The Ministry of Women and Child Development of Government of India does play an important role for all round development of women and provides support to women to empower themselves. It has launched the National Mission for Empowerment of Women (NMEW) in March, 2010. The mission has the network of various State Mission Authority (SMAs) at state level. Besides that, there are two important schemes of the ministry which can act as complement to the process of development of women entrepreneurship. These schemes are named as Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-Sabla and Support to Training and Employment Programme (STEP) for women. 'Sabla' was launched in 2010 with one of the objectives to provide vocational training to girls aged 16 and above under National Skill Development Programme. 'STEP' has been operational since 1986-87 with the objective to ensure sustainable employment and income generation for marginalised and asset less women across the country.
- Other schemes operated by different departments and ministries are: Management Development Programmes, Women's Development Corporations (WDCs), Marketing of Non-Farm Products of Rural Women, Assistance to Rural Women in Non-Farm Development (ARWIND) Schemes, Micro Credits Scheme etc.

SUMMARISATION OF VARIOUS MEASURES TAKEN FOR THE PROMOTION OF WOMEN ENTREPRENEURSHIP IN INDIA

1. Direct and indirect financial assistance

- Nationalized banks
- State finance corporation
- State industrial development corporation
- District industries centres
- Differential rate schemes
- Small industries development bank of India (SIDBI)
- Mahila vikas nidhi
- Rashtriya mahila kosh

2. Technological training and awards

- Stree shakti package by SBI

- Entrepreneurship development institute in india
- Trade related entrepreneurship assistance and development (TREAD)
- National institute of small business extension training (NSIBET)
- 3. Yojna schemes and programmes**
- Assistance to Rural Women in Non-Farm Development (ARWIND) schemes
- Entrepreneurial Development programme (EDPs)
- Indira Mahila Yojana
- Indira Mahila Kendra
- Integrated Rural Development Programme (IRDP)
- Khadi and Village Industries Commission (KVIC)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Mahila Vikas Nidhi
- Mahila Samiti Yojana
- Mahila Vikas Nidhi
- Micro Credit Scheme
- Micro & Small Enterprises Cluster Development Programmes (MSE-CDP).
- NGO's Credit Schemes
- NABARD- KfW-SEWA Bank project
- National Banks for Agriculture and Rural Development's Schemes
- Priyadarshini Project- A programme for Rural Women Empowerment and Livelihood in Mid Gangetic Plains'
- Prime Minister's Rojgar Yojana (PMRY)
- Rashtriya Mahila Kosh
- Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)
- SIDBI's Mahila Udyam Nidhi
- SBI's Stree Shakti Scheme
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Working Women's Forum
- Training of Rural Youth for Self-Employment (TRYSEM)
- 4. Federations and associations**
- India council of women entrepreneurs
- Self-employed women's association (SEWA)
- Association of women entrepreneurs of Karnataka
- World association of women entrepreneurs (WAVE)
- Association country women of the world (ACWW)
- FICCI ladies organisation (FLO)

SUGGESTIONS

Right efforts in all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

- Consider women as specific target group for all developmental programmers.
- Better educational facilities and schemes should be extended to women folk from government part.
- Adequate training programme on management skills to be provided to women community.
- Encourage women's participation in decision-making.
- Vocational training to be extended to women community that enables them to understand the production process and production management.
- Training on professional competence and leadership skill to be extended to women entrepreneurs.
- Training and counselling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.
- Counselling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
- Continuous monitoring and improvement of training programmers.
- Activities in which women are trained should focus on their marketability and profitability.
- Making provision of marketing and sales assistance from government part.
- To encourage more passive women entrepreneurs, the Women training programme should be organised that taught to recognize her own psychological needs and express them.
- State finance corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.
- The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.
- Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.
- Repeated gender sensitization programmers should be held to train financiers to treat women with dignity and respect as persons in their own right.
- Infrastructure, in the form of industrial plots and sheds, to set up industries should be provided by state run agencies.
- Industrial estates could also provide marketing outlets for the display and sale of products made by women.
- A Women Entrepreneur's Guidance Cell set up to handle the various problems of women entrepreneurs all over the state.
- District Industries Centres and Single Window Agencies should help in assisting women in their trade and business guidance.
- Programmers for encouraging entrepreneurship among women are to be extended at local level.
- Training in entrepreneurial attitudes should start at the high school level through well-designed courses, which build confidence.
- More governmental schemes to motivate women entrepreneurs to engage in small scale and large-scale business ventures.
- Involvement of Non-Governmental Organizations in women entrepreneurial training programmes and counselling.

CONCLUSION

Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the

economy. Women entrepreneurship must be moulded properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena.

Empowering women entrepreneurs is crucial for achieving the goals of sustainable development and the bottlenecks hindering their growth must be reduced to enable full participation in the business. Apart from training programs Newsletters, mentoring, trade fairs and exhibitions also can be a source for entrepreneurial development. As a result, the desired outcomes of the business are quickly achieved and more of remunerative business opportunities are found. Therefore, promoting entrepreneurship among Indian women is certainly a short-cut to rapid economic growth and development. Let us try to eradicate all kinds of gender bias and thus allow 'women' to be a great entrepreneur at par with men.

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FINANCIAL INCLUSION REVISITED

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ABSTRACT

Economic prosperity to an extent depends on the extent of savings and investment in a country. A country with a 1.2 billion populations has only 32% as the ratio of savings to gdp as against other countries like Bangladesh at 36% and China at 48%. Savings when channelized into proper investment avenues especially productive capital will help in overall economic growth. This can happen through financial inclusion at the grass root level this paper tries to study the need for financial inclusion and the progress so far on the initiatives taken by the Reserve Bank of India and other policy makers to improve the banking /deposit ecosystem.

KEYWORDS

financial inclusion, financial deepening, economic prosperity.

INTRODUCTION

One of the founding goals of independent India is economic prosperity. This requires inclusive growth and poverty reduction. Henry George theorized almost 150 years ago that increasing population outpacing economic growth inevitably leads to widespread poverty. The population of India's poor has increased manifold to form the largest Population of Poor in the world.

This is a problem which has significant implications for the future. India will be the origin of the vast majority of the world's poor youth.

As per the findings of ADB a robust and significant correlation can be seen between higher financial inclusion and lower poverty and income inequality. The study concluded that policymakers must implement policies that will address impediments to financial inclusion to reduce poverty rates in any region.

Broadly speaking, financial inclusion refers to access to financial products. Financial capability refers to successfully managing those products and making informed choices about personal finances. It can mean three related goals:

- 1) access to financial products and services;
- 2) financial literacy: financially responsible behaviors such as following a budget, paying bills on time and saving money using bank accounts
- 3) financial capability (managing risk – by using money effectively, building capital, planning for the future and coping with financial distress);

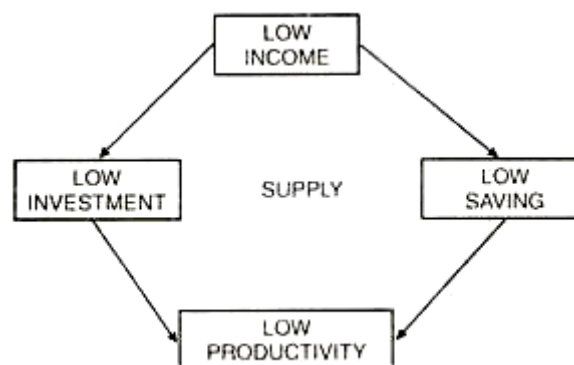
An examination of financial inclusion is potentially easy to 'measure' and can be gauged by looking simply at what financial products the population as a whole holds. This a foundational enabling step for the consequent goals which are estimated by the level and quality of activity in financial institutions which are required to capture this data by regulations.

IMPORTANCE OF FINANCIAL INCLUSION- WHY THIS NEEDS TO BE OUR TOPMOST PRIORITY

In economics, poverty and unemployment is said to be a vicious circle. Economists have stated that the cause of poverty is the lack of capital formation. They assume that the rate of savings grows with the rate of income i.e., saving and income are directly related. However, it has been noted that many of the factors that encourage people to save and invest are political and economic stability, a reliable banking system, and favorable government policy and social and peer pressure.

For effective social cohesion (poor to rich) development needs to take place.

FIGURE 1: CIRCLE OF POVERTY



Source: online, <http://www.economicdiscussion.net/poverty/3-major-causes-of-vicious-circle-of-poverty-with-diagram/4592>

India needs a sustained growth of 9% for the next 20 years to eliminate poverty. With a Similar Growth rate, China Lifted 680 Million people out of poverty in 20 years.

According to NCAER, India's middle class population would be 267 million in 2016. Further ahead, by 2025-26 the number of middle class households in India is likely to more than double from the 2015-16 levels to 113.8 million households or 547 million individuals. Another estimate put the Indian middle class as numbering 475 million people by 2030. It is estimated that average real wages will quadruple between 2013 and 2030.

Beyond the world definition of poverty, this implies that 2/3 of the Indian Population will remain "poor" in the next 15 years. In comparison 90% of the population of Japan identifies itself as middle class. To even meet that goal, consumption to be lifted by a multiplication factor in inclusive form.

All of this requires **financial deepening** for active participation of all segments of population in financial inclusion for growth

STATEMENT OF THE PROBLEM

Financial inclusion initiatives in India are effective and have resulted in financial deepening. There is a significant association between the overall growth in deposits and increased banking outlets and accounts.

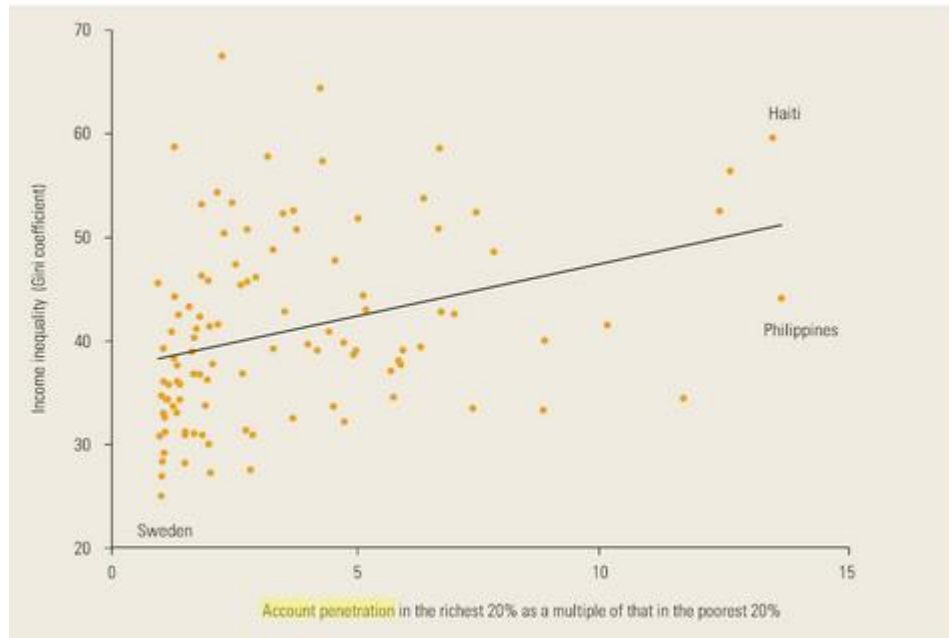
METHODOLOGY

This paper is based on secondary data available from census data of 2011, RBI reports, World Bank reports and other publications of external agencies.

REVIEW OF LITERATURE

Rachit Khaitan (2014) felt that Financial inclusion and financial deepening have an important role to play in promoting economic growth and reducing poverty and inequality, while mitigating systemic risk and maintaining financial stability. The blog validated the study by Burges, Pande, Wong (2005) that Branch expansion into rural unbanked locations can significantly reduce poverty, mediated by increased deposit mobilization and credit disbursement by banks in rural areas. Balakrishnan, et al (2013) assessed the pro poor and inclusive growth policies of Asia
 Beck, T., Demirgüç-Kunt, A., & Levine, R. (2007).in their findings emphasized the need of financial development for the poor by showing that financial development has a disproportionate positive impact on the poor. Bruhn and Love (2013) found new evidence for the impact on access to finance on the poor in Mexico.
 Ayyagari, M., Beck, T., & Hoseini, M. (2013) concluded from their study that pro-poor effects of financial deepening do not necessarily come just through more inclusive financial systems, but can also come through more efficient and deeper financial systems
 Data analyzed on a global basis also points out to a strong correlation between income inequality and inequality in use of financial services especially owning of banks accounts. ⁸

FIGURE 2: CORRELATION BETWEEN INCOME INEQUALITY AND INEQUALITY IN USE OF FINANCIAL SERVICES



Source: Global financial development report, 2014, world bank

A study on bank deregulation in United States showed an acceleration in economic growth due to financial inclusion (Beck, Levine,Levkov,2010)(world Bank global development report,2014).

Increased financial inclusion especially on account of savings can reduce poverty and boost prosperity.

LOOKING BACK AT THE FINANCIAL INCLUSION INITIATIVES IN INDIA

The earliest forms of financial inclusion can be traced to the setting up of cooperative banks, nationalization of banks in 1969 followed by setting up of NABARD and regional rural banks in 1976. In 1990 local area banks were set up. These initiatives were designed to force banks to expand their reach in rural areas. Prior to this action private banks were not prepared to develop a market by opening branches in potentially less profitable areas. As a result, banks like State Bank of India have built up a branch network of over 18000.

Over the last decade, financial inclusion has received further impetus by the policy measures undertaken by RBI and NABARD and finally with the JAN DHAN initiative by the Modi government. Direct benefit transfers of subsidy, payment banks initiative, fintech firms, Aadhar have all contributed to financial deepening and in effect financial literacy.

WHAT DO THE NUMBERS TELL?

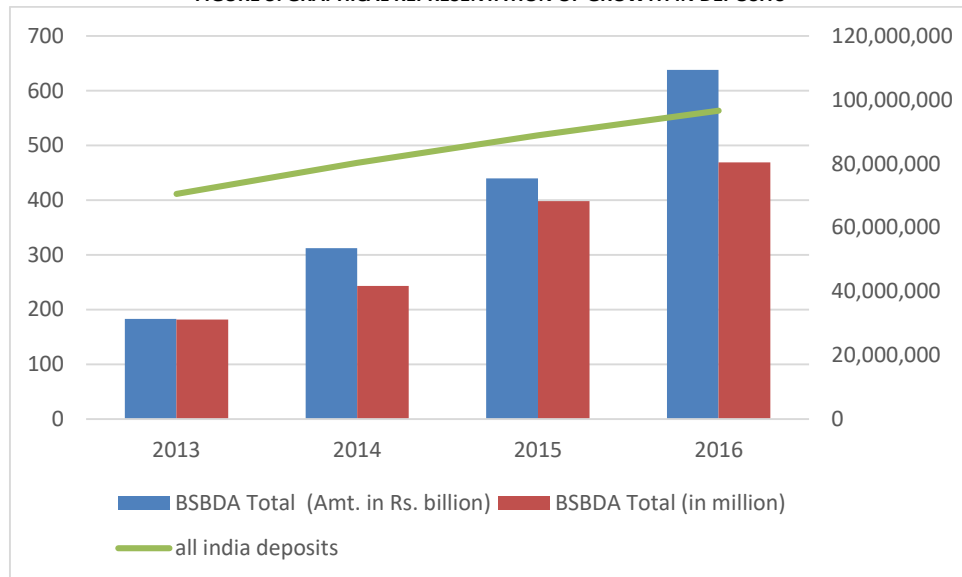
We look at the growth in deposits against the number of new accounts to understand the effect of access to a bank account to the traditionally unbanked.

TABLE 1: GROWTH IN DEPOSITS

parameters	Absolute numbers				Percentage change with respect to			
	2013	2014	2015	2016	2014	2015	2016	2013-2016
Banking Outlets in Villages – Total	2,68,454	3,83,804	5,53,713	5,86,307	42.96	44.26	5.88	118
BSBDA Total (Amt. in Rs. billion)	183	312	440	638	70.65	40.89	45	249
BSBDA Total (in million)	182	243	398	469	33.51	63.82	17.80	158
All India deposits	7,05,13,318	8,02,82,202	8,89,09,822	9,65,99,681	13.85	10.74	8.64	37

Source: Rbi reports, authors computations

FIGURE 3: GRAPHICAL REPRESENTATION OF GROWTH IN DEPOSITS



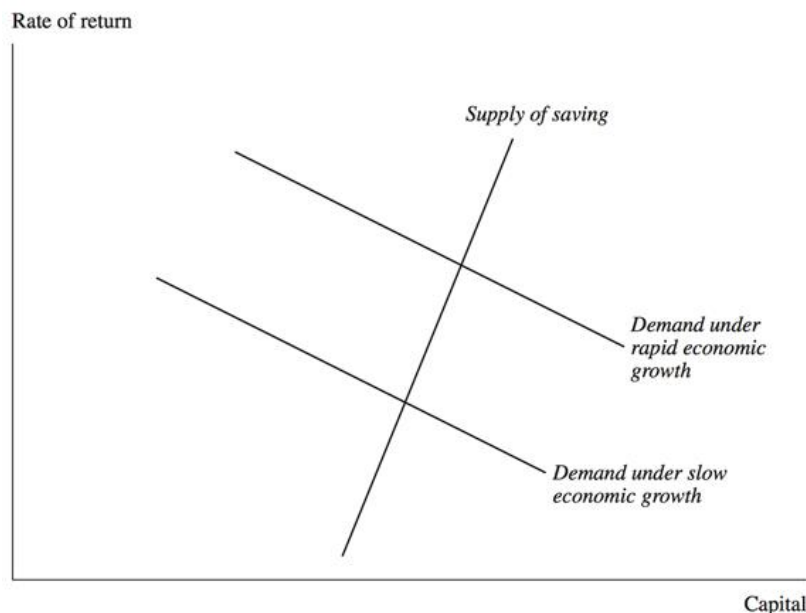
The overall picture shown is satisfactory as there has been a steady growth in the number of outlets and the amount of deposits in the basic accounts and also the overall deposits in the all the banks accounts within the country over the four-year period. However, the Jan Dhan initiative seems have led to marked increase in the bank account opening as can be seen in the 2014-2015 figures.

By this we see that the first aspect of opening banks accounts has now achieving encouraging results.

Some critics have pointed out that the usage of these accounts is low and many of them have negligible balance. However, others argue that a beginning has been made and the growth in deposits suggests that the previously unbanked are utilizing their new found access to the financial system.

This has a multiplier effect on the economy as a whole which eventually will incentivize them to use their bank accounts further.

FIGURE 4: RELATIONSHIP BETWEEN SUPPLY AND DEMAND OF CAPITAL AND RATE OF RETURN



Source: Dean Baker, J. Bradford DeLong, and Paul R. Krugman, Asset Returns and Economic Growth

Baker, DeLong, Krugman (2005) argued that High Capital investments by business comes down if a high rate of return is demanded by investors, both domestic and foreign. They instead substitute labor for capital (if available) which increased the participation of the labor force in productive activities. This cycle is needed for India since it is in demographics terms a young country. India has relatively high economic growth and a low supply of saving.

CONCLUSION

Today, India’s growth story is driven by capital investment flowing in from the rest of the world. Improving financial inclusion directly drives desired macroeconomic needs. It is expected that more labour force participation improves the supply of saving if they operate their bank accounts reducing the needs for continuous injection of capital until the economy becomes self-sustaining in terms of balancing investment and growth needs through domestic wealth.

There are two aspects to financial inclusion: one is bank accounts and the second is access to credit. The scheme announced by the prime minister addresses the first problem. The issue of making credit available to small borrowers remains," wrote C. Rangarajan, former chairman of the Economic Advisory Council to the prime minister, in The Hindu.

Further work is to be done to understand how effective are banks in the second aspect of providing credit as a measure to replace moneylenders and therefore increase usage of these accounts by integrating more deeply into rural day to day activities.

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TRIBAL ENTREPRENEURSHIP IN INDIA: AN APPRAISAL

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ABSTRACT

Presently, development of tribal people is an important field of inquiry both at the national and international level. Further, a large number of NGO's actively support and campaigning for the development of tribal people. In the same line, year 1993 was declared international year for world's indigenous people by united states. In India, about 8.28 per cent of total population belongs to schedule tribes and living mainly in rural areas (census 2011). These people have their own culture and majority of them live below poverty line. Majority of them are depend upon agriculture and treated as agriculture slave. Further, due to remote areas these people have low density of population and have lack of basic infrastructure facilities like roads communication, education and health care. After taken into account above mentioned hurdles faced by the tribal people and to highlight the socio-economic scenario, government efforts and schemes for development of these people this research paper has been planned.

KEYWORDS

tribal, entrepreneurship, geographical location, schemes, & infrastructure facilities.

INTRODUCTION

The terms 'indigenous' and 'tribal' are used as synonymous for practical purpose. Indigenous peoples are those who have historical continuity in particular territories and they consider themselves different from people lived in their territories as a result of colonial effects. Due to non-dominant part of society they now struggle to preserve, develop and transit their territories to their future generations. These people have their own legal system, social institution and cultural patterns. Further, according to Oxford Dictionary, "a tribe is a group of people in a primitive or barbarous stage of development acknowledging the authority of a chief and usually regarding them as having a common ancestor".

According to Ralph Linton, "tribe is a group of bands occupying a contiguous territory, or territories and having a feeling of unity deriving from numerous similarities in a culture, frequent contacts and a certain community of interests".

Presently, development of tribal people is an important field of inquiry both at the national and international level. Further, a large number of NGO's actively support and campaigning for the development of tribal people. In the same line, year 1993 was declared international year for world's indigenous people by united states. India is also known for its large number of tribal people. In India, about 8.28 per cent of total population belongs to schedule tribes and living mainly in rural areas (census 2011). Due to socio-economic backwardness of these communities a large number of exploitative elements have usurped them.

To protect and the development of these people Indian constitution contains as many as 20 articles and two special schedules. As per article 46 of part (IV) of Indian constitution it is responsibility of state to "promote with special care the educational and economic interests of the weaker sections of the people, and in particular, of the schedule castes and scheduled tribes, and shall protect them from social injustice and all forms of exploitation". But over the year it has been experienced that, most of the tribal communities have faced the problems like lack of education and employment opportunities, sexual abuse, exploitation, displacement and misappropriation of wages. Further, the only solution to above mentioned problems are uniform growth of all sections of the society. The major concern of the Indian government since independence is development of the tribal population in India. Further, tribal people are mainly living in villages and solely depend upon agriculture and its allied products. The development of rural industries can solve this problem up to the large extent. Entrepreneurship as the backbone of economic development can be used to increase the standard of living of tribal people (Mohanty and Sahu, 2015). A large number of studies, at both national and international level have been conducted to highlight the conditions of both lower castes and tribal people. Iyer, Khanna & Varshney, (2011) in their working paper highlighted the scenario of caste and entrepreneurship in India. In their paper, they opined that lower castes have risen in Indian politics. They revealed that there are substantial caste differences in entrepreneurship across India. Moreover, both schedule castes and schedule tribes are significantly under-represented in the ownership of enterprises and employment opportunities. They conclude that during the year 1990 to 2005 these differences have been decreased very modestly. Mohanty and Sahu, (2015) in their paper opined that social justice to the tribal people has been a big challenge for Indian government since independence. These people are considered deprived section of the society and faced social exploitation. They found that tribal people are ecologically, economically and educationally weakest section of Indian society. They conclude that rural industrialization is the effective men to accelerate the growth of rural economy in India. Tripathi, (2014) in his study recognized that the entrepreneurship is the backbone of economic development of country like India. He opined that it is misconception that entrepreneurship quality is inborn. However, this quality can be developed through proper training. He emphasized that if this quality developed in tribal people with the help of proper training, large number of problems associated with this section of society can be handled easily. The study concluded that entrepreneurship development programs must be formulated and implemented by Indian government for tribal development. Further, Mohapatra and Sahu, (2012) in their paper explained that socio-economic development of tribal people can only be possible with the help of promotion of entrepreneurship development. They highlighted that as a poor section of society tribal people depends upon forest and agriculture for their livelihood. The authors examine that cultivation of Sabai grass and its processing of consumer goods prove to be a beneficial entrepreneurial activity for tribal people.

CONCEPT OF ENTREPRENEURSHIP AND TRIBAL PEOPLE IN INDIA

"Entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practice is largely defined by the ends, that is, by the practice".

Peter Drucker

The word entrepreneurship derived from French word entrepreneur that refers to those people who undertook the risk of new-enterprise. These are the continuous actions taken by the entrepreneur to start a new enterprise. It is a multi dimensional task for profit generation includes adventurism, risk-taking, thrill seeking and innovation. Moreover, the concept of entrepreneurship is very beneficial for country like India where about two third of population are living in rural areas out of which 75 per cent of the labour force is still earning its livelihood from agriculture (Monanty and Sahu, 2015). But land as a limited resource cannot provide employment to large number of people and country as a whole. Further, agriculture and agriculture based products is the main source upon which tribal people depends. But it only provides them partial employment. Industrial development is essential to provide them full time employment opportunities. However, to establish industries in tribal areas are big challenge because most of tribal areas in India are hilly and coincide with the forests. Further, due to remote areas these people have low density of population and have lack of basic infrastructure facilities like roads communication, education and health care. After taken into account above mentioned hurdles faced by the tribal people and to highlight the socio-economic scenario and government efforts and schemes for development of these people this research paper has been planned. The main objectives of the study are as under:

- To study the socio-economic and personal characteristics of the tribes in India.
- To highlight policy framework and schemes for the development of tribal entrepreneurs.
- To examine the problems faced by the tribal entrepreneurs.
- To give suggestion for tribal entrepreneur development.

TRIBAL PEOPLE IN INDIA-AN OVERVIEW

India as a home of large number of tribal people consist geographical, educational, cultural and socio-economical diversity among tribal peoples. There are approximately two hundred million tribal people in the entire globe, which means about four per cent of the global population (Mohanty & Sahu, 2015). In India, out of total population 104 million people are tribal which constitute 52 per cent of global tribal population and 8.6 per cent of total population (census 2011). These people have their own culture and majority of them live below poverty line. Moreover, these people are unorganized and ignored, and having very few basic infrastructure facilities. Due to their socio-cultural and economic background these people entirely cutoff from main stream. Majority of them are depend upon agriculture and treated as agriculture slave. In India, tribal people are lived in 30 states/UTs. These people have their own languages and as per census 2011 at present in India total number of languages are 122. Out of which 100 are non- scheduled and 100 are scheduled. The total number of schedule tribe in India is 705. India is land of cultural diversity and these tribes are reflection of our culture. However, these people have their own problems which are different from their own groups and even from area to area.

GEOGRAPHICAL DISTRIBUTION OF TRIBAL PEOPLE

The tribal people are lived in different part of the country. At present they are located in a wide central belt ranging from the Aravli hills in the west extending into part of Maharastra, Madhya Pradesh, Orrisa, Bihar, West Bengal and the North East states. In the north, they are concentrated in the southern ranges of Himalaya and in the South, in the Western Ghats and Eastern Ghats and also in the Vindhya and Satpura ranges (First Five Year Plan). On the basis of their economic, social and geographical attributes these people can be distributed in following regions:

TABLE 1: GEOGRAPHICAL DISTRIBUTION OF TRIBAL PEOPLE IN INDIA

	NORTH-EASTERN REGION	HIMALAYAN REGION	CENTRAL INDIA REGION	WESTERN INDIA REGION	SOUTHERN INDIA REGION	ISLAND REGION
States	-Arunachal Pradesh -Assam -Manipur -Meghalaya - Mizoram -Nagaland -Sikkim -Tripura	-North Bengal -Uttar Pradesh -Himachal Pradesh - Jammu and Kashmir	-Bihar -Orissa - Madhya Pradesh -West Bengal	-Rajasthan -Gujarat -Maharashtra -Goa -Dadra and Nagar Haveli	-Andhra Pradesh -Tamil nadu - Kamataka - Kerala	-Andaman and Nicobar, - Lakshdweep
Name of Tribes	-Abors -Dafla -Garos - Khasis - Kukis - Mizos - Mikirs -Mishmis -Nagas	-Garos -Lepchas -Asurs - Loharas - Bhotias - Tharus - Rajis - Gaddis -Gujjars	-Bhumijis -Gonds -Hos -Oraons -Mundas -Kondh -Saoras -Baigas -Santals	-Bhils	-Chenchus -Koyas -Kadars -Kotas -Kurubas -Todas -Irulasn	-Andmanese -Onge -Sentinelese -Jarawas -Shompens

(Samal, A.2001)

Further, Punjab, Haryana and Chandigarh are the area where number of tribal people is nil. On the basis of geographical area state-wise distribution of tribal population in India is given as under.

TABLE 2: TRENDS IN PROPORTION OF SCHEDULE TRIBE POPULATION IN INDIA

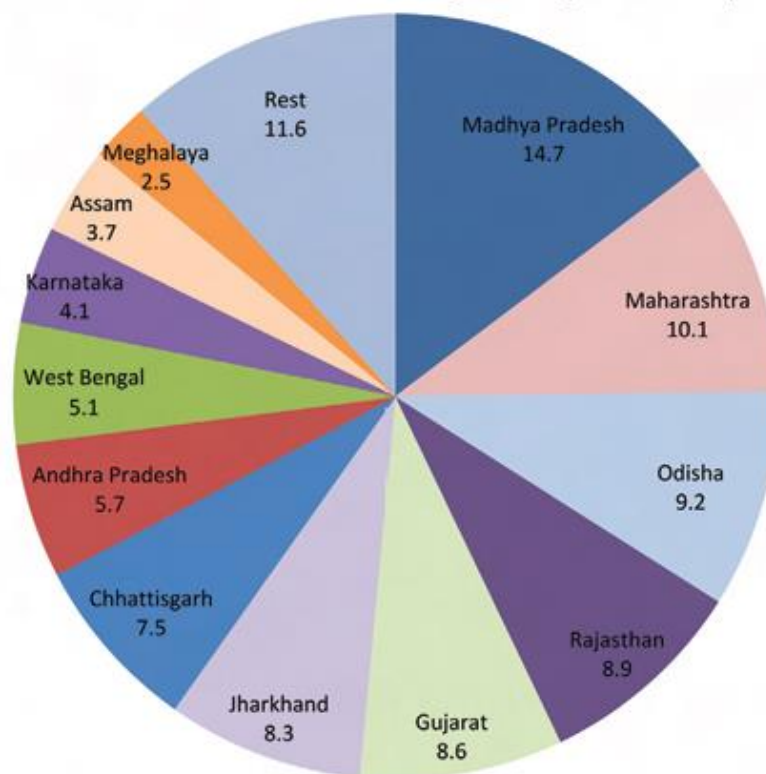
Census Year	Total population (in millions)	Scheduled Tribes Population (in millions)	Proportion of STs population
1961	439.2	30.1	6.9
1971	547.9	38.0	6.9
1981	665.3	51.6	7.8
1991	838.6	67.8	8.1
2001	1028.6	84.3	8.2
2011	1210.8	104.3	8.6

Source: www.tribe.nic.in

As per table-2, in the year 1961, the ST population was 6.9 per cent of total population which increased up to 8.6 per cent in the year 2011. Tribal population in India was 104.3 million which constitute 8.6 per cent of total population. Most of them live in rural area. As per census 2011, out of 104.3 million tribal people, 89.97 per cent lived in rural area and 10.03 per cent live in urban area. The decade growth rate of tribal population from the year 2001 to 2011 increased from 17.69 per cent to 23.66 per cent.

Further, state-wise distribution of tribal population is give under diagram-1

DIAGRAM 1
G1.2: Distribution of Scheduled Tribe Population by States - 2011 (In %)



Source: www.tribe.nic.in

Geographically, ST population concentrated mainly in two areas i.e. central India and seven sister’s state. About 72.87 per cent tribal population of India lives in central Indian states namely Madhya Pradesh (14.69%), Chhattisgarh (7.5%), Jharkhand (8.29%), Andhra Pradesh (5.7%), Maharashtra (10.08%), Orissa (9.2%), Gujarat (8.55%) and Rajasthan (8.86%). The seven sister states are namely (Assam, Nagaland, Mizoram, Manipur, Meghalaya, Tripura, Sikkim and Arunachal Pradesh).

EDUCATION AND EMPLOYMENT PATTERN OF TRIBAL POPULATION IN INDIA

Development of tribal people in India has two extreme. These people earned their livelihood from food gathering to industrial labour. Due to overlapping of these two economic stages their economy is called subsistence type. Moreover, the main feature of tribal economy is self-sufficiency, unstructured and non-specialize. Even with in India, area wise some of the tribal community is far ahead from other i.e. tribal people in North-East. These people are known for their modern agriculture techniques and industrial societies. But above all these people have very less interaction with education facility which directly hampers their growth. Due to illiteracy and lack of skills their participation in industrial sector and economy development is very less. Their present employment and education scenario in India is given under Table-2 and Table-3 respectively.

TABLE 3: COMPARATIVE LITERACY RATES OF STs AND TOTAL POPULATION IN INDIA (in percent)

Category / Census Year	1961	1971	1981	1991	2001	2011
Total Population	28.3	34.45	43.57	52.21	64.84	72.99
Scheduled Tribes	8.53	11.30	16.35	29.60	47.10	58.96
Gap	19.77	18.15	19.88	22.61	18.28	14.03

Source: www.tribe.nic.in

As per table-3, the literacy rate of schedule tribes in the year 2011 was 58.96 per cent as compare to 8.53 per cent in the year 1961. However, the literacy rate of total population was 72.99 per cent in the year 2011 as compare to 28.3 per cent in the year 1961. The gap between schedule tribes literacy rate to total population literacy rate reduced from 19.77 per cent in the year 1961 to 14.03 per cent in the year 2011. The main reason behind increased literacy rate of tribal population is several schemes introduced by both state and central government. Further, employment scenario of both rural and urban tribal household is given as under.

TABLE 4: EMPLOYMENT SCENARIO OF RURAL HOUSEHOLDS OF DIFFERENT SOCIAL GROUPS IN INDIA (Per 1000 distribution)

Social Group	Household Type				
	Self Employed (SE) in		Rural Labour (RL)		Others
	Agriculture	Non-Agriculture	Agriculture	Non-Agriculture	
ST	370	70	334	131	95
ALL	319	155	256	148	122

Source: www.tribe.nic.in

It is clear from above table that the majority of tribal population who lives in rural areas mainly engaged in agricultural activities for their livelihood. No matters whether they belongs to self employed group or rural labour.

TABLE 5: EMPLOYMENT SCENARIO OF URBAN HOUSEHOLDS OF DIFFERENT SOCIAL GROUPS IN INDIA (Per 1000 distribution)

Social Group	Household Type			
	Self Employed	Regular Wage/ Salaried (RWS)	Casual Labour	Others
ST	233	384	211	169
ALL	347	397	134	121

Source: www.tribe.nic.in

As per Table-5, majority of urban tribal households belong to regular wage/salaried social group for earn their livelihood followed by self employed and casual labour social group respectively. So most of the schedule tribe people are engaged in agriculture labour and low wages labour work. The main reason behind this trend is lack of education and low level of skills. Further, due to higher drop out ratio their participation in higher education and higher level jobs is very less.

PROBLEMS FACED BY TRIBAL COMMUNITY IN INDIA

As we all know tribal people are different from non tribal people socially and economically. These people have very conservative outlook and use outdated technology which fit with their circumstances. Some of the main characteristics of these people are as under:

- Distinctive Culture
 - Economic Backwardness
 - Geographical Isolation
 - Shyness to Contact
 - Primitive Traits
1. Pre-agricultural level of technology
 2. Declining and stagnant population
 3. Very low level of literacy rate

(Tribal Welfare and Development Report, 2014-15)

Due to above mentioned features of tribal community, these people faced number of problems in their entrepreneurial pursuits. Some of the main problems are as under:

- Socio-psychological backwardness
- Cultural handicaps
- Environmental issues
- Lack of organized efforts
- Exploitation by land owners and money lenders
- Poverty
- Higher drop-out ratios
- Lack of representative in higher education
- Lack of financial support
- Improper policy formulation and implementation

GOVERNMENT SCHEMES TO UPLIFT SCHEDULE TRIBES

For development and upliftment of tribal people several schemes are introduced by Indian government. Some of the main schemes are as under:

- Equity support to NSTFDC/STFDC
- DBT schemes for post matric scholarship, TOP class education, Rajiv Gandhi National Fellowship
- Research Training: Operational Guidelines for the scheme "Grants-in-Aid to TRIs"
- Scheme of Centers of Excellence.
- Guidelines for the Scheme "Institutional Support for Development and Marketing of Tribal Product"
- Revised Guidelines for the Scheme MSP to MFP w.e.f. 31/10/2016
- Guidelines for the Scheme MSP to MFP
- Vocational Training Centre in Tribal Areas
- Schemes of Strengthening education among Scheduled Tribes Girls in a low literacy Districts
- Eklavya Model Residential Schools (EMRS)
- Grants under Article 275 (1) of the Constitution of India
- Special Central Assistance to Tribal Sub Plan(SCA to TSP)
- Establishment of Ashram Schools in Tribal Sub-Plan Areas
- PRE-MATRIC SCHOLARSHIP (Class IX and X) w.e. f. 01-07-2012 : { NEW}
- Centrally Sponsored Scheme of Hostels for ST boys and ST Girls
- Post Matric Scholarship (PMS) for ST students
- Rajiv Gandhi National Fellowship for ST Students
- National Overseas Scholarships for Scheduled Tribe Students
- Vocational Training Centers in Tribal Areas
- Up gradation of Merit of ST Students
- Top Class Education for ST Students

(Tribal Welfare and Development Report, 2014-15)

Further, to protect the interest of tribal community different laws and act are introduced. Some of these are as under:

1. Forest Rights Act,2006
2. Protection of Civil Rights Act, 1995
3. Protection of Civil Rights Rules, 1977
4. SC/ST(Prevention of Atrocities)Rules,1995
5. SC/ST(Prevention of Atrocities) Acts 1989
6. PESA 1996
7. The Constitution (Eighty Ninth Amendment) Act, 2003

NATIONAL SCHEDULE TRIBES FINANCE AND DEVELOPMENT CORPORATION (NSTFDC)

For economic development of tribal people, National Schedule tribes finance and Development Corporation is set up under section 8 of Companies Act, 2013. NSTFDC is registered as Government Company under the act and managed by central government representatives, state channelizing agencies and industrial development bank of India. The corporation provides financial assistance to schedule tribal people for economic upliftment. This corporation directly helps to

produce tribal entrepreneurs. The main functions of NSTFDC are to generate awareness about schemes, to provide assistance for skill development and to provide finance at concessional rates for economic upliftment of schedule tribes. Major schemes by NSTFDC are as under:

1. Term Loan Scheme
2. Adivasi Credit Schemes
3. Micro Credit Schemes
4. Adivasi Shiksharrinn Yojna
5. Tribal Forest Dwellers Empowerment Schemes
6. Assistance to TRIFED empanelled Artisans

(Tribal Annual Report, 2015-16)

CONCLUSION

As we see a large number of tribal people are lived in forest area with very few basic facilities like food, water, banks, transport system, medical, communication and education facilities. Further, these people are mainly depending upon forest and forest related businesses. But these days due to industrialization their land occupied by government and local bodies which directly creating a threat to their existence. Moreover, the main reasons behind such deteriorated condition of tribal people are their restricted access to modern society and their culture and taboos. Further, their ignorance is bliss for other world. Because of their ignorance modern people use them as their slaves and exploit them in every way. Due to their dependence on forest, it is the only source of their income. But this source is also controlled by outer world by restricting their free access to forest and forest related products. Their wages are also not fixed as per their labour. These things directly increase their hardship.

But for economic development of any country like India where large no of people are tribal, continuous neglect of a particular segment causes stagnation or violent actions by suppressed people. In fact, problems like malnutrition, poverty and starvation directly contribute to unrest to the country. Due to above mentioned problems, tribal people now demand for their separate statehood and self-government. Such activities directly impair the progress and peace of the society. In today's modern world, is this justifiable to put a particular segment in semi-bondage conditions. By taking their lands or their source of livelihood know these people are live like a land less laborers, construction workers and workers in the unorganized sectors. Further, government efforts in the form of protective laws, minimum wages act and prevention of land alienation acts are not very effective due to their non-enforcement. These laws have number of loopholes and used by non-tribal people for their own benefits.

So, to solve the problems related with tribal people first of all an attempt must be made to identify the main problems related with tribal administration. To understand the complexities of tribal world situation, it is essential to understand the structural, functional and behavioral relationships in their system. For the development of these people proper policies, programs and laws must be formulated and proper care must be taken while implementing these aforesaid efforts. Moreover, tribal people participation must make mandatory while formulating these policies. A check must be imposed on authorities who prevailed corruption and the leakage in the delivery system. As we all know tribal people are basically depending upon agriculture and agriculture based products. For development of tribal communities, their participation must be there in businesses those are directly related with agriculture. Both central and state governments can play crucial role in leading the tribal along the road of entrepreneurship. Local authority can equally participate in this direction. To work as an entrepreneur some qualities are inborn and some need to be developed. Further, for development of these qualities, training programs must be introduced. These schemes/programs must include training related with art, craft, tool and furniture making. After training qualities like risk, quick decision, innovation, investment decision and profit making attitude will directly develop. Both tribal and non-tribal people are depending upon each other for their day to day needs. Tribal people provide agriculture product like rice, maize, vegetables, spices, minor forest product, furniture, medicines and honey to non-tribal people. So these products provide certain agricultural based businesses to tribal. So by empowering them economically with the help of entrepreneurial development, the pace of development of country can directly increase.

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WEBSITE

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A STUDY OF INVESTOR PERCEPTION WHILE INVESTING IN RISK FREE SECURITIES**JITIN SHARMA****ASST. PROFESSOR****BABA FARID COLLEGE OF MANAGEMENT & TECHNOLOGY****BABA FARID GROUP OF INSTITUTIONS****BATHINDA****ABSTRACT**

Individual investments behavior is concerned with choices about purchases of small amounts of securities for his or her own account. Investment decisions are often supported by decision tools. It is assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. The objective of the study was to establish the factors effecting the perception of investor while they have invested their money into risk free security. The study was conducted on the 100 investors out constituted the sample size. To collect data, the researcher used a structured questionnaire that was personally administered to the respondents. The respondents were the individual investors. In this study, data was analyzed and interperate with the help of Factor analysis techniques. The researcher found out that the most important factors affecting the investor perception that is Level of risk & securities in investment schemes, capital appreciation with tax benefits & liquidity from investment schemes, past performance in market of investment schemes, continues return from investment schemes. The present paper highlights the investment preferences of middle class households, more especially on the extent to which they use insurance, fixed deposits, real estate, mutual funds share and other government, non-government capital market instruments as vehicles for accumulating their hard-earned savings.

KEYWORDS

investment and their characteristics, risk free securities, factor affecting investor perception.

INTRODUCTION

In finance, the purchase of a financial product or other item of value with an expectation of favorable future returns that is Investments. Investment has two attributes namely time and risk. Present consumption is scarified to get a return in the future. The sacrifice that has to be borne is certain but the return in the future is uncertain. Financial investment is the allocation of money to assets that are expected to yield some gain over a period of time. It is an exchange of financial claims such as stock and bonds for money. They are expected to yield returns and experience capital growth over the year.

The nature of investment differs from individual to individual and is unique to each one because it depends on various parameters like future financial goals, the present & the future income model, capacity to bear the risk, the present requirements and lot more. As an investor progresses on his/her life stage and as his financial goals change, so does the unique investor profile.

CHARACTERISTICS OF INVESTMENTS**1. RISK**

Risk refers to the loss of principal amount of an investment. It is one of the major characteristics of an investment.

The risk depends on the following factors:

- The investment maturity period is longer; in this case, investor will take larger risk.
- Government or Semi Government bodies are issuing securities which have less risk.
- In the case of the debt instrument or fixed deposit, the risk of above investment is less due to their secured and fixed interest payable on them. For instance, Debentures.
- In the case of ownership instrument like equity or preference shares, the risk is more due to their unsecured nature and variability of their return and ownership character.
- The risk of degree of variability of returns is more in the case of ownership capital compare to debt capital.
- The tax provisions would influence the return of risk.

2. RETURN

Return refers to expected rate of return from an investment

- Return is an important characteristic of investment. Return is the major factor which influences the pattern of investment that is made by the investor. Investor always prefers to high rate of return for his investment.

3. SAFETY

Safety refers to the protection of investor principal amount and expected rate of return.

- Safety is also one of the essential and crucial elements of investment. Investor prefers safety about his capital. Capital is the certainty of return without loss of money or it will take time to retain it. If investor prefers less risk securities, he chooses Government bonds. In the case, investor prefers high rate of return investor will choose private Securities and Safety of these securities is low.

4. LIQUIDITY

Liquidity refers to an investment ready to convert into cash position. In other words, it is available immediately in cash form. Liquidity means that investment is easily realizable, saleable or marketable. When the liquidity is high, then the return may be low. For example: UTI units.

An investor generally prefers liquidity for his investments, safety of funds through a minimum risk and maximization of return from an investment.

5. MARKETABILITY

Marketability refers to buying and selling of Securities in market. Marketability means transferability or salability of an asset. Securities are listed in a stock market which are more easily marketable than which are not listed. Public Limited Companies shares are more easily transferable than those of private limited companies.

6. CONCEALABILITY

Concealability is another essential characteristic of the investment. Concealability means investment to be safe from social disorders, government confiscations or unacceptable levels of taxation, property must be concealable and leave no record of income received from its use or sale. Gold and precious stones have long been esteemed for these purposes, because they combine high value with small bulk and are readily transferable.

7. CAPITAL GROWTH

Capital Growth refers to appreciation of investment. Capital growth has today become an important character of investment. It is recognizing in connection between corporation and industry growth and very large capital growth. Investors and their advisers are constantly seeking 'growth stock' in the right industry and bought at the right time.

8. PURCHASING POWER STABILITY

It refers to the buying capacity of investment in market. Purchasing power stability has become one of the import traits of investment. Investment always involves the commitment of current funds with the objective of receiving greater amounts of future funds.

9. STABILITY OF INCOME

It refers to constant return from an investment. Another major characteristic feature of the Investment is the stability of income. Stability of income must look for different path just as security of principal. Every investor always considers stability of monetary income and stability of purchasing power of income.

10. TAX BENEFITS

Tax benefits are the last characteristic feature of the investment. Tax benefits refer to plan an investment program without regard to one's status may be costly to the investor. There are actually two problems:

- One concerned with the amount of income paid by the investment.
- Another is the burden of income tax upon that income

RISK FREE SECURITIES IN INDIA (A LEVEL OF RISK IS VERY LOW)**1. BONDS**

A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. The Federal government, states, cities, corporations, and many other types of institutions sell bonds. Generally, a bond is a promise to repay the principal along with interest (coupons) on a specified date (maturity).

- Fixed Rate Bonds
- Floating Rate Bonds
- Zero Coupon Bonds
- Capital Indexed Bonds
- Bonds with Call/ Put Options

2. POST OFFICE SCHEME

- NSC (National Saving certificate)
- PPF (Public Provident Fund)
- POMIS (Post Office Monthly Income Scheme)
- POTD (Post office Time Deposit)
- KVP (Kisan Vikas Patra)

3. GOVERNMENT SECURITIES

A Government security is a tradable instrument issued by the Central Government or the State Governments. It acknowledges the Government's debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).

- Cash Management Bills (CMBs)
- Dated Government Securities
- State Development Loans (SDLs)

4. MONEY MARKET SECURITIES**A. Treasury bills**

In India, the Treasury bill is issued in three forms.

- 14 Days Treasury Bill
- 91 Days Treasury Bill
- 182 Days Treasury Bill
- 364 Days Treasury Bill

B. Commercial Paper

- Certificate Of Deposit (CD)
- Fixed deposit

C. Bank deposit

You have already learnt that the main banking activities consist of acceptance of deposit from the public for the purpose of lending to businessmen and others who may seek loans. So people keep their savings with someone where it will be safe and earn a return. Bank is such a place where money once deposited remains safe and also earns interest. In this lesson, we shall learn about the types of deposit accounts that can be opened in a bank, and also discuss how a savings bank account can be opened and operated.

On the basis of purpose, they serve, bank deposit accounts may be classified as follows:

- Savings Bank Account
- Current Deposit Account
- Fixed Deposit Account
- Recurring Deposit Account.

5. ENDOWMENT PLANS

Insurance companies launch endowment plans to offer life cover combined with savings. In insurance parlance, they are 'with profits' plans. Endowment plans assure a payout regardless of whether the policyholder survives the tenure or not.

LITERATURE REVIEW

Vilas Shrotriya (2007) conduct a study on "Investor Perception while Making a Portfolio" explored the importance of personal investment and factors to be considered while investing and creating portfolio. In this study he analysis and evaluate the entire factor which effect directly or indirectly while making the portfolio. This factor effects our investment and reduce our profit so in this study a researcher explored a various factor which help for constraining a good portfolio. In this study he covers various factors which influence the investment return. Some factor is Required Return, Risk taking Capability, Time Frames, Safety, and Taxable Income. Vilas also explained about the construction of personal Portfolio and he give a various step for formulate a good Portfolio.

Sikider, etal (1996) carried out a survey "Investor Perception towards the Mutual Funds & Equity Investment" with an objective to study the investor's behavioral aspects in the North Eastern region towards equity and MF investment portfolio. Salaried and self-employ people constituted the substantial investor group in MF products basically due to tax concessions. Mutual Fund products launched by UTI and SBI (MF) were popular in that market segment and other funds had not attracted many investors, disclosed the market survey. The main purpose of the study is to analysis the preference of salaried and self-employed people towards the investment opportunity available in the market.

The study on "Investor Perception towards the Mutual Fund Investment" undertaken by Srivastava, etal (1995) is generic in nature, and segmented Mutual Funds investors based on four criteria and this criterion is Investors motives, Investor Loyalty Investment decisions and Product innovation. In this study a researcher divides the investors according some thinking of an investor. And then he interprets and analysis the investor motives for regarding the investment, investor loyalty towards the investing mutual fund company and various decision which taking at the time of investment.

RESEARCH OBJECTIVES

1. To study the factor affecting the investor perception towards the risk free securities.
2. To study the various risk free securities available in Indian market.
3. Research Methodology

RESEARCH METHODOLOGY**RESEARCH DESIGN**

This project involves descriptive research design as my project is questionnaire based. Descriptive research includes survey and fact- finding enquiries kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present.

SAMPLE DESIGN**A. Sampling Techniques**

The sampling technique used is the convenience and judgmental sampling.

B. Sample Size

For this study the Sample Size are 100 people, who were invest his money into risk free and low risk securities.

SOURCES OF DATA

The research may be based on primary or secondary data or on both. In this report I have used the information gathered through secondary data and primary data. Primary data collect from the questionnaire and secondary data collect from the website, Journal and books.

ANALYSIS AND INTERPRETATION

The data had been processed and analyzed by tabulation interpretation so that findings can be communicated and can be easily understood. The findings were presented in the best possible way. Tables and graphs had been used for illustration of findings of the research.

DEMOGRAPHIC PROFILE OF THE INVESTOR**TABLE NO. 1: DEMOGRAPHIC PROFILE OF INVESTOR**

Demographics	No. of Respondents	Percentage of Respondents
Age Group		
21-30years	40	40
31-40 years	30	30
41-50 years	17	17
51-60 years	13	13
Total	100	100
Gender		
Male	57	57
Female	43	43
Total	100	100
Annual Income		
Less than 2 lakhs	63	63
2 lakhs-5 lakhs	27	27
Above 5 lakhs	10	10
Total	100	100
Estimate Saving and investment		
Less than 50 Thousand	54	54
50 thousand – 1 Lakhs	23	23
1 lakhs – 2 lakhs	20	20
Above 2 lakhs	3	3
Total	100	100

ANALYSIS AND INTERPRETATION

It has been found that 40% of respondent belongs to the age group of 21-30 years, 30% of respondent belongs to 31-40 years, 17% of respondent belongs to 41-50 years, while 13% of respondent belongs to above 51-60 years age group and 57% of investor are male while 43% of investor are female and 63% of investor have annual income of Less than 2 lakhs per annum, 27% of investor have income of Rs. 2 lakhs-5 lakhs per annum, 10% of investor have income of Above 5 lakhs per annum, 54% of investors invest their money in less than 50 thousand per annum, 23% of investors invest their money in 50 thousand – 1 lakhs, 20% of investors invest their money in 1 lakhs to 2 lakhs, while 3% investors invest their money in above 2 lakhs.

So by this it has been interpreted that majority of the investor belongs to the age group of 21-30 years, majority of the investor are male, majority of them have income ranging below 2 lakhs and majority of the investors invest his or her money in the 50 thousand slabs.

VARIOUS FACTOR EFFECT THE PERCEPTION OF INVESTOR WHILE INVESTING IN RISK FREE SECURITIES

The main purpose behind this question was to know the perception of the investor regarding various variables which effect the decision of investor while making a defensive portfolio.

ANALYSIS

For the analysis and interpretation of this question I have use the techniques of factor analysis. This technique has been particular used as the purpose of the study is to extract the minimum number of factor that will explain the maximum amount of variance in the collect date.

A sample of 100 respondents was used. The sampling method used was basically convenience sampling. The respondents were asked to express their degree of perception regarding the following statements, on a 5-point scale. (1=Highly Disagree, 5= Highly Agree).

VARIABLES

- V1. Regular income from investment schemes
- V2. Past performance of investment schemes
- V3. Level of capital appreciation from investment
- V4. Level of securities in investment schemes
- V5. Market condition of investment schemes
- V6. Ease to invest in investment schemes
- V7. Low risk as a major factor for investment
- V8. Level of tax benefits
- V9. Rate of return from investment schemes
- V10. Liquidity

KMO (Kaiser-Mayer-Olkin) is a measure of sampling adequacy. A value of KMO close to 1 indicates pattern of correlation are relatively compact and so factor analysis should yield distinct reliable factor. The KMO statics value varies between 0 to 1. Kaiser (1947) recommends accepting value greater than 0.5 is acceptable. So as in this test here the value is .552 it means the variable which has been collected are sufficient and adequate.

TABLE NO. 2: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.552
Bartlett's Test of Sphericity	Approx. Chi-Square	135.268
	df	45
	Sig.	.000

The following hypotheses have been proposed:

Null hypothesis (Ho):- Variable does not affect the perception of investor.

Alternative Hypothesis (H1):- Variable affects the perception of investor.

BARTLETT'S Test measure tests the null hypothesis that the original correlation matrix is an identity matrix. The large value of Bartlett's tests of sphericity at 135.268 favors the rejection of null hypothesis and it automatically leads to acceptance of alternative hypothesis. Hence, factor analysis is appropriate technique in the case.

TABLE NO. 3: EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS

	Communalities	
	Initial	Extraction
VAR00001	1.000	.713
VAR00002	1.000	.657
VAR00003	1.000	.303
VAR00004	1.000	.661
VAR00005	1.000	.770
VAR00006	1.000	.709
VAR00007	1.000	.611
VAR00008	1.000	.662
VAR00009	1.000	.662
VAR00010	1.000	.468

Communalities - This is the proportion of each variable's variance that can be explained by the factors.

Initial communalities are estimates of the variance in each variable accounted for by all components or factors.

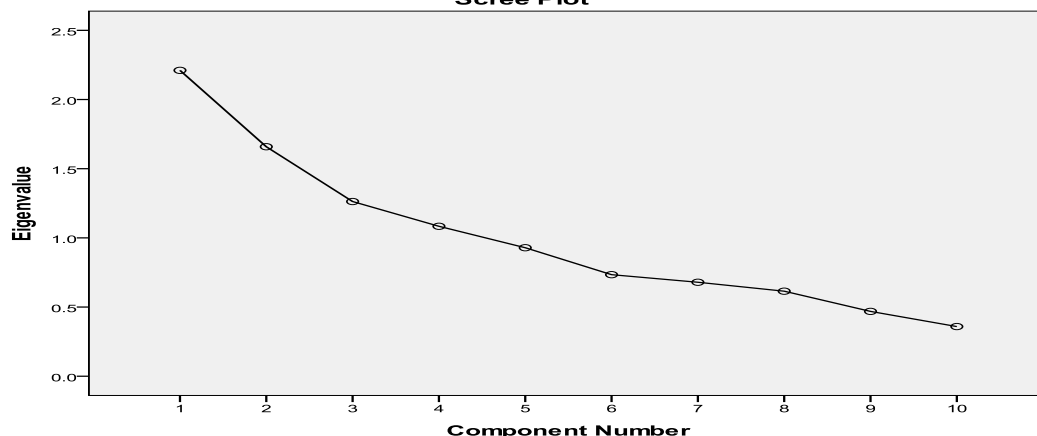
Extraction communalities are estimates of the variance in each variable accounted for by the factors (or components) in the factor solution. Small values (bold) indicate variables that do not fit well with the factor solution, and should possibly be dropped from the analysis.

TABLE NO. 4: VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.211	22.107	22.107	2.211	22.107	22.107	1.859	18.592	18.592
2	1.659	16.588	38.695	1.659	16.588	38.695	1.614	16.135	34.727
3	1.263	12.626	51.322	1.263	12.626	51.322	1.408	14.085	48.812
4	1.084	10.838	62.159	1.084	10.838	62.159	1.335	13.348	62.159
5	.929	9.288	71.447						
6	.734	7.340	78.787						
7	.679	6.792	85.579						
8	.615	6.146	91.725						
9	.469	4.685	96.410						
10	.359	3.590	100.000						

CHART 1

Scree Plot



Interpretation

In the above table 4 & chart 1, eigenvalue explain the total variance attribute to the factor. In our study, 4 variables explain the variance 62.159% as they have eigenvalue greater than one. So in our study the number of factor is 4. These 4 factors have been given in the Column "Extracted sums of squared Loadings". For establishing a clear relationship between different variable and the 4 factor, a component matrix has been prepared. But, as it is unable to give us a clear relationship between the variables and factor, a rotated component matrix has been prepared.

TABLE NO. 5: ROTATED COMPONENT MATRIX

Rotated Component Matrix	Component			
	1	2	3	4
Regular income from investment schemes	.241	-.049	-.094	.802
Past performance of investment schemes	-.093	.138	.777	.161
Level of capital appreciation from investment schemes	.091	.500	.150	.151
Level of securities in investment schemes	.734	-.050	.172	.301
Market condition of investment schemes	.041	.009	.836	-.263
Ease to invest in investment schemes	.798	.159	-.036	-.213
Low risk as a major factor for investment	.715	.121	-.193	.218
Level of tax benefits	-.075	.779	.039	-.219
Rate of return from investment schemes	-.118	.553	.051	.582
Liquidity	.276	.621	-.048	.056

The above table shows the correlation between the factors and the variables.

ANALYSIS AND INTERPRETATION

The rotated component matrix indicates that variables V4, V6, V7 are associated closely with factor 1. Variables V3, V8, V10 are associated with factor 2. Variable V2, V5, are associated with factor 3. And V1, V9 are associated with factor 4.

Naming of the factors: on the basis of my findings, the four factors are named as

Factor1:- Level of risk & securities in investment schemes.

Factor2:- Capital appreciation with tax benefits & liquidity from investment schemes.

Factor3:- Past performance in market of investment schemes.

Factor4:- Continues return from investment schemes.

The variables are divided into four major factors as follows

TABLE NO. 6: DIVIDING THE VARIABLE

Factor Label (% Variance Explained)	Statements	Factor Loading
1. Level of risk & securities in investment schemes. (31.42%)	V4. Level of securities in investment schemes. V6. Ease to invest in investment schemes. V7. Low risk as a major factor for investment.	.734 .798 .715
2. Capital appreciation with tax benefits & liquidity from investment schemes. (26.59%)	V3. Level of capital appreciation from investment schemes. V8. Level of tax benefits. V10. Liquidity.	.500 .779 .621
3. Past performance in market of investment schemes. (22.57%)	V2. Past performance of investment schemes. V5. Market condition of investment schemes.	.777 .836
4. Continues return from investment schemes (19.37%)	V1. Regular income from investment schemes. V9. Rate of return from investment schemes.	.802 .582

ANALYSIS AND INTERPRETATION

In the above table I give a name to each factor these four factors show the entire ten variables and their factor loading. In first factor the percentage of loading is 31.42 and second factor loading is 26.59 and their factor loading is 22.57 and the last factor loading is 19.37.

CONCLUSION

This study was aimed at identifying the variables that have most and the least influence factors on the investor's behavior when they have invested their hard earned money into risk free securities. The study analyzing the major 10 variable related with the investor perception. The results according to the Factor analysis test shown that all variables are somewhat affecting the decision making behavior of investors. And out of all variables the most influencing 4 factor are Level of risk & securities in investment schemes, capital appreciation with tax benefits & liquidity from investment schemes, past performance in market of investment schemes, continues return from investment schemes. According to the factor analysis test the percentage loading of the first factor is 31.42 and second factor loading is 26.59 and the third one is 22.57 and the forth factor loading is 19.37.

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THE IMPACT OF NEED FOR COGNITION IN SELECTION OF DEODORANTS AMONG FEMALE YOUNGSTERS

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ABSTRACT

It is noted that there is an impact of level of need for cognition in buying behavior of consumers, relying on the same marketers / retailers are leaving no stone unturned to entice customers through advertisements. This study tries to explore the effect of need for cognition on selection of deodorants among youngsters. It was a survey and observational study conducted on female subjects belonging to age group between 18 to 22 years. The results were interesting and reflected that there is a significant difference in deodorant evaluation and buying as far as need for cognition level of young females is concerned.

KEYWORDS

consumer behavior, need for cognition, deodorants, preference.

INTRODUCTION

As we know, that personality of consumer has an impact on their evaluation and purchase of products. Each individual has a specific perception about himself, which is referred as self image. It has been observed that people try to buy deodorants which either helps them in enhancing their self-image or reaching an ideal self image.

In Indian context it may be noted that there is no dearth of variety of deodorants in the market across price segments, further this category is being advertised heavily. Most of the advertisements being based on sensual appeal, while there is certain advertisement which indicate to fulfill social and belonging needs. The Need for Cognition Scale is an assessment instrument that quantitatively measures "the tendency for an individual to engage in and enjoy thinking" (Cacioppo & Petty, 1982, p. 116). Cacioppo and Petty created the Need for Cognition Scale in 1982. The original scale included 34 questions. Two years later, Cacioppo and Petty collaborated with Chuan Feng Kao to shorten the scale to the 18-item format. The 18 item format scale has been used to check NFC level in this study.

NEED FOR THE STUDY

As it is known that odour has a capacity to impact the human psychology, it can have an impact on perception of an individual and even mood, thus impacting the cognitive processes and behaviour altogether. Considering the high relevance of need for cognition in the field of consumer behaviour, considering the dearth of specific researches in India on deodorants, it would not only be interesting, but also important from consumer behaviour point of view to note how need for cognition impacts selection of deodorants.

OBJECTIVES

1. To study the current buying pattern of female youngsters while shopping a deodorant.
2. To study the impact of NFC level on buying pattern of female youngsters
3. To study the impact of reference group opinion on deodorant buying female youngsters.

HYPOTHESIS

- H1: There is no significant difference in impact of deodorant advertisement on females as far as NFC level is concerned
 H2: There is no significant difference in switching of a deodorant Brand of females as far as NFC level is concerned.
 H3: There is no significant difference in buying of females as far as NFC level is concerned.
 H4: There is no significant difference in time taken to evaluate while deodorant buying by females as far as NFC level is concerned.

LITERATURE REVIEW

The thinking disposition that is proved to describe and predict individual differences extraordinarily in cognitive processing is need for cognition (Cacioppo & Petty, 1982).

Need for Cognition refers to dispositional differences in cognitive motivation, as it is thought to reflect stable individual differences in the intrinsic motivation to engage in and enjoy effortful cognitive endeavors (Cacioppo, Petty, Feinstein & Jarvis, 1996).

Consumers often feel a sense of guilt or shame for making purchases that violate their better interests (Faber and O'Guinn 1992).

Kotler Philip (2009), mentions that though five stages have been identified in decision making of a consumer (Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decisions and Post Purchase Behaviour), however consumers don't always pass through all five stages. They may skip or reverse some. When you buy a convenience product or has a particular shop patronized you may skip information search and evaluation.

Lenochová P, Vohnoutová P, Roberts SC, Oberzaucher E, Grammer K, et al. (2012), did a study to conclude that fragrance use extends beyond simple masking effects and that people choose perfumes that interact well with their own odour.

Rao K Poranki & Hasouneh A (2014), did a study in Saudi Arabia to conclude that, the young men select their brand according to fragrance and brand image. Further, advertisements are the way through which most of the consumers come to know about the new brands.

According to Syed Imran (2014), female customers are not Brand Loyal for deodorants and they are easily willing switch and use multiple deodorant brands at a single time.

According to Pathak Nitin & Sehgal Mili (2011), Brand plays a significant role in choice of deodorant & consumers prefer the deodorant that has fragrance longevity, aroma, intensity, brand value and seasonality.

RESEARCH METHODOLOGY

An observational research was conducted in Kangra City of Himachal in India. The entire study was divided into three steps. First a group of female participants were asked their preference of deodorant brands. Then those participants who did not like Brand 'A' and Brand 'B' (to maintain secrecy in research Brand Names not mentioned) were shown 2 different advertisements of both brand (A1, A2 & B1, B2), A1 & B1 highlighting product attributes facts with common man appeal, while A2 & B2 specifically having a celebrity & visual appeal. After the show of advertisements, they were administered a questionnaire, where 1st part was to ask their preference of advertisements and the second was to calculate their need for cognition level. In the second step all these participants were observed for various mock studies regarding taste evaluation of sweet candies, biscuits, and different advertisement for a span of one week. Then the subjects which were overt and lucid in expressing their views were specifically selected for step three. In the last step subjects were offered 6 different deodorants of foreign make of

unknown brand sourced from Delhi & which are not available in the local market, two of them being deodorants for males. It was ensured that colour / anything written on the deodorant bottle did not indicate any specific gender. They were asked to evaluate and arrive at a decision to buy any one. They were observed how much time they took actually for analysing the deodorants. The original price of the items was masked and were re-labelled on a continuum as Rs.125, Rs.150, Rs.175 (Male Specific), Rs.200 (Male Specific), Rs.225, Rs.250

PRIMARY DATA

Judgemental & Convenience Sampling was done among the college going youth of 18 to 22 years. Only known and those subjects were included who regularly use deodorants and who were comfortable with the researcher and able to express their views/opinion/behaviour freely. The samples had almost common background in terms of education and belonged to family with an annual income between 4Lkhs to 8Lkhs.

SAMPLE SIZE

Final research was conducted on 30 subjects, although in the first step 162 participants were taken, it reduced to 62 in step two on filtration and ultimately 30 subjects were selected for final step. Although 31 subjects qualified for the final step, however after calculation of NFC the subject scoring the median value of NFC was dropped, hence the final research is based on the sample that consisting of 30 female respondents of 18-22 years of age.

TOOLS AND TECHNIQUES

The data collected through questionnaire were tabulated and analyzed by using excel. 18 item format devised by Cacioppo and Petty with Chuan Feng has been used to check NFC level in this study. As 9 point was used to calculate the NFC Scores, the highest score possible was 72 (18 items multiplied by 4 points each) and the lowest possible score was -72 scale (+4 = very strong agreement, +3 = strong agreement, +2 = moderate agreement, +1 = slight agreement, 0 = neither agreement nor disagreement, -1 = slight disagreement, -2 = moderate disagreement, -3 = strong disagreement, -4 = very strong disagreement). The highest score was 51 and the lowest was -3, while the median value was 26, thus all the subjects having score below 26 were labelled as low scorers relatively to those having higher than 26 were considered as High Scorers. The subject median scoring of NFC (26) was dropped from final list.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: ADVERTISEMENT CHOICE AND CELEBRITY APPEAL

Advertisement Choice	High NFC	Low NFC	Total
Celebrity & Visual Appeal	5	15	21
Product Characteristic & Facts	9		9
Grand Total	15	15	30

Source: Primary Data

It is evident from the table 1, that majority of female youngster (70%) prefer advertisements with celebrity and visual appeal. While 100% of the respondents with low NFC prefer advertisements with celebrity and visual appeal, even 33 % of the respondents with High NFC Level prefer with celebrity and visual appeal. 77 % of respondents with high NFC prefer advertisements with product characteristics & common man appeal.

HYPOTHESIS TESTING (H1)

H1: There is no significant difference in impact of deodorant advertisement on females as far as NFC level is concerned

TABLE 2: EXPECTED CELL FREQUENCY CALCULATION FOR H1

Expected Cell Frequencies (e)			
Advertisement Choice	High NFC	Low NFC	Total
Celebrity & Visual Appeal	10	10	21
Product Characteristic & Common Man Appeal	5	5	9
Grand Total	15	15	30

Source: Table 1 and Primary Data

TABLE 3: CHI SQUARE TESTING FOR H1

Observed Frequency (o)	e	(o-e) ²	(o-e) ² /e
5	10	25	2.5
10	5	25	5
15	10	25	2.5
0	5	25	5
Sum of (o-e)²/e			15.000

Source: Table 1 and Table 2

Since calculated value 15.0 of chi square is much greater than the table value of 3.84 at 1 degree of freedom and 5% level, hence proposed hypothesis is rejected. Thus, there is a significant difference in Advertisement Appeal as far as NFC Level of female youngsters is concerned.

TABLE 4: BRAND SWITCHING AND NFC LEVEL

Brand Switching	High NFC	Low NFC	Grand Total
Never	3	0	3
Yes, But Not Frequently	10	9	19
Yes, Very Frequently	2	6	8
Grand Total	15	15	30

Source: Primary Data

The data analysis of table no 4, shows that almost 90% have switched their Deodorant Brand in past. Only a 10% are Brand Loyals in terms of deodorant. It also interesting to note that out of total almost 67% have changed it very frequently, while 27% have changed their brand less frequently. 100 % of low level NFC respondents have switched their Brand; however, 20% of high level NFC have never changed their Brand, while 67% have changed very frequently and 13% have changed less frequently. Only 40% of Respondents with Low NFC have changed their deodorant brand less frequently.

HYPOTHESIS TESTING (H2)

H2: There is no significant difference in switching of a deodorant Brand of females as far as NFC level is concerned.

TABLE 5: EXPECTED CELL FREQUENCY CALCULATION FOR H2

Expected Cell Frequencies (e)			
Brand Switching	High NFC	Low NFC	Grand Total
Never	1.5	1.5	3
Yes, But Not Frequently	9.5	9.5	19
Yes, Very Frequently	4	4	8
Grand Total	15	15	30

Source: Table 4 and Primary Data

TABLE 6: CHI SQUARE TESTING FOR H2

Observed Frequency (o)	e	(o-e) ²	(o-e) ² /e
3	1.5	2.25	1.5
10	9.5	0.25	0.0263158
2	4	4	1
0	1.5	2.25	1.5
9	9.5	0.25	0.0263158
6	4	4	1
Sum of (o-e)²/e			5.053

Source: Table 4 and Table 5

Since calculated value 5.053 of chi square less than the table value of 5.991 at 2 degree of freedom and 5% level. Hence we accept null hypothesis no 2, i.e. there is no significant difference in switching of a deodorant Brand of females as far as NFC level is concerned.

TABLE 7: BASIS OF BUYING OF DEODORANT

Buying/Switching Basis	High NFC	Low NFC	Grand Total
Celebrity Endorsement / Advertisement	1	1	2
Smell/Perfume	14	14	28
Grand Total	15	15	30

Source: Primary Data

The point represented by Table 6, asked in open ended form, reveals that all respondents have a similar parameter while buying a deodorant, most (93%) of them are impacted by smell / perfume of the deodorant. While a miniscule 3% are impacted by celebrity endorsement / advertisement. The trend remains exactly same for high and low NFC Level.

HYPOTHESIS TESTING (H3)

H3: There is no significant difference in buying of females as far as NFC level is concerned.

TABLE 8: EXPECTED CELL FREQUENCY CALCULATION FOR H3

Expected Cell Frequencies (e)			
Buying/Switching Basis	High NFC	Low NFC	Grand Total
Celebrity Endorsement / Advertisement	1	1	2
Smell/Odour	14	14	28
Grand Total	15	15	30

Source: Table 7 and Primary Data

Since the expected cell frequencies for 2 parameters were less than 5, hence it was not viable to conduct chi square further.

TABLE 9: TIME TAKEN TO EVALUATE DEODORANT

Evaluation Time	High NFC	Low NFC	Grand Total
Less than 3 Minutes	12	6	18
More than 3 Minutes	3	9	12
Grand Total	15	15	30

Source: Primary Data (observational study)

As per table 9, Overall 60% respondents took less than 3 minutes to evaluate the deodorant while buying. Out of high NFC respondents almost 80 % took less than 3 minutes and 20% took more than 3 minutes. While for low NFC only 40% took less than 3 minutes, majority 60% took more time to evaluate.

HYPOTHESIS TESTING (H4)

H4: There is no significant difference in time taken to evaluate while deodorant buying by females as far as NFC level is concerned.

TABLE 10: EXPECTED CELL FREQUENCY CALCULATION FOR H4

Expected Cell Frequencies (e)			
Evaluation Time	High NFC	Low NFC	Grand Total
Less than 3 Minutes	9	9	18
More than 3 Minutes	6	6	12
Grand Total	15	15	30

Source: Table 9 and Primary Data

TABLE 11: CHI SQUARE TESTING FOR H4

Observed Frequency (o)	e	(o-e) ²	(o-e) ² /e
12	9	9	1
3	6	9	1.5
6	9	9	1
9	6	9	1.5
Sum of (o-e)²/e			5.000

Source: Table 10 and Table 11

Since calculated value 5.00 of chi square is much greater than the table value of 3.84 at 1 degree of freedom and 5% level. Hence null hypothesis is rejected and it is established that there is significant difference in time taken to evaluate while deodorant buying by females as far as NFC level is concerned.

TABLE 12: DEODORANT SELECTION

Price Range	High NFC	Low NFC	Grand Total
125	2	2	4
150	2	2	4
175	4	1	5
200	3	4	5
225	2	3	7
250	2	3	5
Grand Total	15	15	30

Source: Primary Data

As per the facts established by the table no 12, it is interesting to note that the deodorant which was preferred by highest 13% respondents was Rs.225 one, followed by Rs.250,200,175 ones which were preferred by 17% respondents each, while deodorants of price Rs.125 and Rs.150 were preferred by 13% each respondents. It is to be noted that deodorants with price range Rs.175 & Rs.200 were male deodorants, and this be almost similar to blind test, confirms that a considerable (as per test almost 34% respondents) no of female youngsters may prefer masculine deodorants.

FINDINGS OF THE RESEARCH

- Majority of female youngster (70%) prefer deodorant advertisements with celebrity.
- While 100% of the respondents with low NFC prefer advertisements with celebrity and visual appeal.
- Only 33 % of the respondents with High NFC Level prefer with celebrity and visual appeal. 77 % of respondents with high NFC prefer advertisements with product characteristics & common man appeal.
- There is a significant difference in Advertisement Appeal as far as NFC Level of female youngsters is concerned.
- Almost 90% have switched their Deodorant Brand in past. Only a 10% are Brand Loyal in terms of deodorant.
- There is no significant difference in switching of a deodorant Brand of females as far as NFC level is concerned
- Most (93%) of them are impacted by smell / perfume of the deodorant. While a miniscule 3% are impacted by celebrity endorsement / advertisement, thus although having advertisement with celebrity appeal may create awareness/ brand image, however for actual purchase having a good smell/perfume is the key.
- This indicates that while buying the smell/perfume is the key parameter considered, however if the consumer find product irrelevant/ unsatisfactory they may again switch the brand.
- There is significant difference in time taken to evaluate while deodorant buying by females as far as NFC level is concerned.
- The respondents with High NFC level take considerably less time in evaluating and arriving at a decision to purchase a deodorant as compared to the Low NFC level respondents.

RECOMMENDATIONS/SUGGESTIONS

- It is also interesting to note that although most of the female youngsters prefer deodorant advertisements with celebrity appeal, however while actual purchase majority of them buy deodorant on the basis of smell/perfume, thus deodorant brands may rely on advertisements for generating awareness accordingly, however they must understand that having a good smell/perfume as per target market is the key.
- Although not indicated by the respondents, longevity of the smell, etc might also be the other factors but at the time of buying/ evaluating a deodorant smell/perfume is the factor which is on the top of mind followed by only the brand image created by celebrity endorsement/ advertisement.
- This indicates that while buying the smell/perfume is the key parameter considered, however if the consumer find product irrelevant/ unsatisfactory they may again switch the brand, thus marketers need to work on other parameters, like longevity etc, as well which are now considered mandatory.
- As Brand Loyalty in the deodorant is low in female youngster market, brands must work hard to remain relevant to their target group.
- In other terms it can also be seen as an opportunity to introduce new deodorant brands for females.
- As the respondents don't mind switching their brands quite often, it is very important for the brand to only work for brand image, and get included in the preferred set of consumers, however they need to keep an eye on competitors as well and keep themselves relevant accordingly.

LIMITATIONS & SCOPE OF FURTHER STUDY

- The study being confined to the extent of interpreting data collected from a set of limited participants might not be the actual representation of the total population.
- The samples were chosen from a national college in Kangra, Himachal Pradesh, India, belonging to different states of India, however chances of regional biases cannot be denied.
- Further research may be carried with a larger sample size.
- Similar Research may also be carried out for the other age groups of and may be scaled to other regions of India.
- As this study limited to certain specific factors & factors expressed by the respondents as per their top of mind awareness for buying deodorants, a study to find out all the factors which impact the buying may also be carried out separately.

CONCLUSION

With the introduction of new deodorant brands every day, Indian market for deodorant is becoming matured. With more educated and aspirational consumers the deodorant brands are targeting niche market. With the market flooded with different me too brands, it is interesting that consumers are also losing their brand loyalty in the deodorant market. They are ready to experiment and switch, thus making it imperative for the deodorant brands to keep them relevant at every step and follow their competitors

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ANNEXURE

QUESTIONNAIRE

Dear Respondent, this questionnaire consists of 2 parts, in Part A you need to fill your choices based on the advertisement that you saw. After the completion of part A, Part B will be given to you. Part B needs to complete as soon as possible, maximum 8 minutes are allowed for filling it up.

PART A

NFC SCORE.....(TO BE LEFT BLANK)

1. Which advertisement did you liked the most?
a. A1 b. A2 c. B1 d. B2
2. Have you ever switched your deodorant brand?
a. Yes, but not frequently b. Yes, very frequently c. Never
3. Can you recall, the last time when switched your deodorant, what was the main basis due to which you preferred new brand/brand of your choice? (Open ended, the answers were coded on the basis of indication to these parameters)
a. Smell/odour b. Price c. Celebrity Endorsement / Advertisement

PART B: (It consisted of the following 18 item scale to calculate NFC, * marked are reverse scale items)

1. I would prefer complex to simple problems.
2. I like to have the responsibility of handling a situation that requires a lot of thinking.
3. Thinking is not my idea of fun.*
4. I would rather do something that requires little thought than something that is sure to challenge my thinking abilities.*
5. I try to anticipate and avoid situations where there is likely a chance I will have to think in depth about something.*
6. I find satisfaction in deliberating hard and for long hours.
7. I only think as hard as I have to.*
8. I prefer to think about small, daily projects to long-term ones.*
9. I like tasks that require little thought once I've learned them.*
10. The idea of relying on thought to make my way to the top appeals to me.
11. I really enjoy a task that involves coming up with new solutions to problems.
12. Learning new ways to think doesn't excite me very much.*
13. I prefer my life to be filled with puzzles that I must solve.
14. The notion of thinking abstractly is appealing to me.
15. I would prefer a task that is intellectual, difficult, and important to one that is somewhat important but does not require much thought.
16. I feel relief rather than satisfaction after completing a task that required a lot of mental effort.*
17. It's enough for me that something gets the job done; I don't care how or why it works.*
18. I usually end up deliberating about issues even when they do not affect me personally.

Observational Study: With Respect to above points the subject was observed on:

- Time Taken to evaluate 6 different Deodorants. (as the median value of NFC Level subject who was dropped from the list had taken approx 3 minutes to evaluate, the subjects who took less than 3 minutes were labelled 'less time taken' (less than 3 minutes) and who took more time than 3 minutes were labelled as, 'More time Taken')
- The Type and Price of Final choice of Deodorants.

AN ANALYSIS OF MANUFACTURING SECTOR'S CONTRIBUTION TO EMPLOYMENT AND INCOME GENERATION IN NAGALAND

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ABSTRACT

Manufacturing sector is one of the most vibrant and sensitive sectors in both the developed and developing economies. Manufacturing sector is considered world-wide as the engine of economic growth because of its strong backward and forward linkages with the other sectors of the economy. It is important for the economy's growth as it provides transitional opportunity to the labour force in agriculture as well as the sector has multiplier effect for job creation in the services sector. This paper examined the contribution of manufacturing sector in generating employment and income, using 85 respondents (enterprises) based on random sampling and finds that it has positive impact on employment and income. Micro enterprises dominate the manufacturing sector and mineral-based and agro-based enterprises occupy 63% of the total manufacturing sector. The study also finds that small scale enterprise contributes the most both in terms employment and income generation.

KEYWORDS

employment, income, manufacturing sector.

INTRODUCTION

Manufacturing sector is playing a sensitive role, both in the developed and developing economies, in the process of economic growth because its share in the GDP is low but without its growth, economies cannot sustain in the long run. The manufacturing sector is considered as the transformational sector for agricultural labourers moving from low skilled to more value added jobs. Irrespective of the development process, almost every country is emphasizing on the importance of manufacturing sector and its policies are being augmented for intensive inclusion in their planning processes. This has resulted in the success of most of the countries in achieving economic growth, though problems are inherent in them and needs further improvements and development. The manufacturing sector should be encouraged to make sustainable contribution to national income, employment and exports. It helps in achieving the goal of more equitable distribution of the benefits of economic growth and thereby helps alleviate some of the problems associated with uneven income distribution.

The development of manufacturing sector is the application of modern technology and equipments. Therefore, modern manufacturing processes are characterized by technological innovations, development of managerial and entrepreneurial talents and improvement in technical know-how which promote productivity. In 1990, India and China had almost the same GDP per capita. Since then, driven by its manufacturing sector, China's economy has grown much faster than India. To achieve faster rates of economic growth, manufacturing sector must be strengthened. As per the results of Fourth All India Census of MSME sector, manufacturing sector constituted 31.79% of enterprises, and generates employment of 39.75%.

In Nagaland, as per the Nagaland Economic Survey of 2015-16, the manufacturing sector contribution to State Gross Domestic Product is about 14%.

LITERATURE REVIEW

In the modern world, manufacturing sector is regarded as a basis for determining a nation's economic efficiency (Amakom, 2012). Obioma et. al. (2015) in their studies regarding the effect of industrial development on economic growth found that industrial output has a positive relationship with GDP but it is not significant to improving the level of economic growth.

Issues paper of OCED working paper on SMEs and Entrepreneurship (2010), contented that new firms and innovative SMEs are playing an increasing role as drivers of growth and job creation in the economy. Krongkaew (1988) in his article 'The Current Development of Small and Medium Scale Industries in Thailand' reveals that the importance of small scale industries as an institution that can solve the problem of unemployment especially in labour abundant countries. Abor and Quartey (2010) in their study showed that SMEs in Ghana have been noted to provide about 85% of manufacturing employment of Ghana.

While emphasizing on the role of SMEs in Botswana, Nkwe (2012) pointed out that small and medium-sized enterprises are contributing to employment growth at a higher rate than larger firms and also SMEs contribute not only to income generation but also income distribution which has helped reduced poverty problems to a great extent. Persistent efforts have been made to promote small-scale industries in India as a source of large-scale employment generation and equitable distribution of income (Nath, 1998).

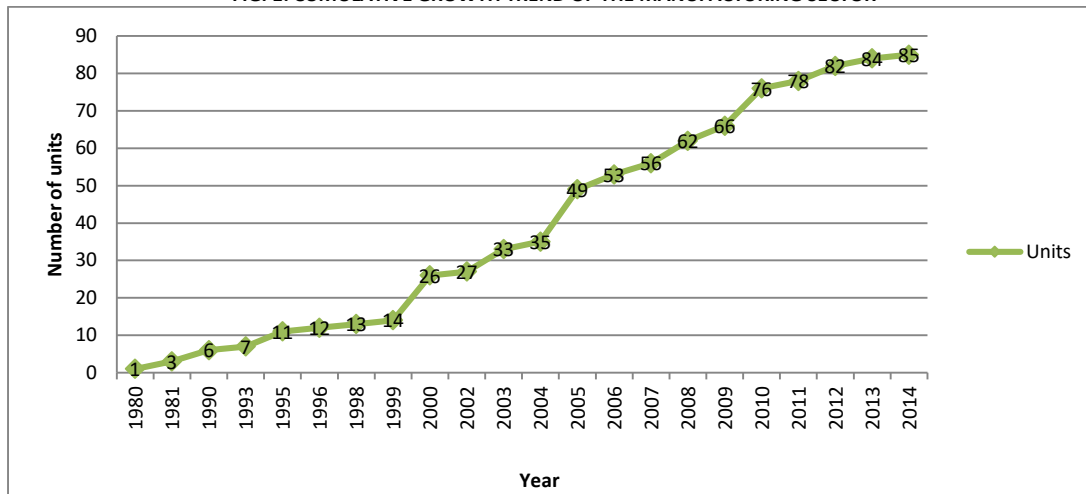
FINDINGS

1. GROWTH OF ENTERPRISES

A country's general economic health can be measured by looking at that country's economic growth and development. Economic growth is a vital issue both in economic planning as well as in research development for policy making. As such, the interest in economic growth for economies around the world is growing fast in view of the fact that there is growing unemployment and poverty problems.

From the year 1980 to 2014, a total of eighty five manufacturing units were established. The CAGR for the period from 1980 to 2014 is 13.53%. A break-up of this shows that from 1980-99, the CAGR is 14.11% and from 2000 to 2014 is 8.22%. During 1999-2000 and 2009-2010, there a higher the growth of enterprises and this ia attributed may be attributed to the government's initiative like implementation of the State Industrial Policy fo 2000, year of the entrepreneur, 2010-11, centrally sponsored scheme s alike Prime Minister's Employment Guarantee Programme (PMEGP), etc.

FIG. 1: CUMULATIVE GROWTH TREND OF THE MANUFACTURING SECTOR



2. OWNERSHIP PATTERN

Organisational form of a firm or enterprise means the type of ownership like proprietorship, partnership and cooperatives, etc. In this paper, organisational form of enterprises is shown as sole proprietorship, partnership, cooperative, family enterprise and self-help group. The study finds that 88% are sole proprietary, 1% each of partnership and cooperative, 3% of family enterprises and 7% of Self help group. This reveals that the state is faring behind in limited companies. The nature of ownership also reveals that entrepreneurs are not keen in venturing and making investment to bigger business establishment which will promote economic development.

The distribution of ownership by sex implies gender-wise ownership like male and female ownership of business establishments. There are some enterprises owned and managed by partnership, family, self help group and cooperative societies. These categories are given as 'others'. The study finds that 77% of the enterprises are owned by male, 11% and 12% by female and others respectively.

In the manufacturing sector, 5% entrepreneurs are in the age group of 20-30 years, 16% of the entrepreneurs are in the age group of 30-40 years, 38% of the entrepreneurs are in the age group of 40-50 years and 41% of the entrepreneurs are in the age group of 50 years and above.

In terms of educational status of entrepreneurs in manufacturing sector, 28% each of the entrepreneurs is below matric and matriculate, 18% of the entrepreneurs is 10 +2 level, 19% of the entrepreneurs is graduate and about 7% of the entrepreneurs is post graduate.

3. TYPE AND ACTIVITY-WISE DISTRIBUTION OF ENTERPRISES

This study finds that 78% are in the category of micro enterprises, 21% in small enterprises and 1% in medium enterprises. A further break-up of micro enterprises found that enterprises having investment less than constituted for about 80% % of the total micro enterprises and the rest 20% having an investment of between rupees 12.5 lakh and rupees 25 lakh. As for the small manufacturing sector, all the enterprises have an investment below rupees 250 lakhs. This has shown the nature of enterprises in Nagaland where medium and large enterprises presence is negligible.

Activities in manufacturing sector are classified under forest-based, handicrafts, metal-based, mineral-based and agro-based activities. Taken together, the share of different activities in manufacturing sector based on resources finds that forest based activity accounted for 19%, handicrafts accounted for 10%, metal based accounted for 8%, mineral based activity accounted for 31% and ago-based activity accounted for 32%. A further breakup of the enterprises found that 13% are in furniture activity, 6% of saw mill, 10% of handicrafts, 5% are of fabrication, 3% of trunk making units, 16% of quarry, 4% of bricks making, 2% of mineral water, 4% of tyre crafts, 5% of cement crafts, 5% of food products, 3% of poultry, 5% of piggery, 2% of plant nursery and 7% of floriculture and 10% of plantation.

4. EMPLOYMENT AND INCOME

A robust manufacturing sector can be a potential solution for providing employment to a vast majority of population and generates income not only for livelihood but also in accelerating economic growth. This study finds that 9% of employment each are absorbed in forest based enterprises and handicrafts, 3% are absorbed in metal based enterprises, 71% are absorbed in mineral based enterprises and 8% are absorbed in agro-based enterprises. In terms of income generation, forest-based and handicrafts enterprises accounted for 14% each of gross income, metal-based enterprises accounted for 3%, mineral-based enterprises accounted for 59% and agro-based enterprises accounted for 10% of gross income. The study also finds that mineral based enterprises are the highest provider of employment as well as in terms of income generation.

TABLE 1: DISTRIBUTION OF ENTERPRISES ON THE BASIS OF NATURE OF ACTIVITY, EMPLOYMENT AND INCOME

Resource based activity	Units	Employment	Wages	Gross income	Net Income
Forest-based	16 (19)	43 (9)	265000 (8)	3545850 (15)	424900 (15)
Handicrafts	9 (10)	44 (9)	344000 (10)	1452500 (6)	185500 (6)
Metal-based	7 (8)	14 (3)	61500 (2)	754700 (3)	108000 (4)
Mineral-based	26 (31)	347 (71)	2349500 (72)	15026575 (65)	1671675 (59)
Agro-based	27 (32)	39 (8)	253000 (8)	2419600 (11)	450500 (16)
Total	85	487	3273000	23199225	2840575

Source: Field survey

* Figure in the parenthesis indicates percentage

TABLE 2: CORRELATION MATRIX (OVERALL)

	Units	Employment	Wages	Gross income	Net Income
Units	1				
Employment	0.5715	1			
Wages	0.56525	0.99947	1		
Gross income	0.62285	0.99093	0.98757	1	
Net Income	0.70162	0.98151	0.97774	0.99414	1

The Karl Pearson's Coefficient of Correlation for employment is found to be positively correlated with $r=+0.571$. The correlation between manufacturing sector and gross income is found to be $r=+0.623$ and the correlation between manufacturing sector and net income is found to be $r=+0.702$ indicating a positive relationship.

TABLE 3: CATEGORY-WISE CORRELATION MATRIX

Enterprise		Units	Employment	Wages	Gross income	Net Income
Micro	Units	1				
	Employment	0.2044	1			
	Wages	0.16807	0.97816	1		
	Gross income	0.506	0.61605	0.58345	1	
	Net Income	0.52083	0.42902	0.40174	0.88621	1
Small	Units	1				
	Employment	0.8768	1			
	Wages	0.94126	0.95873	1		
	Gross income	0.88864	0.92307	0.96532	1	
	Net Income	0.93404	0.86297	0.96388	0.90005	1

In micro enterprises, manufacturing sector and employment have a positive correlation but the degree of correlation is low with $r=+0.204$. Likewise, the degree of correlation between manufacturing sector and gross income is positive with $r=+0.506$ and the correlation between manufacturing sector and net income is also positive with $r=+0.521$. This correlation is less than the overall correlation of the manufacturing sector with employment, gross income and net income. In small enterprises, the Karl Pearson's coefficient of correlation between manufacturing and employment is $r=+0.877$, correlation between manufacturing and gross income $r=+0.888$ and correlation between manufacturing and net income is $r=+0.934$ indicating a high degree of positive relationship between them. The correlation finds that small enterprises are higher compared to the overall correlation with employment, gross income and net income.

TABLE 4: RESOURCE BASED CORRELATION MATRIX

Resourced based activity		Units	Employment	Wages	Gross income	Net Income
Forest based	Units	1				
	Employment	0.959185	1			
	Wages	0.971146	0.99756	1		
	Gross income	0.749704	0.86029	0.859083	1	
	Net Income	0.947835	0.98596	0.984503	0.901379	1
Handicrafts	Units	1				
	Employment	0.10422	1			
	Wages	-0.5095	-0.36742	1		
	Gross income	-0.50843	-0.38846	0.989241	1	
	Net Income	-0.52364	-0.28922	0.916376	0.947968	1
Metal based	Units	1				
	Employment	0.381246	1			
	Wages	0.389885	0.99996	1		
	Gross income	0.711552	-0.37829	-0.36961	1	
	Net Income	0.195977	-0.83183	-0.8266	0.828456	1
Mineral based	Units	1				
	Employment	0.048039	1			
	Wages	0.471416	0.87544	1		
	Gross income	0.629203	0.60382	0.884139	1	
	Net Income	0.893952	0.45042	0.798507	0.849259	1
Agro based	Units	1				
	Employment	0.067746	1			
	Wages	-0.03459	0.97003	1		
	Gross income	0.142302	0.8461	0.836571	1	
	Net Income	0.576913	0.21644	0.236675	0.487824	1

Looking into resource-based activity, the correlation between forest-based enterprises and employment is found to be $r=+0.959$ indicating a high degree of positive correlation. Likewise, correlation of forest-based enterprises with gross income is positively correlated with $r=+0.733$ and the correlation between forest-based enterprises and net income also have a high degree of positive correlation with $r=+0.948$. In terms of handicrafts and employment, correlation is positive but low with $r=+0.104$, but its correlation with gross income is negatively correlated with $r= -0.508$. Likewise, handicrafts and net income is negatively correlated with $r=+0.524$. In metal-based enterprises and employment, correlation is positive with $r=+0.381$, and likewise, the correlation with gross income and net income is positively correlated with $r=+0.712$ and $r=+0.196$ respectively. In mineral-based enterprises, correlation with employment is positive but lowly correlated with $r=+0.048$, and the correlation with gross income and net income have good positive correlation with $r=+0.629$ and $r=+0.894$ respectively. Similarly, in agro-based enterprises, correlation with employment and gross income is positive but low with $r=+0.068$ and $r=+0.142$ respectively. Agro-based enterprises and net income on the other hand, is found to be $r=+0.577$ indicating a positive relationship.

Though there is overall positive correlation with employment and income, when looked into resource-based activity-wise, it is observed that forest-based enterprises are the major contributor in employment, followed by metal-based enterprises. Similarly, forest-based enterprises are the major contributor in income generation followed by metal-based and mineral-based. It is also observed that handicrafts have negative impact on gross income.

CONCLUSIONS

Around the world, economies are going through different phases of development and transition period. Once agricultural is the main projector and followed by industrial sector. At present, every economy put more emphasis on services sector due to its commendable contribution to GDP. As there are always a strong backward and forward linkages among the sectors of the economy, neglecting a certain sector will have a challenging impact on the growth process in the long run. Manufacturing sector is considered as the base of economic development and therefore, its importance should not be overlooked. There is certain problem like financial assistance for up-gradation and expansion of the existing enterprises, good road conditions, undisrupted power supply, etc. which hampers the growth of this sector. Since manufacturing sector contribution have positive impact on employment and income generation, proper measures should be taken to address the obstacles faced by the sector.

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GREEN BANKING AND ENVIRONMENT SUSTAINABILITY OF PRIVATE BANKS IN KARNATAKA

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ABSTRACT

'Go green' is new mantra of the day in all the category of industries and bank is not exceptional to it. Banks are subsuming more and more paper less transactions to sustain the natural resources. Such initiative is called Green Banking. Green banking denotes sincere efforts of banking and financial institutions to adopt paper-less banking and environment friendly investment. It is comparatively a new concept in banking. It reduces cost of operations while catering environment friendly products and services. In India, almost all banks have introduced Green Banking product and services. It helps to reduce the use of paper and other resources. It also helps to reduce cost of physical operations of bank. In spite of all these benefits, we find that there has not been much initiative from the banks in India. Since there are no separate law and provisions by RBI to all the banking institutions and it alerts less among the banks to implement them completely by encompassing more and more environment friendly investments. The study is descriptive and showcases the present scenario of Green banking and its environment sustainability among private banks in the state of Karnataka.

KEYWORDS

RBI, green banking, environment sustainability, private banks.

INTRODUCTION

Green Banking is one of the recent tools in the hands of banks to sustain environment. Bank uses paper, a material of prints its transactions and safeguard them for physical evidence purposes. As far as Green Banking is concerned, our Banking industries are far behind foreign countries' banks. In India, it was initiated firstly by State bank of India and later influenced to all banks. Karnataka is one of the states which have more scope and demand for banking industries. Public sector banks have done significant mark in framing and using green banking tools in their operations. Leading Private Banks in Karnataka are the South Indian Bank Ltd., Karnataka Bank, HDFC Bank, Axis Bank, Tamilnad Mercantile Bank Ltd., Bank of Rajasthan. These are formed with private capital and Green Banking is optional. No Government rules will directly affect them to follow green banking initiatives mandatorily. The banks have initiatives like Green Pin, online services, mobile application based services as Green Banking. Indeed, the services are unique and plated green banking motto. Though many products are offered by banking industries to reduce carbon prints, Private Banks in Karnataka have started slowly consciousness on Green Banking amongst their employees and customers. It is too challenging them to educate their customers to make use of their initiatives in a proper way. Many researchers have found that it takes some time and cost too to spread the knowledge. Private Banks in Karnataka have made right way of advertising their initiatives to make use of them by customers. Since it has many benefits in banking operations, banks are slowly introducing them in their operations. Comprehensively it is Bank responsibility to redefine the bank operations with as much as possible less carbon print transactions and sustain environment resources for future generation also.

REVIEW OF LITERATURE

Jha and Bhome (2013) have identified the steps necessary to adopt Green Banking and awareness of Green Banking amongst the general public, consumers and bank employees. They also opined that the green banking not only ensures the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

Sharma et al (2014) have found that the Indian banks have not completely implemented the concept of Green Banking as like foreign banks. They also opined that the Indian banks and financial institutions should adopt the principle equator guidelines so that they can contribute in the protection of environment in future.

Shruti Garg (2015) argued that the development of the Indian economy bank and financial institutions have to work hard as compare to big foreign bank as they are playing important role in maintaining the sustainability of their country economy.

Sharifi and Hossein (2015) identified the major initiatives of Green Banking taken by the public sector banks in India. They argued that there are greater opportunities to the Indian banks to invest in projects which are environmentally responsible finance.

Bihari and Bhavna Pandey (2015) studied the steps necessary to adopt green banking and checked the awareness of green banking among bank employees, associates and general public. They found that as far as green banking is concerned Indian banks are far behind their counterparts from developed countries.

Sahoo and Singh (2016) studied that the relationship between level of education and adoption of green banking products and relationship between age group and adoption of green banking products. They found that the young generation is more inclined towards green banking products than middle and senior age group. And they also found that there is more need of creating awareness about green banking products adoption among the middle and senior age groups.

OBJECTIVES OF THE STUDY

1. To identify the various initiatives taken by Private Banks towards green banking in Karnataka State.
2. To explore the major benefits of Green Banking.

SCOPE OF THE STUDY

The study has covered leading private banks operating in Karnataka state. The major initiatives taken by them on green banking are taken for the study.

RESEARCH METHODOLOGY

The study mainly includes literature review from secondary data. The secondary data sources include reports of the respective private banks and other relative information published on the banks and other internet sites. The opinions are also collected through depth interview of managers and executives of Banks.

GREEN BANKING INITIATIVES IN THE PRIVATE BANKS OF KARNATAKA STATE

Private Banks are those banks where greater parts of capital or equity are held by the private shareholders and not by government. In India, banking sector has been dominated by Public Sector Banks since 1969 when all major banks were nationalized by the Indian Government. However, liberalization policy 1990 gave birth to new private sector banks. They have grown faster and bigger over the two and half decades using the latest technology and its tools. Private Banks are divided into two groups by financial regulators in India viz., old and new private banks. Old private banks are those which were existed prior to the nationalization of banks in 1969 and new private banks are those who got birth since liberalization policy 1990. In Karnataka, the leading private banks are the South Indian Bank Ltd., Karnataka Bank, HDFC Bank, Axis Bank, Tamilnad Mercantile Bank Ltd., Bank of Rajasthan. The initiatives of green banking amongst these banks are slowly increasing as compared to public sector and foreign banks. The green banking initiatives of private banks are enumerated below.

SOUTH INDIAN BANK LTD.

It is one of the earliest banks in South India. It came into existence during Swadeshi movement. It got birth in Thrissur (cultural capital city of Kerala) as a dream of a group of enterprising men. The major intention of this bank was to provide the people a safe, efficient and service oriented repository of savings of the community and make free them from the clutches of greedy money lenders. The bank was first private sector bank in Kerala to become a scheduled bank in 1946 under the RBI Act.

THE GREEN BANKING INITIATIVES TAKEN BY SOUTH INDIAN BANK LTD.

Certain major initiatives of South Indian Bank are:

- Green Pin:** the green initiative of south Indian bank, offers an effortless and hassle free ATM PIN generation. If the customer forgotten ATM PIN or wishes to change ATM PIN, he/she can use this service without having to visit the branch. Thus, it is safe, fast and secure as it avoids any delay, mishaps and paper consumption. It takes a minute of time in ATM shed to change ATM PIN.
- SIB anywhere banking:** on introduction of core banking solution in technology partnership with the Infosys technologies Ltd. the bank is providing absolutely on line anywhere banking facilities at all branches, covering all the major centers in the country. It is offering two cards viz., SIB Privilege Card for individuals and SIB Premium for the business Class to operate banking transactions without visiting branches with less time and carbon prints.
- SIB Mobile Banking:** it is introduced to reduce carbon prints and unnecessary visit of bank branches. It enables the account holders to operate their account on their finger tip. It is used to transfer the funds, make payments etc.

KARNATAKA BANK

It is originated from coastal city of Mangaluru in Karnataka. Karnataka Bank is a leading 'A' class scheduled Commercial Bank in India. It was incorporated on February 18th, 1924. The bank took shape and developed during the freedom movement of 20th Century. It has merged some of the banks viz., Srinigeri Sharada Bank Ltd., Chitradurga Bank Ltd. and Bank of Karnataka. Recently it has awarded "Greentech Safety Award" for its significant achievements in the field of safety and security.

Certain major initiatives of Green Banking in Karnataka Bank are:

- Money Click:** it is an internet banking service which caters online services in alliance with M/s way2wealth brokers Pvt. Ltd., Single window for payment options, online ticket train ticket booking, e-donation for temples, Mini statement, SMS alerts etc. It enables the bank customers transact through internet and electronic tools and makes less carbon prints and safeguards environmental resources.
- KBL-SMARTz:** it is a mobile application built on Unified payment interface (UPI) and a new initiative from National Payments System in India (NPCI) in digital payments ecosystem. It allows the customers to pay and collect money from their smartphones without entering any bank account information. SMARTz stands for Secure Mobile App for Rapid Transactions.

AXIS BANK

Axis Bank is the third largest private sector bank in India. It came into force in 1994 as joint venture and specified undertaking of Unit Trust of India, LIC, GIC, NIC and United India Insurance Company Ltd. It offers the financial services covering large and Mid-Corporates, MSME, Agriculture and Retail Businesses. Following are certain important green banking initiatives of Axis Bank.

- E-Statements:** It encourages its customers to subscribe for e-statements and other electronic formats of communication to reduce paper consumption.
- Green Building:** It encourages to adopt green building concept for its office space, where Bank's Corporate office is called 'Axis House' and constructed as a Platinum LEED-Certified Green Building and many other similar activities.
- Tree Plantation Programmes:** it conducts tree plantation programs to maintain green environment.
- Renewable Energy Units:** it uses renewable energy units for the purpose of street lighting.
- Rainwater harvesting:** it uses water collected from rainwater harvesting system and a sewage treatment plant.
- Recycled materials:** it uses furniture made out of a high percentage of recycled materials.
- Solar Energy:** it initiated solar based UPS for ten ATMs under its independent deployment (IAD) model.

HDFC BANK

HDFC Banks is the second largest Private Bank in India. It is founded in the year 1994 and headquarter is at Mumbai. It is an Indian banking and financial services company. The bank is market leader in e-commerce. It provides a series of digital offerings like 10 second personal loan, chillr, PayZapp, SME Bank, Watch Banking, 30 minute Auto Loan, 15 minute two wheeler loan, E-payment gateways, Digital Wallet etc. Sustainability is one of the core values at the Bank. It believes in maintaining a balance between the natural capital and communities for its functioning. It is showcasing its Net Banking as "Go Paperless, Use Net Banking".

Certain major initiatives of Green Banking in HDFC Bank are:

- Paperless Banking:** the bank has reduced usage of papers and carbon footprints by introducing ATMs, Net banking, phone banking and Mobile Banking. It also facilitates the customer to visit less to the bank premises.
- Solar ATMs:** the bank has also introduced solar ATMs which are rechargeable lithium ion batteries. These use solar energy for their functioning, thereby reduce the consumption of conventional energy.
- Energy Management:** the bank has initiated "Energy Management Module" in 100 selected branches across 4 metro cities to pull data from sensors to monitor real time usage and based on analytics will help control electricity wastages. This system will also monitor diesel consumption of DG sets.
- Sustainability Reporting:** the bank reports on voluntary reporting standards of Global Reporting Initiative and Carbon Disclosure Report. It is voluntary initiative since 2011.
- Sustainable Plus:** HDFC Bank was rated with "Sustainable Plus Gold Label" for financial year 2015. It is world's first and only corporate sustainable label.

DISCUSSIONS

The major benefits of Green Banking are identified from the in depth interview of the Bank Managers and Executives. They are discussed below.

- Reduced Operating Costs:** Green Banking enables the banks to incur less cost on Green Banking products like ATM, Mobile Banking and Online Banking as it is compared to the costs incurred through customer visiting the branch and performing the transactions.
- Competitive Edge:** Innovative products of Green Banking help the banks to gain competitive edge over the rivals in the market.
- Digitalized Transactions and Documents:** the transactions took place through Green Banking are safer and secured as they are stored and retrieved in electronic devices with the help of internet.
- Reduced Stress on Bank Employees:** Green Banking reduces amount of stress on Bank Employees. As most of the transactions take place through ATM, Internet and Mobile Banking service, the operational stress on bank employees will be reduced.
- Cope up with new generation:** the new generation of people do like more paperless and operate the bank transactions on their finger tips by using electronic devices with the help of internet. Green Banking is a tailor made mode to them.

- f) **Easy Accessibility:** Green Banking enables the customers to avail the banking services nearby their stay. And it avoids unnecessary visit of bank branches.
- g) **Market share:** it is a direct motive to increase market share the banks through innovative products and services of Green Banking.

SUGGESTIONS

As we said earlier, in India Green Banking is still at developing stage. Private Banks are slowly developing their consciousness on Green Banking. Most of the banks have used Green Banking as paperless transactions and slightly ignored environment friendly investments. As far as Private Banks is concerned in Karnataka, there is a significant attention of Green Banking initiatives by HDFC and AXIS banks as compared to other Banks.

1. Banks should promote more paper less transactions. Despite of many Green Banking initiatives, the Banks are using paper print transactions.
2. Knowledge of Green banking initiatives among the employees and customers also a vital key to the successful implementation of its initiatives. Thus, Banks should conduct training and awareness programmes to employees and its customers.
3. Banks should organize orientation programme on Green Finance projects like renewable energy, clean water supply, eco-friendly vehicle finance etc.
4. Banks should adopt LEED (Leadership in Energy and Environmental Design) concept of Green Building. It supports environment sustainability in construction of buildings.
5. Most of the banks have paid less attention on Eco-friendly investments. Banks should take into consideration of eco-friendly investments while financing the customers.
6. As compared to Foreign Banks and Public sector banks, Private Banks in Karnataka are lack with innovative products and services of Green Banking. Banks should pay attention on it.

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A STUDY OF FINANCIAL STATEMENT ANALYSIS OF OIL AND NATURAL GAS CORPORATION LIMITED

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ABSTRACT

Finance is considered as life blood of business enterprise. The success and survival of any organization depends upon how efficiently it is able to raise funds as and when needed and their proper utilization. The object of the present study is to know the profitability and solvency and the future value of the business concern during the period of five years from 2012-2016. For this purpose, to fulfill the objectives Ratio Analysis and Correlation has been used for the calculation of the company. Finally, the suggestions are offered to control the fluctuating in price changes

KEYWORDS

finance, ratio analysis, correlation.

INTRODUCTION

The analysis of financial statements is to obtain a better understanding of the firm's position and performance. Financial analysis can be undertaken by management of the firm, or by parts outside the firm. Financial statements provide small business owners with the basic tools for determining how well their operations perform at all times. These statements are concise reports designed to summarize financial activities for specific periods. Owners and managers can use financial statement analysis to evaluate the current financial condition of their business, diagnose any existing financial problems, and forecast future trends in the firm's financial position. The focus of the financial analysis is on key figures in the financial statements and the significant relationships that exist between them. We have chosen ONGC LIMITED in order to study the process of evaluating relationships between component parts of financial statements current raise in fuel price and also to analyze the effectiveness of the company to the current situations.

COMPANY PROFILE

Oil and Natural Gas Corporation Limited (ONGC) is an Indian multinational oil and gas company headquartered in Dehradun, Uttarakhand, India. It is a Public Sector Undertaking (PSU) of the Government of India, under the administrative control of the Ministry of Petroleum and Natural Gas. It is India's largest oil and gas exploration and production company. It produces around 77% of India's crude oil (equivalent to around 30% of the country's total demand) and around 62% of its natural gas.

STATEMENT OF THE PROBLEM

Financial management is the blood of the business hence without proper utilization of finance. The enterprise is not serialized as management serves as a nerve for the business which brings proper flow of finance for the effective management of fund circulation. The process of estimating the funds, creating the sources of funds and distributing it should be done on effective basis. So we make an analysis with ONGC.Ltd to find out the effective utilization of funds with given financial policies. The petroleum industry faces tremendous price changes in the market. So we decided to make an analysis on the financial aspects of ONGC in the fluctuating scenario.

SCOPE OF THE STUDY

The study is based on the accounting information of ONGC limited. The study covers the period of 2012 -2016 for analyzing the financial statement such as income statement and the balance sheet of the company. The study mainly attempts to analyze the financial performance of the company. The financial authorities evaluating their performance in future financial statement and resources. The present study develops a financial analysis for sales and working capital and profit and loss account. The study forecasting to evaluate the overall performance of ONGC in future.

OBJECTIVE OF THE STUDY

1. To know the profitability and solvency of the business concern.
2. To determine the future value of the business concern.

LITERATURE REVIEW

- **KUMAR ADITYA (2016)**, "An appraisal of financial solvency of ONGC". From the study of five years (2012-2016) financial data it has found that the profit earning capacity and short term investing capacity of ONGC is quite good. The study has suggested that the value of EBIT should be high in order to attain a maximum productivity capacity of assets. Through this study it indicates that the fluctuating trend might shift the company into a situation of bankruptcy.

- **IZHAR AHMED (2016)**, the research paper is authored to entitle the "Analysis of financial performance of Hindusthan Petroleum Coporation Limited". This study focuses on the analysis of profitability position, financial system, profit margin and expenses ratio. This study is based on secondary data for a period of fifteen years from 2000 to 2015. In this duration of study, the researcher has used multiple regression analysis for the testing of the hypotheses. In order to measure the impacts of liquidity, solvency and efficiency on return on investment. The researcher has taken return on capital employed as a dependent variable under return on investment. This study has suggested that HPCL is required good strategies for maintaining the profitability in future.

RESEARCH METHODOLOGY

The source of the data is predominantly from secondary data.

PERIOD OF THE STUDY

The study covers the period of 2012 -2016.

ANALYSIS AND INTERPRETATION

OBJECTIVE – 1

- To know the profitability and solvency of the business concern.

RATIO ANALYSIS

A ratio is a simple arithmetic expression of the relationship of one number to another. It may be defined as the indicated quotient of two mathematical expressions. According to Accountant's Handbook by Wixon, Kell and Bedford, "a ratio is an expression of the quantitative relationship between two numbers". Ratio analysis is a technique of analysis and interpretation of financial statements. It is the process of determining and presenting the relationship of items and group of items in the statement.

SOLVENCY RATIOS

DEBT TO EQUITY RATIO

Debt-equity ratio, also known as External-Internal Equity Ratio is calculated to measure the relative claims of outsiders and the owners. This ratio indicates the relationship between the external equities or the outsiders fund and the internal equities or the shareholders fund.

TABLE 1.1

YEAR	TOTAL OUTSIDE LIABILITIES	SHAREHOLDERS EQUITY	DEBT TO EQUITY
2011-2012	58770.87	112956.73	0.47
2012-2013	53673.44	124453.22	0.43
2013-2014	62563.43	136725.01	0.45
2014-2015	63478.91	144600.98	0.43
2015-2016	68253.07	151852.70	0.44

The Table 1.1 shows the relationship between Outsider's fund and Shareholder's fund. The ratio is relatively high during the year 2011-2012 with 0.47 times and is low during the year 2012-2013 with 0.43. A high Debt-Equity ratio gives a lesser margin of safety for the creditors at the time of liquidation of the firm. A low ratio is considered favorable from the long term creditors' point of view because a high proportion of owners, funds provide a large margin of safety.

1.2 PROPRIETARY RATIO

The proprietary ratio (also known as net worth ratio or equity ratio) is used to evaluate the soundness of the capital structure of a company. It is computed by dividing the proprietary funds by total assets.

TABLE 1.2

YEAR	PROPRIETOR'S FUND	TOTAL ASSET	PROPRIETARY RATIO
2011-2012	112956.73	171727.61	0.65
2012-2013	124453.22	178126.67	0.69
2013-2014	136725.01	199288.43	0.68
2014-2015	144600.98	208079.88	0.69
2015-2016	151852.70	220105.77	0.68

The table 1.2 shows the relationship between the Proprietor's Fund and Total Assets of the company. The ratio is high during the years 2012-2013 and 2014-2015 with the value of 0.69 times and low during the year 2011-2012 with the value of 0.65 times.

PROFITABILITY RATIO

GROSS PROFIT RATIO

The gross profit ratio shows the proportion of profits generated by the sale of products or services, before selling and administrative expenses. It is used to examine the ability of a business to create sellable products in a cost-effective manner.

TABLE 1.3

YEAR	SALES	GROSS PROFIT	GROSS PROFIT RATIO
2011-2012	78368.07	26509.73	33.82
2012-2013	82870.96	26939.14	32.50
2013-2014	83890.27	31920.83	38.05
2014-2015	83005.33	30574.89	36.83
2015-2016	76515.09	33483.13	43.76

The Table 1.3 shows the relationship between the Gross Profit and Sales in order to compute Gross Profit Ratio. The ratio is high during the year 2015-2016 with the value of 43.76% and is low during the year 2012-2013. The ratio has increased in the recent year

NET PROFIT RATIO

The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. It is used to compare the results of a business with its competitors

TABLE 1.4

YEAR	NET PROFIT	SALES	NET PROFIT RATIO
2011-2012	16003.65	78368.07	20.42
2012-2013	17732.95	82870.96	21.39
2013-2014	22094.81	83890.27	26.33
2014-2015	20925.7	83005.33	25.21
2015-2016	25122.92	76515.09	32.83

The Table 1.4 shows the relationship between the Net profit and Sales of the company in order to compute the Net Profit Ratio. The ratio is high during the year 2015-2016 with the value of 32.83% and is low during the year 2011-2012 during the year 2011-2012 with the value of 20.42. The ratio shows increasing trend.

OBJECTIVE -2

➤ To determine the future value of the business concern.

2.2 CORRELATION

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases

$Y_c = a + bx$

TABLE 2.1: NET PROFIT

YEAR (Y)	NET PROFIT (y)	X	Xy	x ²	Y _c
2011-2012	25122.92	-2	-50245.84	4	16089.748
2012-2013	20925.70	-1	-20925.70	1	18232.877
2013-2014	22094.81	0	0	0	20376.006
2014-2015	17732.95	1	17732.95	1	22519.135
2015-2016	16003.65	2	32007.3	4	24662.264
	Σy= 101880.03	Σx= 0	Σxy= -21431.29	Σx ² = 10	

$$Y_c = a + bx$$

$$a = \frac{\sum y}{N} = \frac{101880.03}{5} = 20376.006$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{-21431.29}{10} = -2143.129$$

Estimating the net profit for the year 2016-2017

$$Y_c = a + bx$$

$$2017 = 20376.006 - 2143.129(3)$$

$$= 20376.006 - 6429.387$$

$$2017 = 13946.619$$

The Table 12.2.1 depicts the future value of net profit of the concern. It has been observed that the table represent the fluctuating trend in net profit. Therefore in upcoming years the net profit may decrease. The estimated net profit for the year 2017 will be Rs.13946.619 crores.

TABLE 2.2: SALES

YEAR (Y)	SALES (y)	X	xy	x ²	Y _c
2011-2012	76515.09	-2	-153030.18	4	80215.586
2012-2013	83005.33	-1	-83005.33	1	80572.763
2013-2014	83890.27	0	0	0	80929.94
2014-2015	82870.96	1	82870.96	1	81287.117
2015-2016	78368.07	2	156736.14	4	81644.294
	Σy= 404649.72	Σx= 0	Σxy= 3571.77	Σx ² = 10	

$$Y_c = a + bx$$

$$a = \frac{\sum y}{N} = \frac{404649.72}{5} = 80929.94$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{3571.77}{10} = 357.177$$

Estimating the net profit for the year 2016-2017

$$Y_c = a + bx$$

$$2017 = 80929.94 + 357.177(3)$$

$$= 80929.94 + 1071.531$$

$$2017 = 82001.471$$

The Table 12.2.2 depicts the future value of sales of the concern. It has been observed that the table represent the fluctuating trend in sales. Therefore in upcoming years the sales may increase. The estimated sales for the year 2017 will be Rs.82001.471 Crores.

FINDINGS

- Debt-Equity reveals that the company is depending more on outsiders during the period 2011 -2012.
- Proprietary reveals the soundness of the capital structure of the company has been more on 2014-2015
- Gross profit ratio is used to examine the ability of a business to create sellable products in a cost-effective manner. Therefore gross profit ratio has been more 2015 -2016.
- Net profit ratio is used to compare the results of a business with its competitors. The company has increased during the year 2015-2016.
- Net profit during the study is in fluctuating trend. Therefore estimated net profit for the year 2017 will be Rs.13946.619Crores.
- Sales during the study is in fluctuating trend. Therefore estimated sales for the year 2017 will be Rs.82001.471 Crores.

SUGGESTIONS

- The company should reduce its dependency towards the outsiders by tightening the policies as to maintain adequate debt equity ratio.
- The trend analysis of the company shows as fluctuating trend which is indeed good for its future activities.
- Government Can control fluctuating in price changes.

CONCLUSIONS

The study is aimed to analyze the overall financial performance of the "OIL AND NATURAL GAS CORPORATION LIMITED" for the period 2012 -2016 however for any organization increasing the profitability will be the main objective and so is the same for this company too. This study gave the knowledge about the application of financial tool and its importance and usefulness in the real time business. The various tools comprised of Ratio Analysis and Correlation of the company. Finally

to conclude the company "OIL AND NATURAL GAS CORPORATION LIMITED" performance with regard to profitability and solvency was upto satisfactory level and their growth was fluctuating.

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MARKET REACTION ANALYSIS TO STOCK SPLIT ANNOUNCEMENT IN INDONESIA STOCK EXCHANGE

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ABSTRACT

The objectives of the research were analyze the effect of stock split announcement to abnormal return, trading volume activity and also the relationship between stock price and volume of trading of companies in Indonesia Stock Exchange during period 2007 – 2015. The result showed that corporate actions cause abnormal return after the announcement was taken by companies, and mostly positive abnormal return. Paired t-test to average abnormal return showed that majority of stocks significantly difference in term of average abnormal return around stock split announcement. The stock split announcement have not significant impact on trading volume activities of majority companies in Indonesia Stock Exchange during period 2007 – 2015 and the relationship between stock price and trading volume of companies whose impose stock split policy is negative. Implications of this research are companies whose impose stock split policy should be able to determine the most optimal price reduction and also analyze the behavior of investors in addressing stock split policy.

KEYWORDS

abnormal return, paired t-test, stock split, trading volume activity.

INTRODUCTION

The capital market has a strategic role for the economy of Indonesia, the capital market is an institution of financing and investing for companies and investors. The capital market facilitating buying and selling activities and other related activities. There are fluctuations in the value of stock trading that occurred in the Indonesia Stock Exchange within the last 5 years, the phenomenon of fluctuations in the value of stock trading is also closely related to the liquidity of the shares of the issuers listed in BEI. Liquidity in the stock market is an indicator of the depth of the market and shows the market absorption of the burden of risk (risk premium). Market liquidity can also be regarded as one of the main factors that affect the function of the stock price. (Ray, 2011).

Companies that have registered and listed on a stock market perform various activities to develop the company, the activity known as corporate actions. Stock split is one of the main forms of corporate actions, according to Sawir (2004) stock split is an activity undertaken by a publicly traded company to split the nominal value of shares into smaller value and increase the number of shares outstanding. The stock split is also one of the main strategies that can be management companies in order to increase the liquidity of stock trading (Fakhrudin, 2008).

The market's reaction that occurs as a result of stock split announcement is still a debate among investors and issuers in the stock market today, those who support the policy of stock split have a view that the lower share price will increase the activity of trading and also to increase the efficiency of the market, the share which has a lower price will attract small investors to invest and the increasing number of shareholders will have implications for the improvement of stock liquidity. Stock splits also reflecting a strong signal to the market that the issuer feels optimistic about his company's growth. On the other hand, there are another argument for this corporate action, some stakeholders believe that the current price level is not enough to guarantee the success of the stock split because of the uncertainty of the business environment, in addition to the level of stock prices after the stock split announcement, it will put the company on a group of stocks with low value and it caused decreasing of investors' confidence on the stock. Therefore, it very interesting to be studied and explored further, especially in terms of return and volume of stock trading changed, and also interesting to explore regarding the elasticity of trading volume due to changes in stock prices caused by stock splits announcement.

Research on the market reaction on stock split announcement in the Indonesian stock market has been done by some previous researchers, but studies that exist today are mostly using short event window such as 5 or 10 days before and after the corporate action is done, it is suspected may cause the results do not show the actual conditions, due to the characteristics of the capital market sometimes take a long time to adjust to a change. A long event window obtained a difference of abnormal return and trading volume activity and we can see how long the abnormal return will happen. Besides that, it is interesting to research also regarding the elasticity of stock trading volume as a result of the implementation of the stock split policy. The main objectives of this study are:

1. To analyze the effect of stock split announcement to abnormal return of companies in Indonesian Stock Exchange during period 2007 - 2015
2. To analyze the effect of stock split announcement to the volume of trading and the elasticity of volume of trading of companies in Indonesian Stock Exchange during period 2007 - 2015

REVIEW OF LITERATURE

The following are previous study that interesting and useful for this study:

Charitou et al. (2005) conducted a study on the impact of stock split announcement in Cyprus, the results of the research show that positive abnormal return appeared around past and future of the announcement in Cyprus. The influence of positive returns, in their opinion cannot be explained through proxy variables prevailing liquidity and signaling hypothesis for the activity of the stock split. The other study was conducted by Menendez and Anson (2003), they conduct a research on stock split in Spain, the results of their study showed that the main reason the company impose a stock split is liquidity. Before the announcement positive abnormal return occurred in the stock market in Spain, but that would be negative abnormal return after the announcement of stock split was done.

Elfakhani and Lung (2003) conducted research on market reactions around the announcement of a stock split in the Canadian stock market on 1977-1993 by using event study method. Research results show that the spread between the bid and ask prices is declining, although the trading volume and number of transactions has increased, it is proving that the stock split can improve the liquidity of the shares. Ballweiser (2002) research's showing the same result, he was conducted research on the effect of stock split announcement to stock liquidity in Germany, as a result there is an increment in the term of liquidity of shares after the stock split announcement.

Putri (2006) conducted a study on the liquidity of the stock split shares with accompanying changes in the fraction of the stock price on the Jakarta Stock Exchange. Research results show that the stock split announcement which followed by changes in fraction of the stock price, may decrease the liquidity of stocks and for stock split announcement without changes in fraction of stock price also did not improve the liquidity of the stock. Wafiyah (2005) also conducted research using a sample of 42 companies that impose a stock split policy, the research results also concluded that there was no significant difference between the average stock trading volume activity before and after the announcement of a stock split. Hypotheses of the research are formulated based on previous literature, as follow:

1. There is no positive abnormal return after the announcement of stock split.
2. There is a positive abnormal return after the announcement of stock split.
3. The average actual returns are not significantly different before and after the announcement of stock.
4. The average actual returns are significantly different before and after the announcement of stock split.
5. The average abnormal returns are not significantly different before and after the announcement of stock.
6. The average abnormal returns are significantly different before and after the announcement of stock split.
7. The averages of average abnormal returns are not significantly different before and after the announcement of stock.
8. The averages of average abnormal returns are significantly different before and after the announcement of stock split.
9. The average of daily trading volume activity was not significantly different before and after stock split
10. The average of daily trading volume of activity was significantly different before and after stock split

RESEARCH METHODOLOGY

This study used data of daily closed stock price, daily Composite Stock Price Index, and daily closed of stock trading volume from the Indonesia Stock Exchange and also from the Indonesian Central Securities Depository. The number of companies examined in this study was 30 companies whose was imposed stock split policy during 1997-2015. The Identification of abnormal return using event study method with some steps of calculation on return of stock during estimation period and event period, with details are as follow:

1. $R_{it} = \frac{Hit - Hit_{-1}}{Hit_{-1}}$
2. $R_{mt} = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$
3. $E(R_{it}) = \alpha_i + \beta_i (R_{mt}) + \epsilon_{it}$
4. $AR_{it} = R_{it} - E(R_{it})$
5. $AAR_t = \frac{1}{N} \sum_{i=1}^N AR_{it}$

REMARKS

R_{it}	: The stock returns level
H_{it}	: Daily closed stock price
H_{it-1}	: Previous daily closed stock price
R_{mt}	: Market return
$IHSG_t$: Daily closed composite index price
$IHSG_{t-1}$: Previous daily composite index price
$E(R_{it})$: Expected return
α, β	: Coefficients
ϵ	: Error term
AR_{it}	: Abnormal return
R_{it}	: Actual return
$E(R_{it})$: Expected return
AAR_t	: Average abnormal return
$\frac{1}{N} \sum_{i=1}^N AR_{it}$: Total abnormal return during event period
N	: Number of event

A test using paired sample t-test was performed to determine significant differences between before and after the stock split. Hypothesis testing is done on the actual return, abnormal return and average abnormal return with event period as follow t-5, t-10, t-15, t-30, t-60 and t+5, t+10, t+15, t+30, t+60.

We are also calculating the activity of stock trading volume or we called Trading Volume Activity (TVA) with the following formula:

$$TVA_{it} = \frac{\text{Number of shares which traded on the market}}{\text{Total shares on the market}}$$

Hypothesis testing on the volume of stock trading at all event periods using paired sample t-test to determine significant differences between before and after the stock split. Hypothesis testing is done on the Trading Volume Activity with event period as follow t-5, t-10, t-15, t-30, t-60 and t+5, t+10, t+15, t+30, t+60.

The analysis of the elasticity of the volume of stock trading was also conducted to determine the relationship between the stock price changes as a major instrument of stock split policy to changes in the company's stock trading volume. The analysis was conducted by a panel regression of data with daily trading volume as the dependent variable and the stock price as explanatory variables, with the following function:

$$STV = \beta_0 + \beta_1 P + D$$

REMARKS

STV	: Stock Trading Volume
P	: Stock Price
D	: Dummy Variable (Before or After Stock Split Announcement)
β_0	: Constanta
β_1	: Stock Price Coefficient

RESULT & DISCUSSION

Stock split announcement have a different impact on the performance of each companies stocks. This condition depends on how investors look the corporate action undertaken by the company. Investors could consider the stock split as a positive or negative signal. If investors consider the stock split is a positive signal, then the stock price will increase and it means we can get a positive abnormal return during the corporate action. Conversely, if investors consider the stock split is a negative signal, then the stock price will decline and the investor will earn negative abnormal return.

In addition to measuring the abnormal return that occur as a result of stock split implementation and to look the difference of abnormal return around the corporate action. For this purpose paired difference test was taken at the time before and after the stock split announcement. The testing was conducted on the value of the actual return, abnormal return value, and the value of average abnormal return. The paired difference test results on the actual return and abnormal return have the same value, which is the majority of the actual return and abnormal return of each companies whose announcement the stock split do not have a significant difference before and after the corporate action.

TABLE 1: THE RESULT OF PAIRED T-TEST VALUE OF AVERAGE ABNORMAL RETURN BEFORE AND AFTER STOCK SPLIT ANNOUNCEMENT

Significances	Event Window and Number of Companies					Total
	I	II	III	IV	V	
Positive	9	11	10	12	12	54
Negative	7	10	8	14	14	53
NS	14	9	12	4	4	43

REMARKS

- Positive sign (+) indicates the real difference between before and after the stock split announcement in which the average abnormal return after stock split announcement has bigger value than before
- Minus sign (-) indicates the real difference between before and after the stock split announcement in which the average abnormal return after stock split announcement has smaller value than before
- NS showed no significant difference before and after stock split
- Event window I, II, III, IV, V = event window (-5,+5), (-10,+10), (-15,+15), (-30,+30), (-60,+60)

The impacts of the stock split on the value of average abnormal return around stock split announcement have diverse implications. Table 1 Total 30 companies were analyzed in each event window show that the average abnormal return after the stock split announcement is greater than before the stock split announcement, and it is dominating in every event window. The results of this study indicate that stock split announcement in Indonesia were able to create a greater average abnormal return for companies that perform this corporate action, it is different with the research result conducted by Menendez and Anson (2003) in Spain, where the results of their study showed that positive abnormal return was happen before stock split announcement and that would be a negative abnormal return after the announcement of stock split in Spain.

TABLE 2: THE TEST RESULTS PAIRED T-TEST VALUE OF THE TRADING VOLUME BEFORE AND AFTER STOCK SPLIT POLICY

Significances	Event Window and Number of Companies					Total
	I	II	III	IV	V	
Positive	2	5	6	4	7	24
Negative	2	2	3	3	7	17
NS	26	23	21	23	16	109

REMARKS

- Positive sign (+) indicates the real difference between before and after the stock split announcement in which trading volume after the announcement is has greater value than before
- Minus sign (-) indicates the real difference between before and after the stock split announcement in which trading volume after the announcement is has smaller value than before
- NS showed no significant difference before and after stock split
- Event window I, II, III, IV, V = event window (-5,+5), (-10,+10), (-15,+15), (-30,+30), (-60,+60)

Table 2 shows that the number of companies which has no significant difference of trading volume around the stock split announcement is dominating at any event windows, it indicates that stock split announcement in Indonesia was not impacted the level of stock liquidity, it is also consistent with research that has been done by Wafiyah (2005), where the results of the research concluded that there is no significant difference between the average activity of stock trading volume before and after the announcement of stock split, this led to the initial assumption that in Indonesian stock market cases, the stock split policy by lowering the price of the stock will not able to increase the demand for stocks significantly.

The study also tried to measure the elasticity between the prices of each share of companies that was announced the stock split policy to their stock trading volume. Panel regression analysis was taken where daily trading volume as the dependent variable and the stock price as explanatory variables. In this study there are two type of panel regression analysis equation, first type is trade volume function models with dummy and the second one is trade volume function without dummy. The dummy used in the function is a dummy between the period before and after the stock split announcement where the period before the stock split announcement rated by 1 (one) and the period after stock split announcement rated by 0 (zero).

TABLE 3: ELASTICITY OF STOCK TRADING VOLUME AROUND STOCK SPLIT ANNOUNCEMENT

EVENT WINDOWS	MODEL WITH DUMMY			Chosen Model
	Var	Koef	Prob	
I	Ln_P	-0.5375	0.0211	Fix Effect Model
	dummy	0.8088	0.0396	
	C	17.5503	0.0000	
II	Ln_P	-0.6337	0.0001	Fix Effect Model
	dummy	0.5709	0.0443	
	C	18.1858	0.0000	
III	Ln_P	-0.6378	0.0000	Fix Effect Model
	dummy	0.4148	0.0778	
	C	18.1213	0.0000	
IV	Ln_P	-0.6168	0.0000	Random Effect Model
	dummy	0.5292	0.0011	
	C	17.8579	0.0000	

Event Windows	Model with dummy			
	Var	Koef	Prob	Chosen Model
V	Ln_P	-0.5187	0.0000	Random Effect Model
	dummy	0.5624	0.0000	
	C	17.0609	0.0000	

REMARKS

Event window I, II, III, IV, V : Event window (-5,+5), (-10,+10), (-15,+15), (-30,+30), (-60,+60)
 Dummy : Before and after stock split announcement period
 P : Stock price of companies who's announced the stock split policy
 C : Constanta

Table 3 shows a summary of the panel regression analysis of stock trading volume function data on prices to various events windows. The analysis showed that by using a variety of functions and the time horizon used, the relationship between stock prices and trading volumes had a negative relationship. In addition, the negative relationship between the price and trading volume is statistically significant for almost all functions and time horizon. Based on these results, assumptions or common logic that says that the corporate action stock split could push up trading volume due to the decline in stock prices as the main instrument in the policy of stock split is true, where the results of the analysis showed that the coefficient on the dummy variables are statistically significant at function trading volume and positive values that range between 0.5292 (event windows 30) to 0.8088 (event windows 5). Table 3 shows that the coefficient of stock price mostly below 1 (one) or we can have said that the elasticity of volume of trading is inelastic, its mean that percentage of changes in term of stock trading volume is less than the percentage changes in term of price, for example if the price is decreasing 1 % the volume of trading is increasing less than 1 %.

CONCLUSIONS

Based on the analysis of abnormal return and trading volume activity and also elasticity of stock trading volume due to the effect of the announcement of stock splits can be concluded that:

1. Implementation of corporate actions such as stock splits varying impact on the performance of each stock. Announcement of stock split provides more significant impact on the abnormal return at any event window after the announcement by the company, while the most common of abnormal return is positive abnormal return. In addition, by comparing the actual return and abnormal return between before and after the stock split announcement, the analysis shows that there are only a few stocks that have real difference value in term of actual return and abnormal return around stock split announcement. But the different results shown when we are testing the value of average abnormal return with paired t-test analysis, where the majority of stocks studied had the real difference and statistically significant from the average abnormal return.
2. The majority of trading volume do not have difference value on every event window around the stock split announcement, this indicates that stock split in Indonesia does not cause a change in the level of stock liquidity. Through the analysis of elasticity to trading volume and stock prices, we can see that the elasticity of stock trading volume is inelastic and the relation between the stock trading volume and stock price is negative.

The suggestion to complete the limitations of this study is as follow:

1. It could be considered by the management of the company regarding the fundamentals condition of the company before they are taking stock split policy. This is very important due to the effects resulting by stock split policy are very diverse and cannot be predicted, so if the policy is not taken on the right momentum, it can worsen the performance of their stock
2. The other external factors that happen at the same time with the stock split announcement is also need to be considered and studied further, so it can make the research results in the future will be more comprehensive in terms of the determinant factors that affect the movement of the price and the return of listed companies in Indonesia Stock Exchange

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APPENDIX

APPENDIX 1: THE TEST RESULTS PAIRED T-TEST VALUE OF AVERAGE ABNORMAL RETURN BEFORE AND AFTER STOCK SPLIT POLICY

Stock Code	Event Window				
	I	II	III	IV	V
LTLS	-	-	-	-	-
INAI	+	+	TB	+	+
ALMI	TB	-	-	-	-
TOTO	-	-	-	-	TB
CMPP	-	TB	TB	TB	TB
MLBI	-	TB	TB	TB	TB
JPFA	-	-	TB	TB	+
AMRT	-	TB	TB	TB	TB
TLKM	-	-	-	-	-
MDLN	+	-	+	TB	TB
BATA	+	+	+	+	+
ROTI	+	+	+	+	+
HERO	TB	+	+	+	+
ASII	-	-	-	TB	TB
IMAS	-	-	TB	-	TB
ACES	+	+	TB	TB	TB
BBRI	+	+	+	+	+
LSIP	+	TB	+	+	TB
INTA	-	-	-	-	-
DILD	TB	+	+	+	+
DVLA	+	+	+	+	TB
CPIN	-	-	-	-	TB
CTBN	-	-	TB	TB	TB
DOID	TB	+	TB	+	TB
PANR	+	-	-	-	-
BBCA	+	+	+	+	+
PGAS	+	+	+	+	+
ANTM	+	+	TB	TB	-
AKRA	-	-	TB	-	TB
SMGR	-	-	TB	-	-

APPENDIX 2: THE TEST RESULTS PAIRED T-TEST VALUE OF THE TRADING VOLUME BEFORE AND AFTER STOCK SPLIT POLICY

Stock Code	Event Window				
	I	II	III	IV	V
LTLS	-	-	TB	TB	TB
INAI	TB	TB	TB	TB	TB
ALMI	TB	TB	TB	TB	TB
TOTO	-	TB	TB	TB	TB
CMPP	TB	TB	TB	TB	TB
MLBI	TB	TB	TB	TB	TB
JPFA	+	TB	TB	TB	TB
AMRT	-	TB	TB	TB	TB
TLKM	-	TB	TB	TB	TB
MDLN	-	-	-	-	TB
BATA	+	+	+	+	+
ROTI	TB	TB	TB	TB	TB
HERO	+	+	+	+	+
ASII	TB	TB	TB	TB	TB
IMAS	+	TB	+	+	TB
ACES	+	TB	TB	TB	TB
BBRI	TB	TB	TB	TB	TB
LSIP	+	TB	TB	TB	TB
INTA	TB	TB	-	TB	-
DILD	+	+	+	+	TB
DVLA	TB	+	+	+	TB
CPIN	TB	TB	TB	TB	TB
CTBN	TB	TB	TB	TB	TB
DOID	TB	TB	TB	TB	TB
PANR	TB	TB	TB	TB	TB
BBCA	-	TB	+	TB	TB
PGAS	TB	TB	TB	TB	-
ANTM	TB	-	-	-	TB
AKRA	-	TB	TB	TB	TB
SMGR	TB	TB	TB	TB	TB

PARTICIPATION OF FEMALE IN AGRICULTURE SECTOR IN HARYANA

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ABSTRACT

Agriculture Sector is a largest sector of rural economy in developing countries. Agriculture is the primary sector of our state economy and majority of population depends on agriculture is directly and indirectly. The study objective is to Inter- district analysis of female participation as a agricultural labour to total agricultural working population in Haryana. The study is mainly based on secondary data and percentage and tabulate method have been used. The conclusion of the study the female participation of as an agriculture labour to total agriculture working population in census 2001 to 2011 has increased and significant role in agriculture sector.

KEYWORDS

agriculture, female participation & rural economy.

INTRODUCTION

Agriculture sector is a largest sector of rural economy in developing countries. Many female in developing countries are occupied in agriculture. Woman play a significant role in agriculture development and allied field including in the main crop production, livestock production, horticulture, post harvest operation, the nature of female involvement in agricultural, change greatly region to region. Even with a region, change their involvement in different ecological sub zones, farming system, caste class and stages in the family cycle. Studies on female in agriculture conducted in India and other developing countries all point to the conclusion that the female contribution in agriculture production more than generally has been acknowledged. Female contribution to section- economic development has two field in the home and out sides the home. In the home female role as a daughter, wife, and mother cannot be estimated, in the family female is a care taker of the family. Out sides the home female take active part and work with male in the agricultural sector. The role of female in the house and outsides the home a significance contribution of the productive system. But in the world rural female have been under represented in the development process. The male dominated society has not recognized their contribution. Rural female perform numerous labour intensive gaps such as weeding, hoeing grass cutting, picking cotton, sticks etc. The rural female extra income earn from the sale of the milking the animals. Mostly female are related to animal shed, watering and milking the animal. The majority of the rural woman is uneducated, unskilled and tradition bounded, therefore productive capacities are also low and they were counted in unskilled labour. The rural woman also helps in production of crops like rice, wheat and maize but their contributions secondary.

OBJECTIVE OF THE STUDY

To Inter- district analysis of female participation as a agricultural labour to total agricultural working population in Haryana during the period census 2001 to 2011.

RESEARCH METHODOLOGY

For the present study result used tabulate method. Source of secondary data mainly are review of literature, Articles, Research paper etc. The government published document National census reports and census of India (2001 & 2011), census of Haryana state (2001 & 2011), Haryana statistical abstract etc.

FINDINGS OF THE STUDY

For the analysis of data, a table 1.1 is given below the district wise agriculture labour to total agriculture working population of female in Haryana according to census 2001 to 2011.

TABLE 1

Districts	Percentage of Agriculture labour to total worker in 2011			Percentage of Agriculture labour to total worker in 2001			% change of agriculture labour to total worker in 2001-2011	
	Person	Male	Female	Person	Male	Female	Female	
HARYANA	17.1	15.3	23.1	15.2	12.6	21.1	2.0	
Ambala	15.4	15.5	14.8	13.0	12.2	17.6	-2.8	
Panchkula	6.1	6.1	6.1	6.1	5.1	9.9	-3.8	
Yamunanagar	18.8	19.9	18.3	16.2	16.8	13.2	5.1	
Kurukshetra	25.5	22.3	38.1	22.7	20.5	29.1	9	
Kaithal	22.9	20.1	33.0	22.0	18.4	32.1	0.9	
Panipat	15.1	13.5	21.5	14.4	10.9	22.8	-1.3	
Karnal	25.9	23.2	36.6	23.7	19.5	36.4	0.2	
Sonapat	19.4	17.1	26.4	16.7	13.3	23.4	3	
Rohtak	10.6	9.8	13.6	12.3	9.7	17.6	4	
Jhajjar	13.7	12.5	17.9	11.5	9.4	15.3	-2.6	
Faridabad	5.1	4.6	7.1	4.3	2.6	11.8	-4.7	
Palwal	19.6	16.1	32.0	18.7	13.3	27.4	4.6	
Gurugram	5.0	4.4	7.1	6.1	4.5	10.0	-2.9	
Mewat	19.1	16.1	29.1	12.6	7.8	19.5	9.6	
Rewari	8.4	6.6	12.3	13.3	8.3	20.1	-7.8	
Mahendragarh	11.3	9.2	16.1	11.1	7.7	15.7	0.4	
Bhiwani	16.7	15.4	19.5	11.5	9.7	14.3	5.2	
Jind	19.5	17.2	25.0	16.4	13.8	21.0	4	
Hisar	20.9	18.4	26.7	15.2	12.6	19.8	6.9	
Fatehabad	26.6	23.9	33.1	22.9	19.9	28.1	5	
Sirsa	29.3	26.5	37.1	23.8	21.5	28.4	8.7	

SOURCE: Directorate of Census Operations, Haryana

The table 1 shows that the district wise agriculture labour to total agriculture working population in Haryana and shows the agriculture labour to total agriculture working population according to census 2001 and 2011 its used for the comparative analysis. In 2001 census population the percentage of agriculture labour to total working population of Haryana are (15.1%) but in the comparison of census of 2011 are agriculture labour to total working population of Haryana are (17.1%). The table shows that the agriculture labour population in total agriculture working population are increase (1.9%) in the census of 2001 to 2011.

DISTRICT WISE COMPARATIVE ANALYSIS

(Total high participated districts as a agriculture cultivator census 2001):

TABLE 2

District	% of person	% of male	% of female
Sirsa	23.8	21.5	28.4
Karnal	23.7	19.5	36.4
Fatehabad	22.9	19.9	28.1

Source - Census 2001

The table 2 shows the district which have highest participation as a agriculture labour in total working population of Haryana in census 2001. In this table we are not compare participation of female, we are analysis only those districts where total agriculture labour participation are highest. So that is clearly Sirsa (23.8%) highest participation as a agriculture labour and after that Karnal (23.7%) or Fatehabad (22.9%).

TOTAL HIGH PARTICIPATED DISTRICTS AS A AGRICULTURE CULTIVATOR CENSUS 2011

TABLE 3

DISTRICT	% of person	% of male	% of female
Sirsa	29.3	26.5	37.1
Fatehabad	26.6	23.9	33.1
Kurukshetra	25.5	22.3	38.1

Source - Census 2011

In the table 3 shows the district which have highest participation as a agriculture labour in total working population of Haryana in census 2011. In the table we are not compare the participation of female, we are analysis only those districts where total agriculture labour participation are highest. So that is clearly Sirsa (29.3%) highest participation as a agriculture labour and after that Fatehabad (26.6%) or Kurukshetra (25.5%).

FEMALE HIGHEST PARTICIPATION DISTRICT WISE ANALYSIS AS A AGRICULTURE LABOUR

TABLE 4

Districts	% of female participation census 2001
Karnal	36.4
Kaithal	32.1
Kurukshetra	29.1

Source - Census 2001

TABLE 5

Districts	% of female participation census 2011
Kurukshetra	38.1
Sirsa	37.1
Karnal	36.6

Source - Census 2011

In the table 4 and 5 shows the district which have highest participation of female as a agriculture labour in total working population of Haryana in census (2001-2011). In this table 4 we are compare the participation of female, we are analysis only those districts where total agriculture labour participation of female are highest. So that is clearly Karnal (36.4%) highest participation female as a agriculture labour and after that Kaithal (32.1%) or Kurukshetra (29.1%) in the census of

2001. But change in census 2011 in which Kurukshetra (29.1%) is the highest participation or Sirsa (37.1%) and Karnal (36.6%). In 2001 highest participated district is Karnal but now Kurukshetra (38.1%).

LOWEST PARTICIPATED DISTRICT (LABOUR)

As a agriculture labour participation in total working population of census 2001 and 2011. In the table 6 shows that those district which have lowest participation of labour.

TABLE 6

District	% of person	% of male	% of female
Faridabad	4.3	2.6	11.8
Panchkula	6.1	5.1	9.9
Gurugram	6.1	4.5	10.0

Source - Census 2001

The table 6 shows the district which have lowest participation as a agriculture labour in total working population of Haryana in census 2001. In the table 6 we are analysis only those districts where total agriculture labour participation of labour are lowest. So that is clearly Faridabad (4.3%) lowest participation as a agriculture labour to total working population and after that Panchkula (6.1%) or Gurugram (6.1%). It means change the participation in census 2001.

TABLE 7

District	% of person	% of male	% of female
Gurugram	5.0	4.4	7.1
Faridabad	5.1	4.6	7.1
Panchkula	6.1	6.1	6.1

Source - Census 2011

The table 7 shows the district which have lowest participation as a agriculture labour in total working population of Haryana in census 2011. In the table we are analysis only those districts where total agriculture labour participation are lowest. So that is clearly Gurugram (5.0%) lowest participation as a agriculture labour and after that Faridabad (5.1%) or Panchkula (6.1%).

FEMALE LOWEST PARTICIPATION DISTRICT WISE ANALYSIS AS A AGRICULTURE LABOUR

According to census 2001 or 2011 female lowest participation as an agriculture labour in total working population of Haryana state.

TABLE 8

Districts	% of female participation census 2001
Panchkula	9.9
Gurugram	10.0
Faridabad	11.8

Source - Census 2001

TABLE 9

Districts	% of female participation census 2011
Panchkula	6.1
Faridabad/Gurugram)	7.1
Rewari	12.3

Source - Census 2011

The table 8 and 9 shows the district which have lowest participation of female as a agriculture labour in total working population of Haryana in census (2001-2011). In the table 8 & 9 we are compare the participation of female, we are analysis only those districts where total agriculture labour participation of female are lowest. So that is clearly Panchkula (9.9%) lowest participation of female as a agriculture labour and after that Gurugram (10.0%) or Faridabad (11.8%) in the census of 2001. But change in census 2011 in which Panchkula (6.1%) is the highest participation or Faridabad (Gurugram) (7.1%) and Rewari (12.3%). In 2001 highest participated district is Karnal but now Kurukshetra (38.1%).

TOTAL % CHANGE OF CENSUS 2001 TO 2011 IN FEMALE PARTICIPATION AS A AGRICULTURE LABOUR TO TOTAL WORKING POPULATION OF HARYANA

TABLE 10

% of the Increase participation of female as a agriculture cultivator from 2001 to 2011 those districts are :-	
District	Total Change in participation of female from 2001 to 2011
Bhiwani	5.2
Fatehabad	5
Hisar	6.9
Jind	4
Kaithal	0.9
Karnal	0.2
Kurukshetra	9
Mawat	9.6
Mahendragarh	0.4
Palwal	4.6
Rohtak	4
Sirsa	8.7
Sonipat	3
Yamunanagar	5.1

Source - Census 2001 to 2011

TABLE 11

% of the decrease participation of female as a agriculture cultivator from 2001 to 2011 those districts are	
District	% of total Change in participation of female from 2001 to 2011
Ambala	-2.8
Panchkula	-3.8
Panipat	-1.3
Rewari	-7.8
Jhajjar	-2.6
Faridabad	-4.7

Source - Census 2001 to 2011

In the given to two table 10 & 11 in which shows the percentage change of female participation as a agriculture labour to total agriculture working population in census 2001 to 2011 of Haryana state. Table 10 shows that the increase participation of female as a agriculture labour from census 2001 to 2011, in which Mewat district(9.6)% participation are increase from 2001 to 2011 after that Sirsa and Hisar district. Table 11 shows that the decrease participation of female as a agriculture labour from census 2001 to 2011, in which Rewari (7.8%), after that Faridabad (4.7%) and Panchkula (3.8%). So these table 10 & 11 shows clearly district wise change in participation of female in census 2001 to 2011.

CONCLUSION

To find that the participation of total agriculture labour in total agriculture working population in census 2001 to 2011 are increase 1.9 per cent. And female participation are increase 2.0 per cent. The inter districts analysis the highest participated district as a agriculture labour is Sirsa 23.8 per cent in census 2001 total working population but in census 2011 is Sirsa 29.3 per cent. The inter districts analysis the highest female participated district as a agriculture labour is Karnal 36.4 per cent in census 2001 total working population but in census 2011 is Kurukshetra 38.1 per cent. The inter districts analysis the lowest participated district as a agriculture labour is Faridabad 4.3 per cent in census 2001 total working population but in census 2011 is Sirsa 5.0 per cent. The inter districts analysis the lowest female participated district as a agriculture labour is Panchkula 9.9 per cent in census 2001 total working population but in census 2011 is Panchkula 6.1 per cent. The percentage change of participation of female as a agriculture labour from census 2001 to 2011, in which Mewat district (9.6) per cent are increase after that Kurukshetra (9) percent and Sirsa (8.7) per cent.

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CHALLENGES OF WOMEN ENTREPRENEURS: A STUDY OF WOMEN ENTREPRENEURS OF JAMMU & KASHMIR

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ABSTRACT

Women Entrepreneurs plays a vigorous role in the socio-economic welfare of the country. However, Jammu and Kashmir has a different picture where entrepreneurship is by and large considered as a male preserve and women are predominantly meant for household activities. In this context, this research paper aims at exploring the dynamics that helps or hinders the women in economic participation of the state. Jammu and Kashmir is an industrially backward and under-developed state of India where women have to face lot of challenge in establishing their own business units. The study underscored numerous factors such as infrastructural deficiencies, lack of finance, inflation, role conflict, lack of training, maintaining work life balance, discriminating treatment, government and institutional support etc. Furthermore, the research revealed a rank order of factors affecting them based on the opinions of the respondents. Financial and economic factors are ranked highest while factors like, family, self and societal, political and environmental and marketing and mobility are ranked as second, third and fourth respectively.

KEYWORDS

women entrepreneurs, women entrepreneurship, challenges, prospects.

1. INTRODUCTION

1.1. BACKGROUND OF THE STUDY

There can be no two opinions about the economic growth fostered by entrepreneurship, which has been proved beyond doubt in an extensive study in about 21 countries by Reynolds & other (2000), underscoring the fact that successful entrepreneurial activities is strongly associated with economic growth. Entrepreneurs occupy a central position in a market economy. They serve as the spark-plug in the economy's engine, activating and stimulating all economic activities. They discover new sources of supply of materials and markets and establish new and more effective forms of organization. There are evidences to believe that the most dynamic societies in the world are the ones that have the both male and female entrepreneurs plus the economic and legal structure to encourage and motivate entrepreneurs to greater activities. Last decade witnessed the steadily increase in the contribution of female entrepreneurs in the Global Economy e.g. women produce more than 80 percent of the food for Sub-Saharan Africa, 50-60 percent for Asia, 26 percent for the Caribbean, 34 percent for North Africa and the Middle East, and more than 30 percent for Latin America (Jahanshahi.at.al,2010). Female entrepreneurs are active at all levels domestically, regionally, and globally. In their study Deshpande & Sethi (2009) concluded that because of attitude change, diverted conservative mindset of society to modern one, daring and risk-taking abilities of women, support and cooperation by society members, changes and relaxations in government policies, granting various upliftment schemes to women entrepreneurs etc, the percentage of women participation in the field of entrepreneurship is increasing. In a mixed economy of India both public and private sector entrepreneurs exist. The large scale industry fall within the orbit of public entrepreneurship and the small and medium entrepreneurs are under the private entrepreneurship. The pivotal role the small scale entrepreneurs play in the economy of India can be judged by looking at the statistical data: more than 55% of the total production in India today is from the small-Scale Sector (Desai, 2013). However, Jammu and Kashmir being the industrially backward state of India is not showing the substantial upward trend in entrepreneurial activities like other industrially developed states of India. One of the primary reasons to this alarming problem in Kashmir is due to less entrepreneurial participation of women in almost all the major areas of business. They are either confined to homes or not interested to run their own units and mostly prefer government or private jobs. In Kashmir, the idea of Self-employment among women is very insignificant especially in Industry & Manufacturing Sectors and they mostly prefer Agricultural & Allied and Trade and Service related activities viz, beauty parlors, boutiques, Fitness Centers, fashion designing, bakeries, handicrafts. Giving scanty preferences for specific entrepreneurial activities by female entrepreneurs are due to discriminatory socio-cultural norms, weak infrastructure, limited finance, lack of proper training etc. plus they also have to contend with many other problems during the process of entrepreneurship. The clear-cut understanding of the problems and their perspectives which are faced by women entrepreneurs is highly needed. This research was attempted to examine to what extent inhibiting factors impact on the women entrepreneurial success. Findings of this research effort could enable policy makers and business development supporting institutions to re think or promote women entrepreneurship.

2. LITERATURE REVIEW

2.1. ENTREPRENEURSHIP

The interest in entrepreneurship lies on the fact that entrepreneurship stimulates economic growth and development (Naude, 2012). Entrepreneurship allows researchers, technologists and scientists to understand their idea, market value and launching ventures with impact. Entrepreneurship is the process of creating something new with value by developing the necessary time and effort, assuming the accompanying financial, psychic and special risks and receiving the resulting rewards of monetary and personal satisfaction and independence (Robert,et.all, 2002).Entrepreneurship refers to the functions performed by an entrepreneur in establishing an enterprise (Khanka 2002). There are evidences to believe that countries which have proportionate higher percentage of entrepreneurs in their population have developed much faster as compared to countries, which have lesser percentage of them in the society (Rao.at.all, 2011). The International Labour Organisation (ILO,1994, cited in Islam and Aktaruzzam, 2001) defines an entrepreneur as a person with a set of characteristics that typically includes self-confidence, result-oriented, risk taking, leadership, originality and future-oriented. Entrepreneurs are of different types, as they tie with existing physical, social, cultural, economic and political systems. Broadly, the characteristics of entrepreneurs are described in terms of: (i) socio-personal features like sex, education, age, marital status, caste or ethnicity, etc. (Frear 2007), (ii) psychological/individual characteristic, including courage, confidence, patience, modesty, risk taking ability, and (iii) business characteristic, comprising business types, initial financial investment, size and types of employees etc.(Dhār 1996). Researchers found that several factors influence entrepreneurs in the journey of entrepreneurship. Ulrich (2006) has examined five factors and found that all of them influence youth entrepreneurship development. The five factors include: (1) entrepreneurship education and training, (2) socio-cultural, legitimacy and acceptance, (3) access to finance, (4) business assistance and support and (5) administrative and regulatory framework.

2.2. WOMEN ENTREPRENEURS

Government of India has defined women entrepreneurs on the basis of equity participation and employment, as an enterprise owned and controlled by a women having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of employment generated in the enterprise to women. The emphasis in the definition is clearly on the ownership and control of women in the business and employment to women, thereby, confirming her active role as entrepreneur. Macellina et al. (2002) has defined women enterprises as ones that were planned, started, owned and managed by women. Women Entrepreneurs get engaged in business due to "push or necessity" and "pull or opportunity factors" which encourage women to have an independent occupation and stands on their own legs. A sense towards independent decision-making on their life and career is the motivational factor behind this urge. Saddled with household chores and domestic

responsibilities women want to get independence. Under the influence of these factors the women entrepreneurs choose a profession as a challenge and as an urge to do something new. Such a situation is described as pull factors such as financial reward, independence, need for achievement, social recognition etc. While in push factors women engaged in business activities due to family compulsion and the responsibility is thrust upon them (Vinesh, 2014). The push factor is allied with negative environment and the pull factor is attributed to the push factor may result from low income, low job satisfaction or lack of job opportunities and strict working hour. The pull factor, however, may result from the need of fulfilling the desire to help others and self-accomplishment (Robinson 2001). Empirical evidence on the push and pull factors revealed that women entrepreneurs in the developed countries were influenced by the need for achievement, while women entrepreneurs in the developing countries were influenced by a combination of push and pull factors (Orhan and Scott, 2001). Women are influenced by socio-cultural complexities to become an entrepreneur in developing countries (Nilufer, 2001). Like a male entrepreneur a women entrepreneur explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business (Uike 2012). Besides women entrepreneurs possess certain specific characteristics viz, Autonomy, Resilience, Confidence, Intuitive, Decisive & connect, that promote their creativity and generate new ideas and ways of doing things (Amy 2009).

2.3. CHALLENGES AND PROSPECTS OF WOMEN ENTREPRENEURS

Economic participation of women is evident in almost all countries. Women constitute 50 percent of the world population, compared to men (Revenge and Sudhir 2012), their potential has not been fully realized and utilized because of the systemic challenges that women entrepreneurs face (Hanson, 2009). Although women entrepreneurs also contribute to the economic development like male entrepreneurs, they are affected differently than men by modernization, development, and social change (Brown, 2006). According to U.S. Department of Labor Statistics, female participation in the workforce was less than 40 percent in 1960 but is predicted to reach 62 percent by the year 2015. However, It is reported that entrepreneurs in emerging nations face more formidable challenges than their counterparts in industrialized and developed nations and that women face greater challenges in most areas than men (Hunter and Kapp, 2008; ILO, 2007). Entrepreneurial challenges according to Gatewood et al. (2003) and Hakala (2008), fall into three categories: (1) human capital, (2) strategic choice and (3) structural barriers. Obviously, the extent and severity of these problems vary by gender or type of entrepreneur, sector, nation and region.

The greatest deterrent to women entrepreneurs is that they are women (Uike, 2012). This pertains to her responsibility towards family, society and work. With joint families breaking up, many women simply don't have the support of elders. Women have been confronted by such dilemmas ever since they started leaving home for the work place. On the other hand, the attitude of the society towards her and constraints in which she has to live and work are not very conducive. Researchers claim that Family-work constraints can lead women to pull double duty with home and work responsibilities, and in turn restrict business growth rather than encourage it, give higher priority to their spouse's careers, and make sacrifices in their own. This results in smaller employment size, revenues, and income levels of women-led businesses (Jennings & McDougald, 2007). According to Mustafa (2012), the women entrepreneurs of Jammu and Kashmir work in an unfavorable business environment characterized by corruption, infrastructural deficiencies, and financial problems. They are also constrained by their roles of wives, mothers and business women. In addition, the importance of management experience and ability to take calculated risks are the risks that have been identified by women entrepreneurs in the state of Jammu and Kashmir. However, in spite of the various constraints affecting start up and growth of business, Jammu and Kashmir has witnessed a steady increase in the number of women entrepreneurs. The weak state of infrastructure of Jammu and Kashmir needs to be addressed and government initiative should be targeted towards women to help them cope with infrastructural deficiencies.

2.4. RESEARCH GAP

Scholars conclude that there still remains a research gap in studying women entrepreneurs (Ahl, (2006) & Minniti (2003), despite the magnitude of women's entrepreneurial activities. Past literature revealed that, so far, no such rigorous study on the very topic has yet been conducted in the state of J&K where all the dimensions of entrepreneurial environment in relation to major challenges of women entrepreneurship has been extensively researched and in this background, the present research was aimed at closing this research gap.

2.5. PROBLEM STATEMENT

In the current scenario of competitive economies, participation of female entrepreneurs in economic growth is highly encouraging factor for measuring the success of nations in the pace of development. Women entrepreneurs are a significant part of the Global expedition for sustained economic development & social progress. However, even after 68 years of independence women in India are struggling for entrepreneurial freedom. That is why women as entrepreneurial resource have not been widely recognized in India. There has been an increase in number of women owned enterprises in India, but despite governmental efforts, substantial growth could not be achieved. Thus, investigating into the factors responsible for sluggish entrepreneurial growth among female in India can be beneficial to: females currently engaged in entrepreneurship, aspiring and emerging female entrepreneurs and policy makers in framing the female-centric-policies and schemes for the promotion of women entrepreneurship. Furthermore, the more we understand about the determinants and antecedents of women's entrepreneurship at the societal level, we can devise more effective programs for women to earn the independence associated with running their own businesses (Rindova.at.al 2009). The fundamental problem encouraging this research is the crucial need to identify the influencing or inhibiting factors which may help or hinder the women in their journey of entrepreneurship & to develop the better understanding of the problems and prospects of female entrepreneurship. The study attempts to have full-scale research that is statistically significant and could answer the following major question.

➤ What are the major challenges of Women entrepreneurs?

2.6. OBJECTIVES OF THE STUDY

The present study aims at identifying the crucial factors which help or hinder the women in economic participation of a country. More specifically the study has the following specific objectives.

1. To Study the major challenges faced by women entrepreneurs in Kashmir
2. To make suitable suggestions to affectively overcome problems.

3. MATERIAL AND METHODOLOGY

3.1. SAMPLING

Convenience sampling technique was adopted for the study. The reason for using convenience sampling was lack of availability of data relating to women entrepreneurs in the state of J & K. A sample comprises of 70 respondents was approached from almost all the areas of Jammu & Kashmir.

3.2. DATA COLLECTION

The study used only primary data collected from the selected women entrepreneurs through survey method with the help of a structured questionnaire. Based on the survey, the questions were modified and necessary improvements were also made in the questionnaire. Personal interviews were also held of those respondents who showed difficulties in completing the questionnaire. Cross questions were made to verify the answer and to ensure accuracy of data given by the respondents.

3.3. ANALYSIS

In this section the collected data were processed and analyzed with the help of suitable statistical tools. The analysis was made in order to measure the levels of problems of various kinds of women's in Srinagar. The problems of the selected entrepreneurs were quantified with the help of a 7 point scale suggested by Rensis Likert and a scoring scheme. The questionnaire was divided into five sections: the first section was to assess the demographic profile of the respondents and the other four sections includes; Personal & Socio-cultural Domain; Financial & Economic Domain; Political & Environmental Domain; Marketing & Mobility:

4. RESULTS AND DISCUSSION

As can be seen from Table 1, out of 70 respondents taken for the study 41 percent belong to the age group of 25-34 years followed by 35-44 years age group. This indicates that women in Jammu & Kashmir opt for self-employment in the mid-age of their working life. This is supported with the findings of another researcher who also found that women in Jammu & Kashmir are likely to become entrepreneurs in the middle section of their working life (Mustafa, 2012). Over 70 percent

females were married, with most being married over 5 years. They were fairly well educated with over 41 percent are holding the bachelor's degree and 29 percent are holding the post-graduate degree. Many women had previous experience of any type before they started their own business.

TABLE 1: SAMPLE CHARACTERISTICS (GENERAL PROFILE OF WOMEN ENTREPRENEURS)

Particulars	Classification	Frequency N=70	Percentages N=70
Type of Enterprise	Manufacturing	08	11
	Agriculture	11	16
	Service	14	20
	Retailer	19	27
	Wholesaler	11	16
	Others	07	10
Ownership Styles	Sole Trader	45	64
	Partnership	25	36
Generation Type	First Generation Entrepreneurs	47	67
	Second Generation Entrepreneurs	23	33
Sources of Funds	Own funds	18	26
	Borrowings from spouse and relatives.	14	20
	Banks	26	37
	Government incentives	08	11
	Other sources.	04	06
Number of Employees	Up to 10	16	23
	11-20	20	29
	21-30	15	21
	31-40	05	07
	41-50	06	09
	More than 50	08	11
Age	25-34	29	41
	35-44	26	37
	45-54	10	14
	55+	05	08
Education	Post Graduate	20	29
	Graduate	29	41
	Higher Secondary	12	17
	Secondary & Less	09	13
	Uneducated	0	00
Marital Status	Married	50	72
	Unmarried	16	23
	Widowed	03	04
	Divorced/Separated	01	01

Results revealed that majority of female entrepreneurs were sole proprietors representing 68 percent and first generation entrepreneurs representing 67 Percent and only 23 percent were in partnership form of businesses and second generation entrepreneurs representing 33 percent of the sample. Mostly women entrepreneurs are found in Retail and Service sectors representing 27 percent and 40 percent respectively with most being involved in activities like boutiques, beauty parlors, cosmetics, and personal care and food items. In addition to this the results depict that a large number of female entrepreneurs employ 20 to 30 employees being 52 percent of the sample which also represents the size of the firm. Results revealed that the initial start-up finances utilized by the women entrepreneurs were mostly provided by Banks representing 37 percent while as 26 percent women entrepreneurs utilize either their own funds or borrow it from their spouses, friends and relatives representing 20 percent of the sample. Besides 11 percent women entrepreneurs utilized Government incentives along with other financial resources and 6 percent women entrepreneurs utilized other sources of funds. This indicates that state government has taken some initiatives to stimulate entrepreneurial activities among women by providing seed capital and other financial incentives.

TABLE 2: FACTORS AFFECTING WOMEN ENTREPRENEURS

Factors affecting women entrepreneurship	Percentage %
1. Personal & Socio-cultural Domain:	30%
- Lack of family support& orthodoxies	02
- Work family balance	05
-Travelling	04
-Male dominance	04
- Gender Discrimination	03
- Non-cooperation of male counterparts	04
-Lack of confidence	02
-Marriage	02
-Lack of work experience	02
-Lack of proper training	02
2. Financial & Economic Domain:	35%
-Infrastructural deficiencies	12
- Poor credit facilities for women	04
- Lack of finances	10
- Heavy taxes/fee/ duties etc.	03
- Inflation	06
3. Political & Environmental Domain:	20%
- Stringent regulations and policies	03
- Red-tape/bribery etc.	06
- Lack of Governmental support	07
- Improper Training & Development Facilities.	04
4. Marketing & Mobility:	16%
- Motivating customers	05
- Unavailability of sale points	03
- Difficulties to find appropriate markets	04
- Unfavorable market behaviors	04

Table 2 elaborates the factors affecting female enterprise holders. These factors were adopted from Anjum.et.all (2012) and were slightly modified and classified into four broader categories/ domains of i) Family, Self and Social, ii) Financial and Economic, iii) Political and Environmental and iv) Marketing and Mobility. These domains were then further classified in to sub factors as elicited in Table 2.

According to the views of respondents, the factors constituting Financial & Economic domain are ranked highest among all other domain categories. 35% of the surveyed women entrepreneurs are of the view that issues pertaining to finance, infrastructure and inflation are at apex on the domain paradigm. Family, Self & Social domain is the second most affecting category, while the domains of Political & Environmental and Marketing & Mobility are ranked third and fourth according to the statistics of 30%, 20% and 16% respectively.

Table 3 compliments the findings presented in Table 2 as it elicits the rank order of sub factors instituting above cited domains. All sub factors are arranged from highest to lowest on the basis of their respective means. The table gives a clear picture of most to least affecting factors. The least ranked factors do not mean that they exert less adverse effects on women who are running their enterprises. In fact these factors are considered less contributory. The findings of this research are supported by the findings of another research that also identified the similar factors affecting women entrepreneurs in Jammu and Kashmir viz, infrastructural deficiencies, lack of finances, Red-tapizm and lack of Government support the most crucial factors (Mustafa, 2012)

TABLE 3: RANK ORDER ANALYSES OF FACTORS AFFECTING WOMEN ENTREPRENEURS

Factors	Mean Score	Rank
Infrastructural deficiencies	5.22	1
Lack of finances	5.12	2
Lack of Governmental support	5.10	3
Red-tape/bribery etc.	4.98	4
Work family balance	4.60	5
Attracting customers	4.28	6
Travelling	4.12	7
Inflation	4.01	8
Lack of family support & orthodoxies	3.97	9
Male dominance	3.81	10
Improper Training & Development Facilities	3.76	11
Difficulties to find appropriate markets	3.60	12
Poor credit facilities for women	3.42	13
Unfavorable market behaviors	3.09	14
Non-cooperation of male counterparts	3.07	15
Heavy taxes/fee/ duties etc.	2.70	16
Unavailability of sale points	2.55	17
Gender Discrimination	2.32	18
Stringent regulations and policies	2.96	19
Lack of proper training	2.91	20
Lack of work experience	2.16	21
Marriage	1.90	22
Lack of confidence	1.89	23

CONCLUSION & SUGGESTIONS

CONCLUSION

The study investigated the crucial factor that hinders the economic participation of women in Jammu and Kashmir. The findings of the study revealed that women entrepreneurs face many challenges at start-up as well as operating stage like, infrastructural deficiencies, role conflict, lack of training, lack of finance, maintaining work life balance, discriminating treatment, government and institutional support etc. Further it is noted that these women entrepreneurs are both "willing" as well as "forced" entrepreneurs. For some of them factors motivating to start their own enterprise is to support family financially, while for some of them it is the urge to be economically independent. The study also concluded that female entrepreneurs allocate less time to their business operations so that they can strike the balance between the two commitments. Besides male entrepreneurs own businesses across different types of the industry, whereas females own businesses mostly concentrated in trade and fashion sectors. The government should initiate the developmental programmes so that the women entrepreneurs can cope up with all the issues pertaining to infrastructure, finance, society etc. Consequently, the right kind of assistance from family, society and Government can make these women entrepreneurs one of the crucial entrepreneurial resource and they can contribute towards the economic and social development of State. Moreover, the findings of this study are applicable to women entrepreneurs in whole of India even though the current study is targeted towards women entrepreneurs of Jammu and Kashmir only.

SUGGESTIONS

Right efforts from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. The following measures are suggested to empower the women to seize various opportunities and to face challenges in business.

SUGGESTIONS TO GOVERNMENT

- Efforts should be made to foster a greater awareness of the benefits of entrepreneurship among women. Governments should promote an entrepreneurial and risk-taking spirit, and eliminate the stigmas attached to failure. To this end, strong, positive female role models should be showcased to build self-confidence and encourage other women to consider becoming entrepreneurs.
- State government and institutions like EDI should work to improve the status of women in business and remove gender-related obstacles to entrepreneurship. They should work to improve their access to support services and seek measures which can lighten the double burden of professional and household responsibilities for women, in order to allow them to undertake entrepreneurial activities under conditions more similar to those confronting men, e.g., as regards inheritance and ownership and as well as access to finance.
- The educational system should be mobilized as a vehicle to introduce boys and girls to entrepreneurial challenges and offer them equal opportunities to learn and cultivate their skills from an early age. To this end, teachers should be trained in teaching entrepreneurial skills and sensitized to the gender issues involved in education.
- Government should encourage women entrepreneurs to learn about the full range of financial instruments, through the education system, targeted informational campaigns, and well-functioning business networks. Government also should facilitate innovations to overcome the constraints to women's access to formal credit through simplified forms and procedures.
- Management and technical training for women entrepreneurs should be easily accessible, inexpensive, and available on flexible terms, maximizing the opportunities offered by e-learning and new technologies for skill building
- "Women Only" training programs could be developed by the organizations like D.I.C (District Industries Centre) for which will focus on potential in women to become entrepreneurs.
- Self-sustaining microfinance institutions should be promoted as an effective source of finance for women entrepreneurs with low capital requirements.

SUGGESTIONS TO SOCIETY

- (a) As the major lacunas found by the entrepreneurs in their way of success are the conservative mentality and attitude of their families and society as a whole towards female. It also calls for mental revolution of the society.
- (b) In India, women are still considered to be inferior to men. Women entrepreneurs play dual role and hence face role conflicts and difficulty in balancing work life. Reserve attitude of the society needs to be changed. Husband and other family members should share household activities.
- (c) There should be continuous attempts to motivate, inspire and encourage women entrepreneurs by the society.
- (d) There must be an end to the dependence on government jobs and private sector in the valley must be strengthened.
- (e) Experts and those who have excelled in the field must be involved in encouraging women entrepreneurship

SUGGESTIONS TO WOMEN ENTREPRENEURS

Women themselves can speed up the process of entrepreneurship by:

- (a) Mobilizing themselves into groups to form network to support themselves and to access finance, markets, training, information and negotiate better terms.
- (b) Endeavoring to be represented in policymaking bodies and in other trade related bodies.
- (c) Actively pursue education in relevant areas to get the skills and expertise necessary to embark on the entrepreneurship role.
- (d) Advocating the importance of education and taking active efforts to spread awareness of women entrepreneurs as role models
- (e) Women should try to upgrade themselves in the changing times by adapting the latest technology benefits.
- (f) Women entrepreneurs should for "Women Entrepreneurs Association" where they can meet at central place, so as to discuss their need, problems, experiences and achievements.
- (g) Rather than working individually women can involve in "Group Entrepreneurship" or "Self Help Group" so as to overcome many problems.
- (h) In the initial stages women entrepreneurs may face problems but they must persevere, believe in themselves and not give up mid-way.

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ABSTRACT

Indian electronic tour and travel industry is progressing at a faster rate due to knowledge based society, ease of access and cost-effective techniques. India is looking forward to the fastest growing online travel market in the Asia-Pacific region with aggregate bookings expected to meet \$24 billion and \$7.1 billion respectively. Online travel is the part of the e-commerce segment, with a global contribution of 70 per cent of all e-commerce activities and its importance is anticipated to increase in the future. The Electronic Travel Agency has lots of opportunities to offer for new ventures. Various offers and deals provided by these online tour and travel agency have made it easy for the customers to plan their holidays well in advance, and thus it creates competitive spirit among others. The main idea behind this is the low investment required in the online domain. Also, there is an added convenience to a traveler for booking tickets, comparing the fare rates and choosing destinations. This paper presents opportunities in e-tour and travel startups and comparison of successful startups in the domain of electronic tour travel agents, find out the entrepreneurship, innovation, and other challenges of startups in India.

KEYWORDS

e- travel agency, entrepreneurship, innovation, competition, opportunities.

INTRODUCTION

From chasing the undisturbed islands, a summer vacations in freezing Himalayas, to a peaceful escape, International Yoga Day in serene beauty of south, all these and much more are on offer for the wanderlust Indian.

Tour and Travel startups are searching out the discerning Indian traveler, offering them customized experiences at a premium price. India has a lot of potential in online tour and travel industry because of growing e-commerce business in India. India tour and travel startups have lot to offer to customers through online gateway. India is in the stage of entrepreneurship revolution with online startups. Over the years a large number of online travel startups have entered the fray to cash in on the e-commerce boom that has to a large extent been driven by travel segment in the country. One of the biggest challenges in the online travel space is competition, both from other online service providers and from established travel agencies. Startup India action plan aims to promote entrepreneurship through innovation and design in order to generate large scale employment opportunities that will drive sustainable economic growth.

DETERMINANTS OF E-TOUR AND TRAVEL START-UPS IN INDIA

CHANGES IN ECOSYSTEM

1. Internet and Smartphone penetration: Startups foresee the next big technology disruption coming in the travel space, and hence have taken a dive into the sector.
2. The rising household incomes and the corresponding expansion of the middle class have triggered more cash flow in households, opening up possibilities for spending and leisure.
3. Experts also attribute this sudden boom in travel startups to the recent stabilization of the macro-government, enabling FDI and various other routes for capital to flow through the economy.

CHANGES IN CUSTOMER BEHAVIORAL PATTERNS

1. Highly sophisticated: These are people who have travelled widely and prefer to plan, discover and book their travels themselves.
2. Casual traveler: These are early stage consumers, who research a lot but finally prefer packaged tours for convenience's sake.
3. Young experience-seeker: These are the new generation youth, who are inspired to travel, not just to explore a certain destination, but more for the experiences. These consumers choose meaningful products over standard holiday options.

OPPORTUNITIES OF E-TOUR AND TRAVEL START-UPS IN INDIA

Online travel booking has been one of the big success stories in India.

It is one of the sectors where online e-commerce first worked in a nascent Internet market, as the emerging country started using credit card payments in a big way over the last decade and other alternative and hybrid payments system (like cash-on-delivery) took off.

Almost 200 online travel companies, both large OTAs and startups, now function in India, according to a recent data compilation on the Indian online travel and startup market by Traxcn, a venture capital deals and company information tracking service.

Tourism in India has registered significant growth over the years. Rising incomes, increasing affordability, growing aspirations, increasing globalization, a growing airline industry, an ever increasing online travel companies like yatra.com, goibibo.com, makemytrip.com, cleartrip.com etc. and the presence of the big retail travel companies like Cox & Kings, Thomas Cook, SOTC etc. have supported the industry growth.

People are increasingly shifting to online booking from the traditional ticketing feature for almost all sorts of journey- domestic and foreign. Online Travel Agency (OTA) is one sector which holds immense potential to make use of social media channels in the best possible way.

For travelers, internet is their number one source of information for travel and tourism. Brands can experiment with several social networking platforms like Facebook, Twitter, Instagram, Pinterest etc. with varied range of content like contests, travel trivia based quizzes, food, culture, hotels and so on, making the content interesting, engaging and compelling enough which gets the maximum views and worth of sharing.

- ❖ One of key challenges faced by Startups in India has been access to **finance**. In order to provide funding support to Startups, Government will set up a fund with an initial corpus of INR 2,500 crore and a total corpus of INR 10,000 crore over a period 4 years (i.e. INR 2,500 crore per year). The Fund will be in the nature of Fund of Funds, which means that it will not invest directly into Startups, but shall participate in the capital of SEBI registered Venture Funds.
- ❖ As per the action plan of startup India – the **compliance procedure** for newly established firms is simple and flexible in order to allow them to focus on their core business activities. Startups shall be allowed to self-certify compliance (through the Startup mobile app) with 9 labour and environment laws.
- ❖ **Startup India Hub**- It creates a single point of contact for the entire Startup ecosystem and enables knowledge exchange and access to funding. The “Startup India Hub” will be a key stakeholder in this vibrant ecosystem for the startups.
- ❖ **Mobile App**- To serve as the single platform for Startups for interacting with Government and Regulatory Institutions for all business needs and information exchange among various stakeholders.
- ❖ Easier norms for **wind up**- the startup India action plan makes easier norms for wind up business operations in case failures.

ROLE OF E-TOUR AND TRAVEL START-UPS IN INDIA

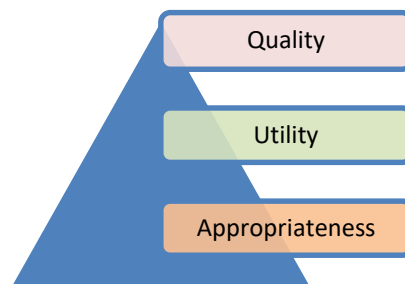
- Indian tourism sector boost due to increase in e-travel and tour startups.
- Travel start-ups also have a wider role to play in the Indian economy in terms of job creation and creating dynamic opportunities for talent.

- Travel start-ups have to offer something unique to stand out from the crowd. For example, Triphobo, my start-up, specializes in planning itineraries for customers through an interface product that ensures a more reliable and realistic approach towards forming travel plans, along with benefits such as hotel bookings, activity planning and so on.
- The travel industry is undergoing a sea-change. The new age start-ups have popped up and are re-defining the concept of planning a travel, and in many ways the travel industry.
- The role of these travel start-ups, and their focus on specific areas like women-only travel sites or a student-focused hostel or many others activities.
- Bridging the gap between the travellers and the place. Travelling is now no more just site-seeing, but more activity based. By introducing an app likes near & far which provides the people to acquire information about the interesting things to do at a particular place.

SUCCESS FACTORS OF E-TOUR AND TRAVEL START-UPS

- ❖ Quality,
- ❖ Utility
- ❖ And appropriateness of the product that determine success.

FIG. 1: SUCCESS CHART OF E-TRAVEL START-UPS



CHALLENGES OF E-TOUR AND TRAVEL START-UPS IN INDIA

1. **Attitude of Travellers** Indian tourism sector is witnessing a sudden shift in the attitude of travelers. New evolved travelers are diving deep to understand the unique cultural and social fabric of the place they visit.
2. **Building Market Place** There are a staggering number of travellers who prefer offbeat locations to get the local, unique real-life experience. According to the Ministry of Tourism report, the market is worth \$3 billion in India while it is around \$140 billion globally.
3. **Behaviour of tour guides-** the role and effectiveness of tour guides influence the tourist behaviour. The development of the tourism industry depends on in providing effective technical interpretation (tour guides) to tourists in the coming future.
4. **Consumer loyalty** Customer loyalty is often hard to gain, and with multiple options available at few clicks, it becomes even trickier to win it. Top attributes which decide the loyalty of a consumer can be enlisted as follows:
 - ❖ **Product:** Since the OTA's are replacing the in-person communications for booking the travel itinerary, it becomes important that the product takes care of all the needs of the customer.
 - ❖ **Pricing:** Indian consumers are extremely price sensitive.
 - ❖ **Customer service:** This controls whether a customer will return next time or not.
 - ❖ **User experience:** Convenience, easy to navigate and readily available information can leave a customer wow.
 - ❖ **Content:** Making content more searchable, vernacular, consumable and customized (on mobile) also plays a significant role.
5. **Consumer acceptance:** People in India were unsure of how to use such a platform and how it would work. They preferred to do things in person.
6. **Airline's trust:** Airlines were also wary of new age travel agents since they weren't aware of how they would perform.
7. **Industry practices:** Paper tickets had to be printed and delivered; the concept of e-tickets was still not prevalent.
8. **Tech infrastructure:** Real-time loading and integration of the flight plans onto a platform had challenges due to limited tech infrastructure. A lot of the hotels didn't have their inventory online, which made it difficult for them to bring more players online.
9. **Government Agencies:** The most trusted government agencies such as bus and railways have also been riding on this wave, having set up user-friendly online platforms that can help people with both information and travel plans.

TABLE 1: ONLINE TOUR AND TRAVEL STARTUPS IN INDIA

Tour and Travel Startups	Headquarters	Category	Website	Founders
Routofy	New Delhi	Online Travel & Tourism	www.routofy.com	Abhishek Agarwal, Ronak Gupta
Trip38	Bangalore	Travel	www.trip38.com	Niranjana Gupta
iTraveller	Bangalore	Travel	www.itraveller.com	Shiju Radhakrishnan, Sanjay Kumar, Chitra Parija, Nisanth Kumar.
Tripoto	New Delhi	Online Travel	www.tripoto.com	Michael Pargal Lyngdoh, Anirudh Gupta
HolidayIQ.com	Bangalore	online travel community	www.holidayiq.com	Hari Nair
Cleartrip	Mumbai	Online travel portal	www.cleartrip.com	Mathew Spacie, Hrush Bhatt & Stuart Crighton
MakeMy Trip.com	Gurgaon	Online Travel Company	www.makemytrip.com	Deep Kalra
Yatra.Com	Gurgaon	Online travel agency	www.yatra.com	Dhruv Shringi, Manish Amin and Sabina Chopra
Go ibibo	Gurgaon	Online travel aggregator	www.goibibo.com	Ashish Kashyap
Ola Cabs	Bangalore	Indian online transportation network company	www.olacabs.com	Ankit Bhati, Bhavish Aggarwal
Meru Cabs	Mumbai	Taxi aggregator company	www.merucabs.com	Neeraj Gupta

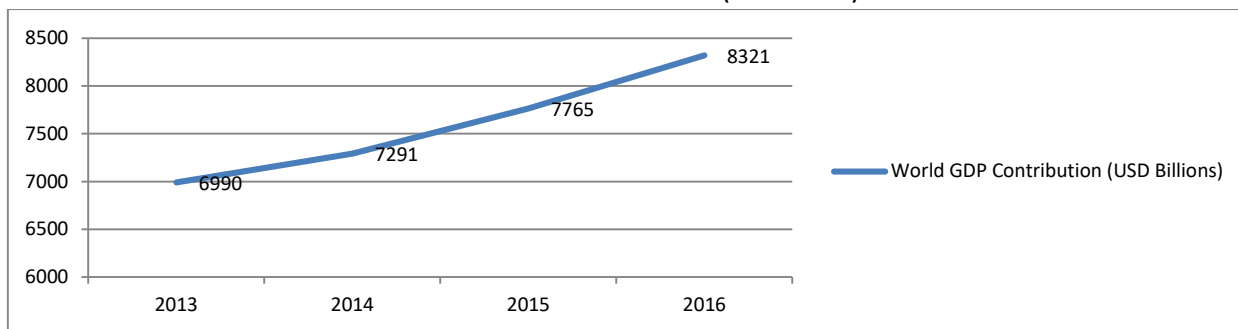
TRAVEL AND TOURISM INDUSTRY IN INDIA

Travel and Tourism Industry is one of the top most industries in the world when it comes to GDP Contribution. The Travel and Tourism Industry also provides 8.9% of employment in the world, with 1 out of 11 people in the world working for this industry creating 266 million jobs across the world.

TABLE 2

Travel and Tourism Industry	World GDP Contribution (USD Billions)
2012-13	6990
2013-14	7291
2014-15	7765
2015-16	8321

FIG. 2: WORLD GDP CONTRIBUTION (USD BILLIONS)

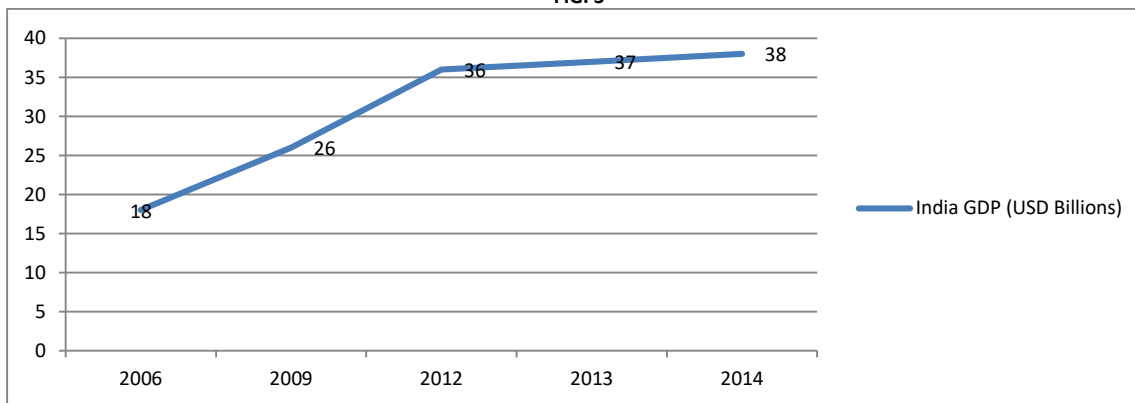


India is also not behind, with 9.5% of GDP growth in India (2013) is via the Travel and Tourism Industry, estimating at USD 38 billion in 2014 and reaching USD 71 billion in next 10 years, spanning a growth of ~87%. (Note: as per the reports of IBEF)

TABLE 3

Year	India GDP (USD Billions)
2005-06	18
2008-09	26
2011-12	36
2012-13	37
2013-14	38

FIG. 3



The online Travel and Tourism Industry is also not far from the offline business. As per the stats by Internet and Mobile Association of India (IAMA) in 2013 Online Travel Industry in India was worth USD 7.3 billion that is an estimated 20% of the total Travel and Tourism industry earnings in 2013. This clearly showcases how the future of India is bent towards online business than offline or traditional ways of booking.

TABLE 4

Year	Online Travel Market Size in USD (Billions)
2008-09	2.4
2011-12	5.6
2012-13	7.3
2014-15	12.5

FIG. 4: ONLINE TRAVEL MARKET SIZE IN USD (BILLIONS)

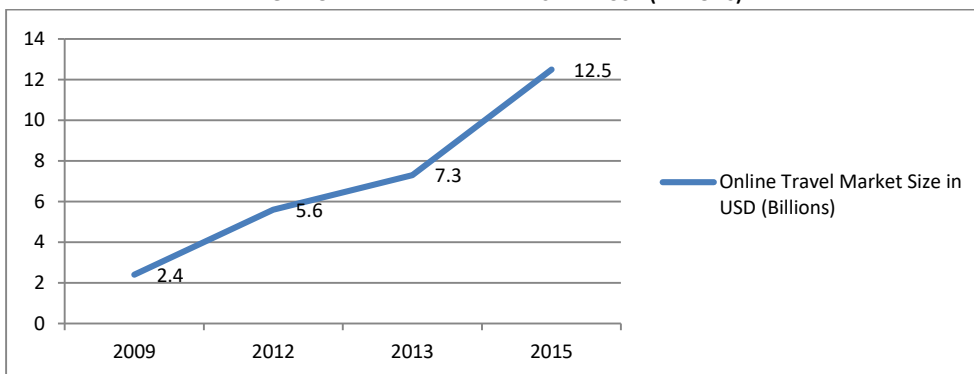


TABLE 5

Mobile Operating Systems	Market Share
Android	85%
ios	12%
Windows	3%

MARKET SHARE (INDIA) - MOBILE OPERATING SYSTEMS

FIG. 5: MARKET SHARE

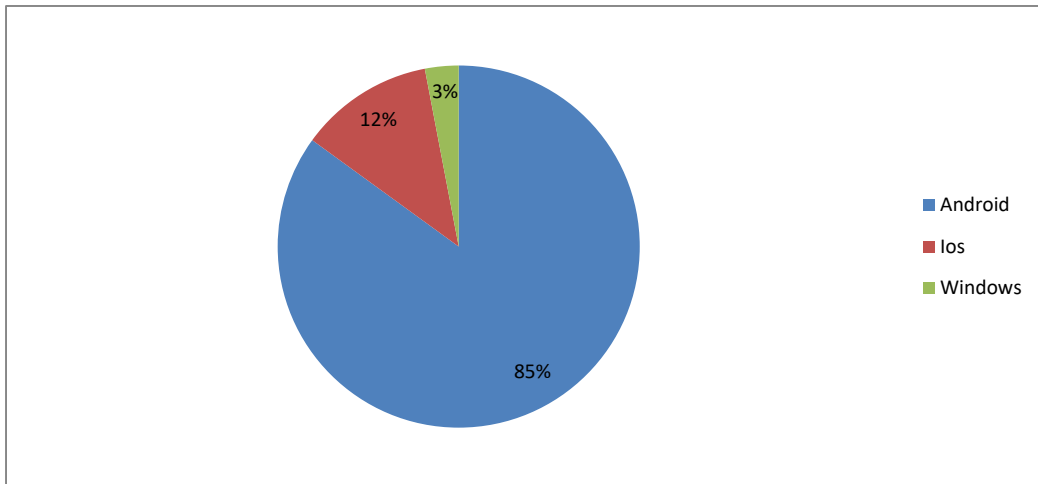
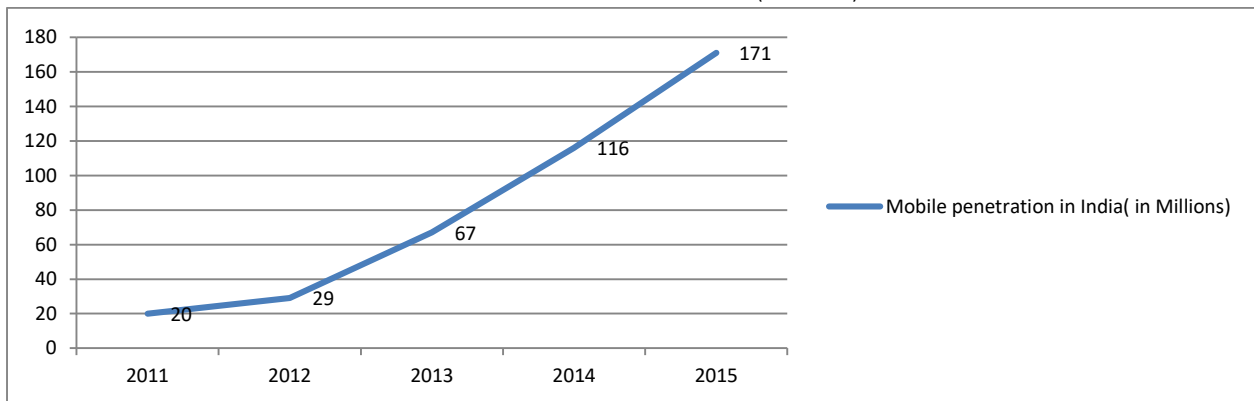


TABLE 6: MOBILE PENETRATION IN INDIA (in millions)

Year	Mobile penetration in India(in Millions)
2011	20
2012	29
2013	67
2014	116
2015	171

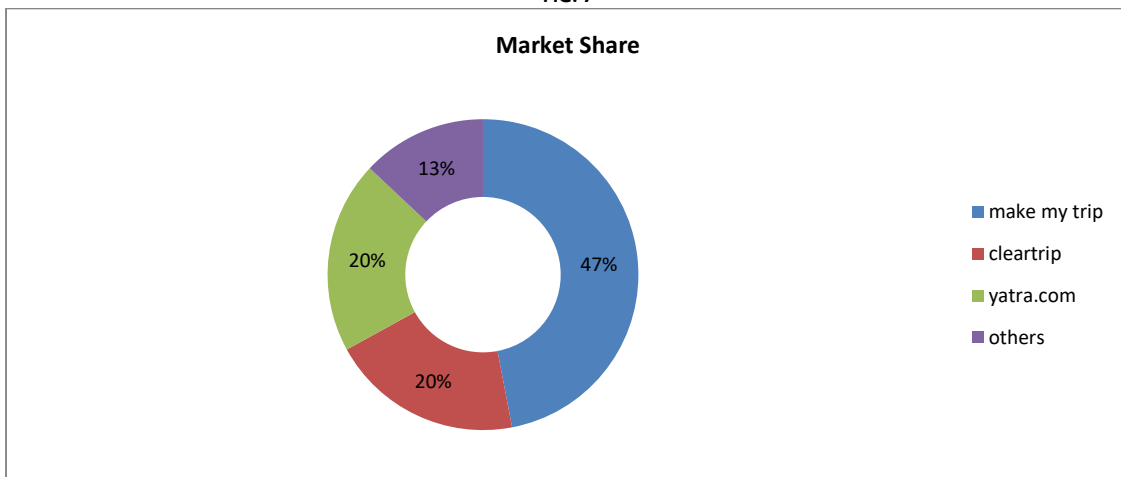
Source: as per the reports (2014-15) of IAMAI Internet and Mobile Association of India

FIG. 6: MOBILE PENETRATION IN INDIA (in Millions)

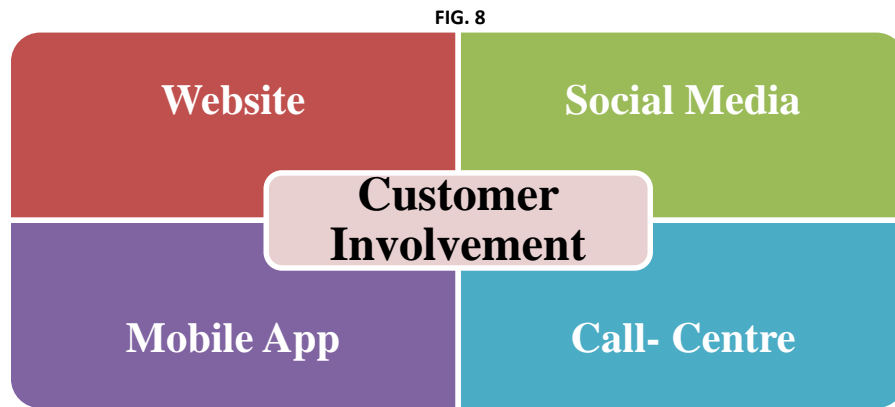


Source: as per the reports (2014-15) of IAMAI Internet and Mobile Association of India

FIG. 7



Source: Industry sources 2015



GOVERNMENT INITIATIVES

The Indian government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- The Union Cabinet has approved the signing of Memorandum of Understanding between the Ministry of Tourism of India and the Ministry of Trade Industry and Tourism of Colombia in order to boost cooperation in the field of tourism between the two countries.
- The Central Government has given its approval for signing of a Memorandum of Understanding (MoU) between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism between the two countries.
- Ministry of Tourism has sanctioned Rs 844.96 crore (US\$ 142 million) to States and Union Territories for developing tourism destinations and circuits during FY 2014-15, which includes projects relating to Product/Infrastructure Development for Destinations and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals & Rural Tourism.
- The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight mission's cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.7 million).
- Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport.
- Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.

THE FUTURE OF ONLINE TRAVEL INDUSTRY

INTERNET AND SMARTPHONE USERS

With the growing number of Internet and Smartphone users, the industry has evolved, and like any other online business is shifting its focus to mobile. Traffic and transaction from mobile is on the rise.

COMPETITION AND CHANGING LANDSCAPE

The lower entry barriers invite new player in an online travel space and thus creates competition.

TRAVELER ATTITUDE

A wary traveler today has transformed into an informed traveler, credits to the Internet. Potential of online travel market is the highest in India, which has broken all barriers, and will continue with its winning spree for more time to come.

CONCLUDING REMARKS

Startups are driving the Change in Domestic Travel in India. Domestic travel meant pilgrimages, honeymoon destinations and treading the beaten track. But that's changing fast. There is a radical shift in tour and travel industry in current times because of younger consumers looking for experiences rather than destinations. The Indian online travel industry has also fastened to cater to this new segment. Travel sites have started focusing on localized experiences than standard sight-seeing. The high degree of convenience, increasing e-commerce penetration, a growing population, international air connectivity, and government initiatives are some of the factors that increasing online travel bookings. Startups are walking an extra mile to bring fresh and innovative ideas to involve users.

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SUSTAINABLE AGRICULTURAL PRACTICES AND USE OF IRRIGATION WATER IN INDIA

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ABSTRACT

Water is a major factor constraining agricultural development, especially in a developing country like India and there has been much discussion on how to use economic instruments to allocate irrigation water in an efficient, equitable and sustainable manner. In the policy domain, there has been a categorical shift from supply-side approach (dominated largely by government decisions) toward a demand-side approach (with more of user participation), in order to generate more crop per drop. Water scarcity has huge implications for health, hygiene, sanitation, drinking water, agriculture and industry. Therefore, equitable distribution of this scarce resource has been accorded prime consideration in form of sustainable irrigation, which serves as a springboard to provide food for public consumption as well as industrial raw materials. Drinking water enjoys second place in planning which in turn addresses legitimate needs of health, hygiene and sanitation. For this purpose, central, state, district and local (village level) governments have ensured voluntary public code of conduct to minimize the risk of over use of underground reservoirs and protect their water quality.

KEYWORDS

agriculture, sustainable, irrigation, water.

INTRODUCTION

Water is a major factor constraining agricultural development, especially in a developing country like India and there has been much discussion on how to use economic instruments to allocate irrigation water in an efficient, equitable and sustainable manner. In the policy domain, there has been a categorical shift from supply-side approach (dominated largely by government decisions) toward a demand-side approach (with more of user participation), in order to generate more crop per drop. However, imperfect markets or absence of markets for irrigation water in developing countries undermine its true opportunity cost. As a result, policy makers find it difficult to formulate suitable water pricing policies and design other institutional reforms to meet the increased water requirements of the farmers, and to recover the full cost. Thus, estimating the economic value that farmers place on incremental changes in irrigation water becomes vital in the process of deciding the economic viability of new irrigation projects.

BACKGROUND

The Tamil Nadu State in India is deficient in water resources. The annual available water resource per capita in Tamil Nadu is estimated at 600 M³, which is quite small when compared to 4,000 M³ of the national average. Hence, it becomes necessary to utilize the limited water resources efficiently in the State. Since total surface water sources in the State is estimated about 340 million M³ and the developed surface water is 333 million M³, it is difficult to develop new water resources for irrigation.

Wells are the major source of irrigation in the State accounting for 46.4 % of the net irrigated area followed by canals (29.1 %) and tanks (23.9 %). Over years, the area irrigated by tanks is decreasing while the area irrigated by wells is increasing. The current Water Policy of Tamil Nadu State stressed the importance of equitable use of scarce water resources, and in the planning and operation systems, water allocation priorities were given for drinking purposes followed by irrigation, hydropower, industrial and other uses. Hence, it is imperative that optimal and sustainable patterns of water use be established to meet the requirements of a growing population and need for basic agricultural foodstuffs (Joshi et al, 2003).

In many parts of the world both the free distribution and under pricing of water have led to inefficient allocation of the scarce resource. Both under pricing of water and lack of cost recovery mechanisms in government managed irrigation systems had resulted in poor O & M. Actions are necessary to use the water sustainably and manage the tank irrigation systems in South India. One strategy is to reduce water demand by adopting water conservation programs and improving water use efficiency, while another strategy involves a water pricing policy. This policy has the advantage that the income could be used to finance developments like the O & M of irrigation system. Pricing of water can also be considered as a pre-requisite for sustainable use of water resources. The underlying principle of irrigation water pricing in relation to sustainability concerns is that it should reflect the benefits forgone in the future from using a unit of water today which refers to the opportunity cost of irrigation water. The economic sustainability criteria or the socially optimal rule for water use can then be assessed by comparing farmer's WTP and the opportunity cost of water. From the stand point of economic efficiency, water prices should relate to the marginal value product or the opportunity costs. From the government's viewpoint, water price should at least cover capital costs as well as O & M expenses. From the standpoint of feasible revenue collection, tank irrigation water charges depend highly on farmer's WTP. The objective of this paper is to determine the value of tank irrigation water, which farmers would be willing to pay under dry and wet seasons and thereby draw policy implications for sustainable use and management of the tank irrigation systems (Rajapure and Kothari, 2016).

SUSTAINABLE WATER USE**MONSOON – A SUSTAINABLE SOURCE OF WATER**

Presently, India cultivates annually 1-3 crops on its 125 million hectares of agricultural land, solely depending upon the availability of water for irrigation. Majority of the farmers undertake a single crop under rain-fed conditions using monsoon rain, generated by vast aerial circulations over the Bay of Bengal and Arabian Sea, facing east and west coast of India. These monsoon-generated rains, precipitated over 52-72 days from the last week of June until the last week of October, not only irrigate the crops, but they also replenish in a large measure sustainable source of surface and sub-surface water.

SURFACE SOURCES OF WATER

The surface source comprises thousands of small rivulets (locally known as *nullahs*), which merge in locally flowing minor rivers, turning into major rivers, which provide throughout yearly source of water for drinking, irrigation and industry. These major rivers are Sutlej, Ganga, Yamuna in north India, Teesta and Brahmaputra in N-E India, Narmada and Tapti in central India and Krishna, Godavari and Kaveri in peninsular India. The availability of water from these major rivers is guaranteed for the whole year for drinking, industry and hydroelectricity; for irrigation, it is available only to a section of farmers who have abundant resources to generate capital-intensive infrastructure for pumping water over 1-10 km distance.

Surplus water flowing through the above mentioned major rivers is diverted and collected in major dams like Bhakra-Nangal, Saradar Sarovar, Hirakud, Nagarjun Sagar, Koyna, Damodar Valley and several locally constructed minor dams for supply to urban settlements, local industry and canal irrigation for agriculture (Tyagi and Minhas, 2015).

HARVESTED SOURCES OF WATER

Rain water harvesting is not a new concept in India as historical excavations confirm the existence of village tanks, *bandharas*, bench terraces etc. to retard the flow rate of water and channelize it for storage. Water harvesting, which has been re-discovered and popularized, is borne out of sheer necessity. It is on record

that millions of Rajasthani families migrated to different parts of India due to chronic hardships experienced by them as a result of continued water scarcity. The grandma used to tell us the story as to why there was no alternative to migration, leaving farms, homes and immovable hereditary property behind. Water was so scarce that a child used to get 2-3 liters water for bath, while the elders were getting about 5 lit. Turn-by-turn, all family members used to take bath in a shallow stone tub with a small outlet at the bottom for the collection of used water in an underlying drum for its subsequent use in washing the clothes. The effluent after cloth washing was once again used for wiping the floor in the home and after that it was finally used in the evening for either spraying on the terrace to render it cool for over-night sound sleep in the absence of electricity or surplus effluent used for deficit irrigation. Thus, each drop of water was recycled 4 times and when availability of rains and harvested little water was in question, a momentous decision was taken to migrate (Jain, 2013).

The success of watershed and irrigation depends largely on 2 factors: (i) to harvest water and store it by constructing economical earthen percolation reservoirs or dams and (ii) to use it effectively through micro-irrigation system (MIS) displayed on demonstration farms for the cost and benefits to the farmers, who have a faith in 'seeing is believing', rather than a faith in formal agriculture education in universities.

Water harvesting has been made successful at the foot of hillocks in a totally degraded land by creating a reliable, captive and sustainable water storage and recharge mechanism through open larger reservoirs, which came into existence on the basis of topography of land. Water transiently collected in them was gradually transferred in the dug-out open wells for recharge by virtue of slope and seepage. This system has enabled to harvest and store about 1200 million liters of water under the scheme Watershed Development. In simple terms, watershed development comprises of (i) allowing sufficient percolation of rain water in the catchment areas (recharge zone), (ii) permitting its further percolation in the command area (transition zone) and (iii) collecting flowing water at safe flow rate for judicious use in the delta area (discharge zone) (Goyal et al, 2014). This has been made possible by creating a network of terraces and trenches in the hilly region so that soil erosion is controlled, water percolation enhanced on the terraces for useful plantation to stabilize the soil strata and extra water harnessed through the network for the year-round use.

Watershed management in practice involved:

- Controlling, channelizing and collecting the surface run-off water
- Reducing the impact of more rainfall on soil erosion
- Decreasing the speed of flowing water by increasing its local infiltration
- Enhancing the moisture-holding capacity of soil
- Improving the soil texture and fertility
- Minimizing the chance of over-irrigation
- Arresting the ecological degradation and
- Increasing the productivity through crop intensity per unit area, per unit time and per unit of water utilized.

This success of watershed development has been put to use and practiced on a large-scale by banana growers in Jalgaon region of Maharashtra who initially thought that there is no alternative to flood irrigation. However, watershed development and its imaginative conveyance for drip irrigation and ultimate use for tissue-cultured banana has doubled the acreage as irrigation by Micro-irrigation systems (MIS) requires almost 50% less water and secondly, maturity (harvesting) period of banana crop reduced from 18 to 12 months (Gadgil, 2012).

RECYCLABLE SOURCES OF WATER

Vast stretches of land are irrigated to produce substantial amount of vegetables throughout the year in urban India, using unprocessed municipal waters, leaving the quality of vegetables doubtful in nutrition, due to contamination of pesticides and heavy metals. Precise quantum of this effluent, acreage under it and quantum of vegetables produced are not known as this work is being undertaken by the unorganized sector. Thus, through these four resources, Indian farmers undertake about 39-43% of cultivable area into irrigation to generate about 225 million tons of cereals, 15 million tons of pulses, 337 million tons of sugar, almost equal quantity of oilseeds, besides vegetables, spices, fruits and medicinal plants. Among the commercial water guzzling crops are rice, sugarcane, banana, jute, bamboo etc.

MICRO-IRRIGATION SYSTEMS (MIS)

This type of irrigation guarantees higher water use efficiency (WUE) at a greater benefit: cost ratio to the user (Zhang *et al.*, 1998). In this system, water is directly applied at the root zone of the plants or plantlets and in controlled quantities through a low pressure network and at desired intervals as per the requirements of the crops (Vasane and Kothari, 2006). In case, the land is at different heights, irrigation could be beneficially provided by the construction of distribution tanks at strategic locations. This permits minimizing evaporational losses, seepage and therefore provides most efficient use of water. Computation of the cost of MIS per hectare is about USD 2000 per hectare. It includes the cost of construction of water distribution tanks, cost of installing MIS and cost of replacing old material from time to time. This cost may appear a bit on higher side for the poor farmers of India. However, upon implementation in a step-wise manner, neither the capital investment is beyond the reach, nor repentance occurs for the loss of crop. In fact, from the total cost and total income, the pay-back period is about 7.5 years, in the total lifespan of MIS for 12-15 years. During this period, the farmer is assured of adequate food grains, vegetables, fruits, spices for quality life, while preserving fertility of the land and hope for a prosperous future as it permits re-growth of local micro-flora and fauna changing the ecology for better, useful to the farmer, village and nearby region.

SOURCE-WISE IRRIGATION IN INDIA

The changing trends in the different sources of irrigation in an area explains the effort taken by the Government in augmenting the irrigation potential over the years and also the way in which the pattern has undergone changes. Table – 1 provides the data pertaining to the source-wise irrigation in India since 1950-51.

It is inferred from the table that the proportion of area under canal irrigation has increased from 39.78 per cent in 1950-51 to 42.05 per cent in 1960-61, but has declined continuously since then and came down to the level of 24.64 per cent in 2010-11. The total area under canal irrigation has however, increased initially from 8.30 mha in 1950-51 to 17.45 mha in 1990-91, then declined consistently and came down to 15.67 mha in 2010-11. The area under tank irrigation has declined in both absolute and proportion-wise over the period. The total area, though has increased initially from 3.61 mha in 1950-51 to 4.56 mha in 1960-61, it has declined since then and has come down to 2 mha in 2010-11. Its share in NIA has gone up from 17.33 per cent in 1950-51 to 18.49 per cent in 1960-61, but has decreased to 3.14 per cent in 2010-11. In the absence of any concerted efforts by the Government in enhancing the role of canal and tank irrigation in the country over the years, the structure of irrigation has shifted towards well irrigation and especially towards tube well irrigation. This also implies the fact that augmenting the extent of irrigation has been left to the poor farmers, as the state has been withdrawing from the same. In 1950-51, tube well irrigation was not known much in the country, as it has no share in the NIA. In 1960-61, tube well irrigation was practised to the extent of 0.55 per cent of the NIA, which has increased to 44.89 per cent in 2010-11. In the same way, the total area under tube well too has increased from 0.14 mha in 1960-61 to 28.55 mha in 2010-11.

There has been a similar trend in the expansion of irrigation by other wells which include open or surface wells. Its total area has gone up from 5.98 mha in 1950-51 to 10.51 mha in 2010-11. The proportion of area under the irrigation of other wells, however, has declined from 28.67 per cent in 1950-51 to 16.53 per cent in 2010-11. This indicates that though the pattern of irrigation has moved in favour of well irrigation, within well irrigation, open or surface wells cannot be sustained in the long run, since it should be dug deeper in every passing year. This forces the farmers, especially those who can afford, to shift towards tube well irrigation. This method of irrigation is not only highly expensive, but also highly unsustainable in the long run, as it should also be dug deeper and in that process, drives away the neighbouring small and marginal farmers, for whom the water table becomes 'unreachable'. The proportion of area under other sources like streams and other water ways has accounted for 14.23 per cent in 1950-51, which has declined sharply to 5.23 per cent in 2000-01, but has also increased equally sharply to 10.80 per cent in 2010-11. This suggests that the basic structure of irrigation in the country has undergone major shift over the years. The combined share of canal

and tank irrigation which was more than 50 per cent until 1970-71, has given way to well irrigation (both tube well and surface well) in the later period, as it now accounts for more than half of the NIA in India.

TABLE 1: SOURCE-WISE IRRIGATION IN INDIA, 1950-51 TO 2010-11*

Year	Canals	Tanks	Tube Wells	Other Wells	Others	NIA
1950-51	8.30 (39.78)	3.61 (17.33)	Nil	5.98 (28.67)	2.97 (14.23)	20.85 (100)
1960-61	10.37 (42.05)	4.56 (18.49)	0.14 (0.55)	7.16 (29.01)	2.44 (9.89)	24.66 (100)
1970-71	12.84 (41.28)	4.11 (13.22)	4.46 (14.34)	7.43 (23.88)	2.27 (7.29)	31.10 (100)
1980-81	15.29 (39.49)	3.18 (8.22)	9.53 (24.62)	8.16 (21.08)	2.55 (6.59)	38.72 (100)
1990-91	17.45 (36.34)	2.94 (6.13)	14.26 (29.69)	10.44 (21.73)	2.93 (6.11)	48.02 (100)
2000-01	15.97 (28.96)	2.46 (4.45)	22.57 (40.94)	11.26 (20.42)	2.89 (5.23)	55.08 (100)
2001-02	15.27 (26.88)	2.19 (3.86)	23.24 (40.93)	11.73 (20.66)	4.36 (7.68)	56.67 (100)
2002-03	14.04 (26.17)	1.80 (3.36)	23.48 (43.76)	10.66 (19.87)	3.67 (6.83)	53.78 (100)
2003-04	14.45 (25.31)	1.96 (3.43)	26.69 (46.75)	9.69 (16.97)	4.30 (7.53)	57.09 (100)
2004-05	14.77 (24.94)	1.73 (2.92)	25.23 (42.60)	9.96 (16.82)	7.54 (12.73)	59.23 (100)
2005-06	16.72 (27.48)	2.08 (3.42)	26.03 (42.78)	10.04 (16.50)	5.97 (9.81)	60.84 (100)
2006-07	17.03 (26.84)	2.78 (4.38)	26.94 (42.46)	10.70 (16.86)	6.00 (9.46)	63.45 (100)
2007-08	16.75 (26.51)	1.97 (3.12)	28.50 (45.10)	9.86 (15.60)	6.11 (9.67)	63.19 (100)
2008-09	16.88 (26.52)	1.98 (3.11)	28.37 (44.58)	10.39 (16.33)	6.02 (6.46)	63.64 (100)
2009-10	14.98 (24.18)	1.58 (2.55)	28.38 (45.82)	9.99 (16.13)	7.01 (11.32)	61.94 (100)
2010-11	15.67 (24.64)	2.00 (3.14)	28.55 (44.89)	10.51 (16.53)	6.87 (10.80)	63.60 (100)

Source: Agricultural Statistics at a Glance, 2015, Govt. of India.

Note: Figures in Million Hectares and those in brackets are percentage to NIA. NA – Not Available.

* Irrigation data is available only upto 2010-11.

SUSTAINABLE WATER MANAGEMENT

It considers conservation of all water resources using appropriate technologies and their use with social acceptability, economic viability, and eco-friendliness. Under the head of social acceptability, cross subsidization of available water needs to be made into legitimate interregional (rural versus urban) and inter-sectoral (agricultural versus industrial) needs. Such considerations ahead of the scarcity will provide flexible practices in irrigation management. Otherwise, politically oriented and ill-considered decisions tend to aggravate human sufferings, cattle perishing, agricultural stagnation or decline and reduced industrial output, cumulatively affecting GDP adversely.

Under aridity, consideration of low moisture carrying capacity of the ecosystem in right perspective needs irrigation in small dosages and at higher frequency so that immediate hardships out of aridity are minimized (Sarwar and Bastiaanssen, 2001). This is a case of moderate contingency arising out of water scarcity.

Drought being a natural, but temporary imbalance in the availability of moisture caused by lower than the average rainfall over the years, its uncertain frequency, limited duration and severity of sunlight aggravate the rate of evapo-transpiration, resulting into diminished moisture availability for plants to sustain. Severity of such situation needs application of soil conditioner (Chaudhari and Kothari, 2009) and DI at night time so that due to water-holding capacity of the soil conditioner, crop is sustained at a minimal loss due to evapo-transpiration, providing the hope of livelihood, especially for rural and economically weaker population. This is a case of immediate contingency due to acute water scarcity (Pereira, 1999).

Desertification in a large measure is man-made problem over longer duration, carried forward from the past in the availability of water. While drought aggravates desertification, recycling of water for human and cattle consumption and recycling for irrigation provides a workable strategy to arrest the rate of desertification and thereby human hardships. This appears an extremely difficult contingency, being permanent in nature and scope, requiring irrigation scheduling (Teixeira et al., 1995). This is a case of chronic contingency.

CONCLUSION

Water scarcity has huge implications for health, hygiene, sanitation, drinking water, agriculture and industry. Therefore, equitable distribution of this scarce resource has been accorded prime consideration in form of sustainable irrigation, which serves as a springboard to provide food for public consumption as well as industrial raw materials. Drinking water enjoys second place in planning which in turn addresses legitimate needs of health, hygiene and sanitation. For this purpose, central, state, district and local (village level) governments have ensured voluntary public code of conduct to minimize the risk of over use of underground reservoirs and protect their water quality. Therefore, water extraction, conveyance, storage and delivery infrastructure is being augmented, pricing of water considered to reflect its net cost and delivery made at reduced pressure and reduced frequency.

Agriculture being the major user of water, besides reliance on rain-fed irrigation, gradually surface or flood irrigation is being replaced by sub-surface (drip/sprinkler/mist) micro irrigation, which has inherent capacity to double the acreage under irrigation, without loss to agri-output. By experience, the farmers have also got educated that flood irrigation largely employed in sugarcane, rice and banana cultivation has rendered soil saline and less productive over the years. To reduce water use and transform saline soil into a productive matrix, sustainable water management is made through the enhanced use of farmyard manure, soil conditioner, press mud, fly ash/bio-fertilizers/plant growth regulators, which permit reduced use of water and at the same time soil fertility, is enhanced over 3-4 year duration. Similarly, crop planning is considered to restrict the cultivation of crops consuming "virtual water". For arid, semi-arid and desert landscapes, contingency irrigation/ deficit irrigation/ supplementary irrigation is considered to save the standing crops through recycling municipal effluents. Everything said and done, the ultimate success of irrigation practices depends on certain regulatory measures by the government and public participation through keen awareness.

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HUMAN RESOURCE ACCOUNTING: AN OVERVIEW

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ABSTRACT

Despite the technological advancements and the increasing importance of computerization, human resources continue to play a dominating role in the effective use of physical and financial resources. The value of human resources is invaluable and cannot be measured accurately. In knowledge driven economies it becomes essential that human resources are recognized as an integral part of the total worth of an organization as they are the key elements of the knowledge economy. Management of human resources in any organizations is very much important from accounting point of view. Valuation of human resources, recording the valuation in accounts and fair disclosure of such information in financial statement are the demand of the stakeholders to enhance managerial performance and employees' productivity. Investment in developing human resources is not revenue expenditure. Its impact on developing the capability of employees provides benefits for a long period. There is a genuine need for reliable and complete information that can be used in improving and evaluating human resource management. In present paper an attempt has been made to bring out the significance of Human Resource Accounting (HRA). The study also presents the likely benefits that reporting human resource as assets will have to different users of companies' corporate financial reports and how it will be helpful for different users of accounting information for their day to day decision making. Finally, the paper will conclude by presenting a critical assessment of the concept of HRA thereby unveiling its strengths and weaknesses and recommendations will be made as to what steps should be taken by government and companies to make effective use of HRA in management of human resources.

KEYWORDS

accounting information, decision making, employees' productivity, human resources, human resource accounting.

INTRODUCTION

Human Resource Accounting (HRA) involves accounting for the company's management and employees as human capital that provides future benefits. In the HRA approach, expenditures related to human resources are reported as assets on the balance sheet as opposed to the traditional accounting approach which treats costs related to a company's human resources as expenses on the income statement that reduce profit. HRA is actually a part of social accounting in which accountants need to apply their specialized abilities to help find solutions to the social problems of employees. We know that accounting is a science of measurement, analysis and communication. The designing of proper accounting system for providing information to the stakeholders is also a difficult task. The information concerning human assets is more relevant to a great variety of decisions made by external and internal users. Accounting for human asset constitutes an explicit recognition of the premise that people are valuable organizational resources and an integral part of a mix of resources. The basic premises underlying the practices of human resource accounting are:

- People are valuable physical resources of an organization.
- The usefulness of HR as an organizational resource is determined by the management; and
- Information on investment and value of human resource is useful for decision making in the organization.

Objective of human resource accounting is to facilitate the management to get information on the cost and value of human resources which will enhance the quantity and quality of goods and services. It provides data to the interested persons about the cost of human resources and correspondingly comparing it with the benefit obtained out of its utilization. The human resource accounting is used to furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.

Further, it helps the organization in decision making in the various areas like Direct Recruitment vs. Promotion, Transfer vs. Retention, Retrenchment vs. Retention, Impact on budgetary controls of human relations and organizational behavior, decision on reallocation of plants, closing down existing units and developing overseas subsidiaries etc. It helps in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits. It helps an organization to take managerial decisions based on the availability and the necessity of human resources. When the human resources are quantified, it gives the investors and other client true insight into the organization and its future potential. Proper valuation of human resources helps an organization to eliminate the negative effects of redundant labour.

LITERATURE REVIEW

Various researches have been done on Human Resource Accounting in India and abroad. A brief review of literature is presented below:

Avazzadehfath (2011) checked the impact of human resource accounting information on the investment decisions and explored the factors that could interfere in the effect. Further, it was examined that which evaluation method of human resource was the most appropriate method consistent with Iranian companies in terms of qualitative characteristics of accounting information. It was revealed that human resource accounting (HRA) information disclosures in financial statements were relevant and effect on the optimal investment decisions. Original cost method was found to be the most effective and appropriate evaluating method of human resource consistent with current status of Iranian companies and institutions.

Batra (1996) calculated the HRA and auditing practices in selected public enterprises like BHEL, SAIL & CCI up to the period 1991-92. Primary and secondary data were collected for the purpose of study. This study suggested a model for measuring the value of human assets of these enterprises and found that HR valuation and audit activity could be helpful in improving the efficiency of human resources in the changing business scenario.

Compbell and Helleloid (2011) conducted a study to analyze the adoption of IFRS in the organization and HRM practices by global accounting firms. Theoretical framework was the base of the study. It was found that there is a need to be part of the discourse surrounding the possible U.S adoption of IFRS. It was suggested that if global accounting regulatory standards are adopted then it would be much easier for staff to work transnationally, and much easier to meet regulatory standards regarding supervision when audit work was performed in different countries.

Dawson (1994) studied the distinction between prescriptive and descriptive approaches with regard to human resource accounting. It was found that both approaches have a useful contribution to make but prescriptive approach should not be confused with low quality descriptive approaches and that while the latter are to be deplored the former have a valuable place in management research.

Elias (1976) attempted to provide framework for analyzing the behavioral aspects of accounting methods. It was found that HRA due to its behavioral impact had a distinct effect on decision making. It had a potential impact for both functional and dysfunctional consequences which were different depending on the circumstances and management philosophy. All expenditures related to HR were considered to have been made for the acquisition and maintenance of human assets and are therefore capitalized. It was suggested to consider sunk cost in the various analysis of the company.

Fleming (1977) assessed the behavioral implications if a value for employee is published as an asset on the balance-sheet. For the purpose of the study a survey was done on faculty members and students, which was based on a questionnaire. It was revealed that 43% of faculty and 38% of students were against the

TJ statement that placing a dollar value on human being is an insult to their dignity and an equal percentage of faculty felt that it was not only an insult but also a way treating people as slaves or machines. 85% of students were against the disclosure of information publicly related with individual.

Hosseini (2012) in a research studied the concept of human resource accounting and found that the promotion of human capital and its effect on different aspects of organization operation and in more extended level on economic and social development was not hidden for everybody. Promotion of this capital was found including a collection of competencies for applying knowledge and skill for achieving the results of programs. Creativity, flexibility, capability of conducting, solving problem and making creative relation with others, job making and complex skill such as knowledge of manner of learning were the features embracing the competencies.

Stephenson and Franklin (1982) gave a macro level perspective to human resource accounting by analyzing different HRA models which reinforced the practical implications of HRA in terms of real dollars and common sense for management. It was found that many companies have recognized the need for systematic assessment of the human element of the organization in quantitative terms for internal management purposes. It was invented that in the near future maximum corporations will be recording their human capital in the balance sheet.

Kaur et. al. (2014) attempted to evaluate extent of HRA measurement and reporting practices of selected Indian companies. The study was aimed at analyzing these companies and ranks the companies on the basis of the extent of disclosure of HRA information in annual reports of companies. The study was based on exploratory research design and secondary data were collected for this purpose. It was revealed that measurements and reporting are highly subjective and the companies are trying to fit available model for the valuation of HR as per their own requirement.

Ratti (2012) calculated the value of human resources at different levels of organization and determined the human resource efficiency quotient taking the sample of fifteen companies for the measurement of human resources. Primary data were used in the study. It was revealed that the value of human resources did not depend upon the number of persons employed.

Stanko et. al. (2014) examined the history of human asset accounting and its feasibility in current financial reporting environments. Additionally, the importance of human asset accounting, different approaches toward human asset accounting, and how beneficial an accurate method could prove to be in financial reporting was demonstrated. It was revealed that as a foregoer to measurement the development of general quantitative & qualitative human capital disclosures, with real company examples, should be included in a company's sustainability reporting.

OBJECTIVES OF THE STUDY

1. To provide an overview of Human Resource Accounting.
2. To present the likely benefits that reporting human resource as assets will have to different users of companies' corporate financial reports and how it will be helpful for different users of accounting information for their day to day decision making.

RESEARCH METHODOLOGY

Secondary data is used for the purpose of the study by doing in depth literature review which is collected from websites, annual reports, journal and magazines, standard books, newspapers, previous research findings and from different libraries.

MODELS OF HRA

Quite a few models have been suggested from time to time for the measurement and valuation of human assets. Some of these models are briefly discussed below:

(A) COST BASED MODELS

- (1) **CAPITALIZATION OF HISTORICAL COSTS:** Rensis Likert and his associates at R.G. Barry Corporation in Ohio, Columbia (USA) developed this model in 1967. It was first adopted for managers in 1968 and then extended to other employees of R.G. Barry Corporation. The method involves capitalizing of all costs related with making an employee ready for providing services- recruitment, training, development etc. the sum of such costs for all the employees of the enterprise is taken to represent the total value of human resources. The value is amortized annually over the expected length of service of individual employees. The unamortized cost is shown as investment in human assets. If an employee leaves the firm (i.e. human assets expire) before the expected service life period, the net asset value to that extent is charged to current revenue. This model satisfies the basic principle of matching cost and revenues. But historical costs are sunk costs and are irrelevant for decision making.
- (2) **REPLACEMENT COST:** The Flamholtz model (1973): Replacement cost indicates the value of sacrifice that an enterprise has to make to replace its human resource by an identical one. Flamholtz has referred to two different concepts of replacement cost viz. 'individual replacement cost and positional replacement cost. The individual replacement cost refers to the cost that would have to be incurred to replace an individual by a substitute who can provide the same set of services as that of the individual being replaced. The positional replacement cost, on the other hand refers to the cost of replacing the set of services required of any incumbent in a defined position. Thus the positional replacement cost takes into account the position in the organization currently held by an employee and also future positions expected to be held by him.

(B) ECONOMIC VALUE MODELS

- (1) **OPPORTUNITY COST:** The Hekimian and Jones Model (1967): This model uses the opportunity cost, that is the value of an employee in his alternative use, as a basis for estimating the value of human resources. The opportunity cost value may be established by competitive bidding within the firm, so that in effect, managers must bid for any scarce employee. A human asset will therefore have a value, only if it is a scarce resource, i.e. when its employment in one division denies it to another division.
- (2) **DISCOUNTED WAGES AND SALARIES:** The Lev and Schwartz Model (1971): This model involves determining the value of human resources as the present value of estimated future earnings of employees (in the form of wages, salaries etc) discounted by the rate of return on investment (cost of capital). According to Lev and Schwartz, the value of human capital embodied in a person of age n is the present value of his remaining future earnings from employment. Their valuation model for a discrete income stream is given by the following:

$$(i) \quad V_n = \sum_{t=n}^T \frac{I(t)}{(1+r)^{t-n}}$$

Where,

V_n = the human capital value of a person n years old.

$I(t)$ = the person's annual earnings upto retirement.

r = a discount rate specific to the person.

T = retirement age.

However the above expression is an ex-post computation of human capital value at any age of the person, since only after retirement can the series $I(t)$ be known. Lev and Schwartz therefore converted their ex-post valuation model to an ex-ante model by replacing the observed (historical) values of $I(t)$ with estimates of future annual earnings denoted by $I^*(t)$. Accordingly, the estimated value of human capital of a person years old is given by:

$$(ii) \quad V_n^* = \sum_{t=n}^T \frac{I^*(t)}{(1+r)^{t-n}}$$

Lev and Schwartz again pointed out the limitation of the above formulation in the sense that the above model ignored the possibility of death occurring prior to retirement age. They suggested that the death factor can be incorporated in the above model with some modification and accordingly they recommend the following expression for calculating the expected value of a person's human capital:

$$(iii) \quad E(V_n^*) = \sum_{t=n}^T P_n(t+1) \sum_{i=t-n}^T \frac{I_i^*}{(1+r)^{t-n}}$$

Where $P(t)$ is the probability of a person dying at age 't'.

(3) **STOCHASTIC PROCESS WITH SERVICE REWARDS:** Flamholtz (1971) advocated that an individual's value to an organization is determined by the services he is expected to render. An individual moves through a set of mutually exclusive organizational roles or service states during a time interval. Such movement can be estimated probabilistically. The expected service to be derived from an individual is given by:

$$(iv) \quad E(S) = \sum_{i=1}^n S_i P(S_i)$$

Where S_i represent the quantity of services expected to be derived in each state and $P(S_i)$ is the probability that they will be obtained. However, economic valuation requires that the services of the individuals are presented in terms of a monetary equivalent. This monetary representation can be derived in one of the two ways:

- By determining the product of their quantity and price, and
- By calculating the income expected to be derived from their use.

The present worth of human capital may be derived by discounting the monetary equivalent of expected future services at a specified rate (e.g. interest rate).

(4) **VALUATION ON GROUP BASIS:** Jaggi and Lau Model: Jaggi and Lau realized that proper valuation of human resources is not possible unless the contributions of individuals as a group are taken into consideration. A group refers to the homogeneous employees whether working in the same department or division of the organization or not. An individual's expected service tenure in the organization is difficult to predict but on a group basis it is relatively easy to estimate the percentage of people in a group likely to leave the organization in future. This model attempted to calculate the present value of all existing employees in each rank. Such present value is measured with the help of the following steps:

- Ascertain the number of employees in each rank.
 - Estimate the probability that an employee will be in his rank within the organization or terminated/promoted in the next period. This probability will be estimated for a specified time period.
 - Ascertain the economic value of an employee in a specified rank during each time period
 - The present value of existing employees in each rank is obtained by multiplying the above three factors and applying an appropriate discount rate.
- Jaggi and Lau tried to simplify the process of measuring the value of human resources by considering a group of employees as valuation base.

BENEFITS OF HRA

All the valuation methods above have certain disadvantages or limitations. Nevertheless, accounting for human resources can be of great importance to the organization and its stakeholders. Craft & Bimberg, despite their apprehension on Human Resource Accounting explained the benefits of HRA under three headings:

IN PERSONNEL MANAGEMENT: HRA could help the personnel manager make better use of the resources entrusted to him, in developing measurements of cost of hiring and training new employees which is ordinarily not shown in conventional financial reporting system.

IN LINE MANAGEMENT: HRA could also be used to inject additional inputs e.g. personnel costs and perhaps social-psychological data into the organizational internal planning and control systems.

BY INVESTORS: HRA could be integrated into reports designed for external use in evaluating economic condition of the firm (Craft & Bimberg, 1980). Gogo itemized some of the benefits of HRA to include:

- Proper integration of Return on Capital Employed (ROCE) in disclosure of the value of human resources in the long-term perspective of the business performance,
- The maintenance of detailed record relating to internal human resources will improve managerial decision-making process in Recruitment Vs Promotion, Transfer Vs Retention, Retrenchment Vs Retention,
- Identification of Human Resources as a valuable asset will prevent underuse and misuse through thoughtless and reckless transfers, demotions, lay-off and day-to-day maltreatment by supervisors and other superiors.
- Help in efficient allocation of resources in the economy
- Help in efficient use of Human Resources
- Help in proper understanding of the evil effects of avoidable labour unrest or disputes on the quality of internal human resources (Gogo, 1987)

LIMITATIONS OF HRA

It is generally accepted that human resources are the most important to the success of every organization. However its inclusion in the balance sheet has been strongly denounced by certain authors. These people are usually regarded as non-advocates of HRA. Also certain authors, who even consider the feasibility of HRA, do so, however not without mentioning the limitations. According to Craft & Bimberg, many accountants have always been concerned about capitalizing on the balance sheet excessive amounts of outlays for intangibles, because many firms have had large, "amount of these "assets" turning to be worthless. They caution accountants from considering an innovation which will increase the intangible assets on the corporate balance sheets, and that HRA should be considered only for internal use rather than for external purposes (Craft & Bimberg, 1980).

CHALLENGES IN THE ADOPTION OF HRA

It would have been much better if we could have such a well-developed and highly accepted model to recognize and report Human Resource in the Balance Sheet of an organization. Even though gradual development has been witnessed in this field, still the new approaches and models are being given. There are several methods and models currently in use to determine the value of an individual such as cost approach and the economic value approach. But none of these models is free from sizable limitations. Valuing human resource is not so easy rather it is very tough task because of various reasons like-There is no proper clear cut and specific procedure or guidelines for finding costs and value of human resources of an organization. The systems which are being adopted have certain drawbacks. Models so far developed reveals that without considering the regular pay amount no model for valuing human capital is yet possible. So any model adopted for computing human value will give the scope of fraudulently reporting moderately skilled persons as highly skilled by offering them a higher regular pay package. The period of existence of Human Resource is uncertain and hence valuing them under uncertainty in future seems to be unrealistic. The much needed empirical evidence is yet to be found to support the fact that HRA, as a tool of management facilitates better and effective management of human resources. Management can take their decision on performance measurement. As human resources are incapable of being owned, retained, and utilized, unlike the physical assets, there is a problem for the management to treat them as assets in the strict sense. There is a constant fear of opposition from the trade unions as placing a value on employees would make them claim rewards and compensations based on such valuations. In spite of all its significance and necessity, the Tax Laws don't recognize human beings as assets. There is no universally accepted method of the valuation of Human Resources. Owing to the rapid change in technology, human being may be replaced by technology to a large extent. For taking decisions we have Management Information System, Decision Support System, Executive Support System, Artificial intelligence. Self-created goodwill also brings benefit to the organization, but we don't show this goodwill as assets in the balance sheet. Employees of an organization are its resources or not are reflected in the statement of financial performance through earning profit or incurrance of loss. The output of human skill is the research and development; costs incurred in relation to this are currently capitalized as per IAS 38. In case of operating lease, we use the capital assets of others and pay the charge for using it. Similarly, we are hiring the employees and paying for their skills. Evidence are there because of fraudulent activities of humans deployed which resulted in the collapsing of the organization. So how such human can be an asset to be recognized in the balance sheet? To apply HRA it is required to be backed by Human Resource Auditing.

IMPORTANCE AND IMPLICATIONS

The micro level (within organization) perspectives are directly linked to HRA, which, again, could be developed both for internal and external use, a tool for profiling the enterprise/organization. It is obvious that there is a strong connection between external and internal functions. They are not mutually exclusive; sometimes one may even be a prerequisite for the other. Below are some reasons why HRA is been considered as important aspect for decision making.

1. Acquisition and allocation of human resource and overcome the difficulties in providing sufficient information to investors with traditional financial statement.
2. Development and improvement of human resource and profile the enterprise and improve its image.
3. Acquisition & Development policy formulation and Branding among future employees.
4. Focus on employees as assets and redistribute social responsibilities between the public & the private sectors.
5. Retain qualified employees and rewarding them.
6. Overcome problems arising from the valuation of intangible assets.

HRA can be helpful for allocation decision by quantifying variables involved in this allocation and express them in monetary units. Assessing the value of a proposed investment (Resource allocation) and then estimating the cost of the proposed expenditure (Cost estimation). HRA can address the decisions by measuring expected rate of return on proposed investment. For policy formulation estimates of historical and current costs required, HRA can help management assess the tradeoffs between buy-produce, develop policy of personnel acquisition and assist them in conserving its human organization by providing an early warning system. It measures the productivity (performance) and ability of promotion of the people. Such decisions may include overall reward system i.e. compensation, promotion, performance appraisal etc. It can also measure the performance of human resource management by comparing actual cost with standards.

RECOMMENDATIONS

The findings of this study are of immense importance to both standard setters and organizations. The movement toward fair value accounting seen in recent years for international standards indicates a more sophisticated approach to the measurement of assets, tangible as well as intangible. The valuation and disclosure of human resource related information in the annual reports should be made mandatory by the government. Also a specific model acceptable to all companies should be developed and motivations for the same should be given to the companies in the form of tax exemptions and subsidies etc.

CONCLUSION

To overcome the difficulties in traditional balance sheets lot of work are being done at present by accounting, financing, investors' and others. Organizations such as the International Accounting Committee (IAS) and Federation do Experts Computable Europeans (FEE) are vigorous in this area. Assets are resources from which future economic value will flow to the entity. As an employee of an organization will not merely work for a single year, it seems rational to account for employee as an asset in the balance sheet on the ground that they will provide future economic benefit to the entity. Moreover, charging the cost of recruiting, training and development of the employee in the profit and loss account for a single period goes in contrary to the expense recognition principle of accounting. Like other physical assets as the incurrence of these costs gives benefit through more than one fiscal period, amortizing these costs over the benefit deriving period is highly accepted. So until and unless a sophisticated and accepted model for valuing human capital is developed, it will be worthwhile to capitalize and amortize the cost of recruiting, selecting, formal and informal training and, formal and informal familiarization. The amortization will be over the expected service period. This solution is in line with the existing historical cost approach. Given the view expressed by both academicians and policy makers that the traditional financial reporting system are insufficient to provide investors with value- relevant information, it may well be that in the future, the reporting of information related to Human resource accounting in the financial statements may be mandatory. Hence, the focus for policy should be to develop preeminent model for valuing Human capital; establish guidelines for reporting and encourage compliance with said guidelines.

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