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RANA PLAZA: A FAILURE OF GOVERNANCE**DR. REVATHI IYER****DEAN ACADEMICS****KIRLOSKAR INSTITUTE OF ADVANCED MANAGEMENT STUDIES****YANTRAPUR HARIHAR****DR. C N NARAYANA****PRINCIPAL DIRECTOR****KIRLOSKAR INSTITUTE OF ADVANCED MANAGEMENT STUDIES****YANTRAPUR HARIHAR****ABSTRACT**

This paper is an attempt to understand what made the Rana Plaza disaster in Bangladesh a work of the newly emerging outsourcing abnormality in profits and of capitalistic greed and how lack of governance and corporate charters would lead to disregard and least regard of human lives and recommendation of how governments must look at ethical sourcing practices for its workers to enable a sustainable long term growth initiative for the economy.

KEYWORDS

fast fashion industry, corporate governance, sustainability, readymade garments, outsourcing, ethical sourcing.

EXECUTIVE SUMMARY

Globalization has changed the way organizations do business. With the highly competitive environment emerging the rat race to outdo competitors has led to capitalistic greed and also has made firms look at countries where labour is cheap and where there are no formal labour requirements by the government in place. Labour intensive countries like China, India, and Bangladesh have been those countries where western multinationals have outsourced their work at very cheap rates. This has led to a host of cost advantages accruing to the Western firms especially the fashion apparel industry. There has been least concern shown by these firms to either look into the working conditions of the factories which are now famously known as the “sweat shops” or to bring in any sort of sustainability practices and social responsibility efforts into those workers who earn for them huge profits. What has made American multinationals source their production and manufacturing to these countries? Are there regulations of fair working standards applicable to factories where the most well designed fashion apparel is made and hand crafted? Do people working in these factories deserve to have dignity in the work they do? These are huge concerns that evolve out of a nightmare which happened in a Bangladesh factory and the collapse of Rana Plaza was one of the worst industrial accidents in recent history, resulting in the loss of over 1100 lives. The scenes of the disaster and the conditions of workers shocked the world and exposed the profound flaws within the Ready Made Garment (RMG) industry in Bangladesh. An insight into the readymade garment industry in Bangladesh shocks not only the world but also the apathy shown by the Bangladesh government and the host countries towards the conditions of the people in the factories. The paper looks at the rise of the fast fashion and the ready to wear industry worldwide and stresses how multinationals in their journey towards making profits and wealth and reap cost advantages have ignored their ethical standards and corporate social responsibilities and how supply chain efficiencies have been discarded by motives of profit. The paper critically analysis the rise of the fast fashion industry and the resultant effect on the disastrous incident and collapse of a fast fashion factory on the outskirts of Dhaka called the Rana Plaza. When Rana Plaza collapsed the world watched as the costs of doing business in Bangladesh were made public. Systemic problems with the RMG industry unfolded before them, the collapse showing that poor infrastructure, weak labour rights, fragile industrial relations, a permissive business environment, lax supply chain management and intense pressure from buyers demanding fast fashion at low costs coupled with poorly constructed buildings coalesced to create hazardous working conditions for the nearly 4 million workers in Bangladesh. In the words of one NGO Chief Executive, Rana Plaza was the result of a ‘perfect storm’ of poor conditions and practices (Ayres, A.(2014).

PHOTO 1

(<http://news.nationalgeographic.com/news/2013/13/130425-bangladesh-dhaka-building-collapse-world/>)

INTRODUCTION

On April 23rd 2013, in Savar, Bangladesh a nine storey building on the outskirts of Dhaka collapsed killing around 1100 people. The reports cited that that the building collapse happened due to "heavy machinery and high-capacity generators" (<http://edition.cnn.com/2013/05/03/world/asia/bangladesh-building-collapse/>). Investigations further revealed that sub standard materials were used during the construction of the building which was also directly responsible for the crash. This created international headlines because it housed one of the biggest garment tragedies and brought into international attention the plight of the garment workers in Bangladesh. This also brought highlighted attention to the channels of exploitative power have no doubt been modernized but the labyrinths

of oppression still work by cheating employees and workers of fair standards, employees being supervised very harshly, threatened by musclemen if they resisted work or tried to complain to officials. This made the quote of capitalism very true that the rich got richer while the poor grew poorer.

The Economic reliance of the country on the garment industry was a main sector of employment to 4 million of garment workers. It was 2nd largest clothing exporter worldwide with almost 80% of export from Bangladesh is from the RMG industry. The Politics and national government favors the garment industry due to its economic importance and ignores problems within the industry. Corruption was identified as one of the causes of Rana Plaza collapse as it was later investigated that the factory owner Rana had political ties with government. There were Insufficient numbers of inspectors with insufficient qualification. There were only 22 safety inspectors for 17,000 factories of inspectors and there were high levels of falsification of audits.

The reasons why the RMG industry was so crucial in Bangladesh was because 80% of export from Bangladesh is from the ready-made garment industry (Ahmed Apu, A.2013).78% of Bangladesh foreign earnings come from garment industry (Labowitz, S. & Baumann-Pauly, D. (2014).20% of GDP is from the ready-made garment industry (Ahmed Apu, A 2013). It was the 2nd largest clothing exporter worldwide behind China. This was the main sector of employment with 4 million of garment workers (Seters, J. et al., 2013) and the economy was highly dependent on the garment industry (Seters, J. et al.2013)

The labor issues were even more disturbing. There were high levels of discrimination. Unequal wages for men and women and labour leaders consistently face physical harassment and abuse. Women and children face sexual, & physical and verbal harassment. There were forced pregnancy tests and restrictions on maternity leave. The government showed absolute indifference by the lack of political will. Nearly every member had close ties to factory owners or are factory owners themselves and unions were confronted with high bureaucratic pressure against organization and strike action (Bangladesh All Party Parliamentary Group, 2013). The wage structure was even more worrying as Bangladesh had the lowest hourly wage in the world at about 0.32 cents an hour and 243 of 988 workers experienced overtime deductions (Bangladesh All Party Parliamentary Group, 2013)

The political factors were also responsible for the Rana plaza disaster.Politics and national government was favoring the garment industry because of its economic importance and has ignored problems within the industry and seems to have failed so far to learn any lessons from previous accidents(Primark (2014)).10% of members of parliament are factory owners, and 50% have some personal interest in the industry business owners have powers, many are politician and they hold 10% of parliament seats (Cook, I.2014)), 1/3 of MPS are involved in garment industry.(Cook, I.2014). Corruption was identified as a main cause of Rana Plaza collapse (Mallet, 2013). It was proved that factory owner Rana had political ties with government. (Labowitz, S. & Baumann-Pauly, D. (2014).

RANA PLAZA

The immediate cause of the collapse of the Rana Plaza was poor construction. An assessment conducted revealed, the building was built for retail purposes. The thousands of workers and electrical generators exerted a weight 6 times greater than the building was intended to bear. Experts pointed the building was also constructed on soft ground and sections of the building were still under construction when it collapsed. The top two floors added were also against planning permission. The reasons attributed to this building collapse are many chief of them being the shoddy construction material used in the building. Officials investigating the tragedy say that "the way it collapsed, and the fact that so much of it came down, suggests there was a lack of redundancy," said the official. "The amount of reinforcing steel used didn't allow it to transfer the load from one section to another, and that's why so much of it came down." (cnn.com). Was there too heavy a load on the building or was it the reason that there was unauthorized work housing many people going on in the building? This brought to international spotlight the plight of the fashion garment workers in this dingy building.

The paper attempts to understand how the Rana Plaza disaster was prodded on by the growth of the fast fashion and apparel industry being outsourced to labor intensive countries which the host nations not being even slightly interested in either understanding or empathizing with work conditions instead just looking at the profit and cost advantages. This was capitalistic greed and was not just an isolated incident. It was fortunate that this incident was an eye opener to regulators and governments all over the globe that they have to bring in high-level of corporate social responsibility charters into their working and make this a very tangible initiative.

ETHICAL SOURCING

Acknowledging these relationships is the key to understanding the real scope of the factory safety challenges in Bangladesh. In Bangladesh RMG politically connected barriers to entry are low and startup costs is minimal and a surfeit of supply exists. Thus suppliers and workers are the weakest actors subject to conditions of input and order dependency, hand to mouth contracting and footloose sourcing practices. Fear of undercutting is high and brand purchasing practices can exert significant influence on working conditions. The fast fashion model demands short lead times and here if the buyers claim rights to alter designs days before production is to begin with raw materials needed to be purchased, the time and cost pressure can have negative consequences for workers by incentivizing suppliers to increase overtime beyond legal limits. If additional hours do not get added into cost of goods overtime is or paid to the workers or suppliers working into the night. To meet shipment schedules units are often subcontracted out to other suppliers. With removal of trade quotas, companies take advantage of goods from low cost manufacturers. (Bruce and Daly, 2006) In this industry buying can occur on a weekly basis resulting in high overall costs reducing excess stock/markdowns and lost sales. (Bruce and Daly, 2006) The developing countries especially Bangladesh is very well known for its garment industry. The reasons are that this country is very labor intensive and employs women and children. The steps taken to end child labor and provide education to the displaced children is seen as a great step towards liberating children from sweat shops. The garment industry was so successful in Bangladesh because there were no quotas for export of garments like those that were followed in other countries. (Emma Thomason 2014). Labor was cheap and the garment manufacturing units were so labor intensive that it offered employment to so many people. Majority of employees were women and children. There were huge factories so employees and labor preferred to work here than in small sub-contracting work and hence the garment industry grew very popular. Bangladesh spearheaded the garment outsourcing industry because it provided employments to thousands of people. In a country marked by very high poverty levels, the garment industry became a very important source of earning however paltry the earning was seen. The readymade garment industry of Bangladesh has been a very important part of the success of the economy since 1990 when the country was identified as being a good outsourcing hub of the fast fashion industry. It was expected that with the huge amount of work that was outsourced to Bangladesh; the country will be able to redeem the twin ills of poverty and unemployment notwithstanding other human rights issues. However, its future has been thrown into doubt as a consequence of the heavy human, economic and reputational costs which have been revealed by the disaster. It is imperative that the initial impetus from Rana Plaza is not lost but is translated into concrete actions that will improve working conditions and ensure that Bangladesh does not lose out on future investment opportunities. The RMG industry was seen to be second most revenue generating industry from the country registering a \$19.1 billion of ready-made garment exports which was almost 13% of the country's GDP. (McKinsey & Company, 2011) Almost 3.6 million people are employed in the industry and this is considered to be the fastest growing industry in Bangladesh. Though these are all positive indicators, All Party Parliamentary Group (has been concerned about the unequal distribution of income and that the workers employed in this industry are working in very poor conditions and in very dangerous workplaces with blatant disregard for safety.Why then did not the APPG not intervene into this issue and bring in public appeal to make good the conditions of work. Did they have to wait for 1100 people to die before they could act? (McKinsey & Company, 2011). Bangladesh needs to be supported by brands and the international community in their efforts to build up local capacity and reform the RMG industry. The United Kingdom is a major investor in the readymade garment industry of Bangladesh and the third largest exporter destination (McKinsey & Company, 2011) of the country and hence has a great responsibility to see that contractors have ethical responsibility towards the manufacture of garments as well as to the employees. The UK firms as part of the social responsibility charters have invested huge amounts into these factories s which make profits for them. UK has a major role to play in shaping policies of good governance for the RMG sector. The UK is already one of the largest grant donors to Bangladesh and efforts are on to ensure that sub-contracting work in Bangladesh is under the watchful eyes of the managers of host firms.

It was seen that Bangladesh which was the host to the readymade garment industry was the cynosure of all eyes High levels of pressure was exerted by the media which influenced the perceptions of customers as to how the garments they wear are produced and the wide public outcry on sweat shops has made retail giants like SEARS, K-Mart and H&M to introduce their code of conduct and, provide guidance on how to adhere, and inform suppliers the importance of ethical practices

in work. The Bangladesh Garment Manufacturers and Exporters Association is a representative association of the readymade garment sector. This plays a mediating role in supplier development. The triple bottom line which guides organizations towards best practices and includes economic, environmental, and social performances (Elkington, 2004) as the key to good growth have to be institutionalized by Western firms into the Bangladesh factories. Owners and suppliers must subject themselves to high levels of transparent functioning and disclose respectable practices of work in the fast fashion industry which is a seasonally evolving one the balance of economic, environmental, and social benefits is the primary issue in the sustainability governance. To implement the three pillars into the fast fashion industry an integrated supply chain sustainability governance framework has to be developed which has to be followed by all in the network. Since every actor in the framework is governed by good practices, the health of the supply chain network can improve leading to good practices. This will enable the interplay of all factors positively and enable suppliers to look at good practices for fear of being thrown out of the network. (Labowitz, S. & Baumann-Pauly, D. 2014)

THE FAST FASHION INDUSTRY

This is one of the most profitable industries and has grown phenomenally over the last 20 years due to the identification of labor intensive processes. The changing dynamics of the fashion industry has made retailers to look at highly effective low cost production techniques. The market demands that this industry should be flexible to the demands of the changing customer needs keep up quality in production and also be very fast in delivery. The fast fashion industry has grown in the last 20 years outdoing every other segment of consumer retailing and has brought into purview the cost of money power over the people power. (Bhardwaj and Fairhurst.2010)

The fashion apparel industry has evolved into a very profitable one when the apparel industry was thrown open to global forces. The fashion industry was going through an evolutionary phase like overcoming the travails of mass production to be replaced by customization of orders, changes in fashion seasons and changes in demand of changing seasons, hyper competitive e fashion houses and the very important aspect of structural and strategic supply chain partners. This has forced the fashion retailers to adapt to market structure in a way that was never before thought of. To sustain in the highly competitive environment retailers had to look at low cost production, speed of delivery and flexibility to adapt to changing designs and customer demands. Further capital investment and marketing efficiencies were also considered to be vital forces in the fashion industry. (Sinha 2006). Franks (2000) suggested 'sense and respond' as the key strategy to maintain a profitable position in the increasingly dynamic and demanding market. A key defining characteristic of rapid responsiveness and greater flexibility, in this context, is to maintain closer relationships between suppliers and buyers (Wheelright and Clark 1992).

The very intricately and highly competitive supply chain strategies were one of the most pertinent reasons why Bangladesh was chosen as a very popular outsourcing country. The fast fashion industry was very peculiar in the sense that this industry could forecast the demand of consumers and fashion trends much before the apparel hit the market. (Guercini 2001). This was something which was very peculiar to the fashion industry and so retailers took this cue and started speedy access to markets through fashion shows and fashion launches giving the apparel industry a name called as "Fast Fashion" According to Taplin (1999), such retailers could be credited with the adoption of 'quick fashion' that is an outcome of an unplanned process on the reduced time gap between designing and consumption on a seasonal basis.

There has been an evolution of the fashion industry in recent years. The industry has become highly competitive and there has been an urgent and constant need to bring in new designs and stick into the market for fashion retailers to sustain. Margins of profits being very less, retailers are constantly on the lookout for managing their Supply Chain in a very cost effective manner. The concept of seasons has further urged small retailers to bring out with new collections every few days. This can be possible only if organizations are able to change their merchandise very fast and quickly. This is possible if products which have a very short life cycle and high profit margins can be brought into the market eliminating the mark down margins altogether (Sydney 2008). This has given rise to huge retail houses like Sara Lee, ZARA and H and M.

A look at the growth of the fast fashion industry makes it very necessary to understand why the Rana Plaza disaster occurred and how certain very important ethical and standards of social responsibility could have prevented this accident. This also assumes importance in the wake of strategic changes happening in the supply chain of the apparel industry and the retailers that have bogged down the industry looking for sources of cheap labor. (Bhardwaj and Fairhurst.2010)

1. MASS PRODUCTION IS OUT

Till the 1990's mass production was the dictates of the fashion industry. The market dynamics and customer preferences did not change and there were no seasons. Customers were rather insensitive to fashion and preferred to be clothed in basic apparel which gave rise to the traditional concept of Levi's jeans and white shirt. There was a sudden change in the apparel demanded by women as compared to the standardized ones, this shifted the demand from classic and standard wear to fashion conscious wear. (Bailey 2001). The change was seen first in the women's hosiery industry with white being replaced by colors and cotton texture being replaced with different textures to suit the garment. This led to very low profit margins and market mark downs as was seen in the year 1987. This further led fashion garment manufacturers to understand that mass production could not get profits and gains.

2. FASHION SEASONS

Fashion earlier was always cyclical which was taken up by customers at specific periods of time. These changes in the fashion season made the cycle very small. Since the 1980s, a typical life cycle for fashion apparel had four stages: introduction and adoption by fashion leaders; growth and increase in public acceptance; mass conformity; and finally the decline and obsolescence of fashion. The beginning of the 1990's saw a dynamic change in the four stages of product development. retailers expanded their product offering and responded much faster and speedier to market demands and newness in offerings. This made a dual proposition to the customer, cost effectiveness and new product designs at very quick times. More seasons were added to the apparel industry and a fashion calendar was created. The faster the changes greater were the adaptiveness to the customer market demands so every week there was fashion show or a new collection being released. there were 3 to 5 mid-seasons forced immense pressure on suppliers to deliver fashion apparel in smaller batches with reduced lead time.

3. STRUCTURAL CHARACTERISTICS

The late 1980s was dominated by large retailers. The presence of other smaller retailers increased the competition in the market hence they switched over from product driven to buyer driven changes developed interfirm and supplier relationships and promoted their distinctive brands. This led to high levels of profits resultant of high values in research on designs sales marketing and linking design outsourcing to foreign labor intensive locations. Quick response was the watch word and low cost in labor was the trends which led to substantial cost advantages. (Guercini, S. 2001)

4. QUICK RESPONSES

As more and more quickness was seen as the success of apparel industries and stores; more emphasis was given to very quick delivery schedules employing large number of people. This could be possible only if there were contracting firms which could supply large number of people at low cost and with low overheads on infrastructure and other facilities. This gave birth to sweatshops and other very badly defined workplaces which employed men, women and children.

Without a robust supply chain management maintaining confidence in ethical practice is a challenge. The traditional fashion buying cycle is based on long-term forecasts from historical sales, and occurs one year before a season, with leads for orders placed six months prior to product launch and in companies with a focus on fast fashion, buying can occur frequently, even on a weekly basis (Sydney. 2008). Time race often demands, reduction of lead times throughout the supply chain. According to Bruce and Hines (2007) customer desires are satisfied efficiently in the sense that time is reduced. The rush is explained by the shortened 'product life cycles'. This affects PLC as newcomers in current collections cannabilize existing pieces resulting in a shorter shelf life with some barely reaching the maturity stage.

The ethical strategies of outsourcing and managing supply chains was seen to be one of the direct results of irresponsible behavior on the part of all stakeholders concerns and hence this led to a serious thought on how to bring in ethical sourcing in the readymade garment industry.

RECOMMENDATION POST RANA PLAZA

The apathy that was shown by the government and by the firms for whom the workers who died in the factory collapse was indeed a shocking tribute to the loss of lives. This brought into cognizance that it is vital that the structural integrity of buildings and the infrastructure capacity of Bangladesh are improved. Poor infrastructure is a significant supply bottleneck which increases the pressures and costs of a supply chain characterized by a 'fast-fashion' model with short lead

times and tight deadlines. Consequently, there is high chance of a repeat of the tragic events of Rana Plaza and Tazreen Fashion's fire. These risks compromise the long term investments of brands and limit their ability to improve working conditions. In order to prevent a loss of future investment, the APPG recommends that the Bangladesh government, aided by brands and the international community, establishes a long term strategic plan to address these pressing concerns. The Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety and the National Tripartite Plan of Action on Fire Safety and Structural Integrity (NTAP) are necessary first steps though these efforts must be coordinated and supported in order to build local capacity towards a sustainable solution. This APPG report has the objective of suggesting policy recommendations to promote a RMG industry that works for consumers, business, workers and Bangladesh. It is critical that regulatory and infrastructure reforms are carried out and working conditions improved to ensure that brands are not compelled to leave through global competitive pressures. The RMG industry will continue to have an important role as a driver of economic growth and employment if Bangladesh is to achieve its objective of reaching middle-income status. There was wide spread concern on the Rana Plaza disaster and the recommendations to prevent such accidents in future were to be taken seriously. There was to be a serious note to direct and indirect sourcing including ethical practices in business. (ILRF 2013)

RECOMMENDATIONS TO THE BUSINESS COMMUNITY

Brands which were sourcing their work need to recalibrate their business relationships with commitment and transparency. The institutionalization of the Accord and Alliance forces should join together with the manufacturing partners to ensure that there is a thorough assessment of facilities. The Stern report suggests that Accord and Alliance are assessed along 5 dimensions

- Participation*- Accord has over 150 U. S and European companies as its members. This includes unions in decision making. Alliance has 27 American retailers. Includes local industries excluding unions in decision making.
- Decision making and governance*- Both these organizations have offices and staff in Dhaka including employees, consultants and advisors based internationally.
- Commitments*- both initiatives envisioned for 5 years till 2018. Alliance requires members to participate for 2 years, accord 5 years.
- Program & Approach*- both encompass approx. 1,894 factories out of 5,000-6,000. They offer similar programmes focusing on factory safety, building inspections, make funds available for factory remediation. Both initiatives do not focus on indirect sourcing in supply chain, issues of labour rights.
- Fees & Funding*- if both corporate participants make annual contributions based on dollar volume of exports to cover inspections, training programs and operational expenses. Both put the burden of funding repairs on factory owners. (Labowitz, S. & Baumann-Pauly, D. (2014).

RECOMMENDATIONS TO THE GOVERNMENT OF BANGLADESH

The regulatory system of the readymade garment industry has to be revamped. Regulatory functions cannot be outsourced. The ILO and other international organizations should converge their forces together to ensure that the government of Bangladesh builds its capacity to monitor conditions in the garment factories and develop credible, well-resourced remedial systems. The government should quickly complete the work of compensating victims of Rana Plaza and should institutionalize this effort to meet the needs of victims of future industrial accidents. The government has to streamline and take leadership in making the garment industry safe for workers. (Labowitz, S. & Baumann-Pauly, D. 2014).

RECOMMENDATIONS TO THE INTERNATIONAL DONOR COMMUNITY

The task of repairing and rebuilding the most hazardous factories in Bangladesh will take years to complete and cost hundreds of millions of dollars. The effort to build a good and working infrastructure will require much more resources. The government and the private community in Bangladesh cannot do it alone. The interventions of foreign governments, the World Bank, and other multilateral institutions need to step up as well. International support to overcome this tragedy is a very critical issue. Absence of such support may lead to tragedies recurring in Bangladesh which may ultimately lead to the death of the garment industry totally. (Labowitz, S. & Baumann-Pauly, D. 2014).

RECOMMENDATION OF AN ALTERNATE MODEL OF DIRECT SOURCING AND STRATEGIC SOURCING

A transparent sourcing model where the buyer works with the partner suppliers is beginning to take shape. This model will work on Long-term order forecasting where expected orders will be based on a yearly perspective and there will be an agreement on quality, delivery, and price expectations over this period. Investment in technology, training and facilities will improve employee efficiency. Purpose-driven compliance monitoring will enable Suppliers audit their own performance against social and environmental metrics, which are spot-checked by the buyer. Trust-based negotiation around unexpected challenges between suppliers and buyers will enable them to partner in solving problems related to cost overruns noncompliance both socially and environmentally and take steps to remediate on the same. Business incentives for high performance on working conditions by giving buyers incentives and rewarding high performing suppliers. This model which is long term trust based and business driven model is recommended for the Bangladesh garment industry post the disaster. (Labowitz, S. & Baumann-Pauly, D. (2014).

RECOMMENDATION FOR A NATIONAL TRIPARTITE PLAN OF ACTION" ON FIRE SAFETY IN THE RMG SECTOR

This will identify and create a series of activities to coordinate mechanisms of safety buyers, international development organizations, and donors. The purview of this plan of action as suggested would bring in development of a National Occupational Health and Safety Policy with input from the ILO, develop fire safety regulations and the establishment of a fire safety task force, recruitment of added factory inspectors and support staff to fill vacant positions in the Department of Inspection for Factories and Establishments, review of factory licensing and certification procedures with respect to fire safety, which were previously the responsibility of several government authorities. (ILRF 2013) The NAP also recommends a "one-stop shop" for administering certification, assessments of factory-level fire safety needs, development of a factory fires safety improvement program, and fire safety information and training programs and creating a hot line for workers of fire safety and civil defense and a tripartite compensating protocol. (Labowitz, S. & Baumann-Pauly, D. 2014).

INPUTS FOR ETHICAL PRACTICES AND CORPORATE GOVERNANCE

The way economies are growing in Asia and the speed at which it is growing compared to the west is both of happiness and a concern too. Unprecedented growth also leads to sudden collapse in the value system and ethics, if proper planning and due diligence process is not in place. World has witnessed the great Lehman brothers and the fall-out in most of the world economies where the banking system is not properly controlled and many countries apart from the US faced economic down trend in 2008, though Indian economy did not suffer in the same degree. This was primarily due to strong banking system in place. It is not only the tragic rana plaza issue in Bangladesh there are several such units across India, Bangladesh, Vietnam, Sri Lanka, Cambodia, and Indonesia which are facing similar challenges. Even countries like Philippines dealt with state ownership for economic progress than addressing issues based on corporate governance and ethics. The valuable lessons learned during crisis, must drive a country towards improved ethical practices and corporate governance for sustainability. The Agreement on Textiles and Clothing (ATC) expiry in the US, Canada, and Europe lead to outsourcing of this industry across Asia due inherent cheap labor and cost advantage.

Over enthusiasm of these countries to provide more job opportunities to their respective population resulted in under cutting of prices and in effect hiring labor at a ridiculously lower rates. These country's wage earning opportunities have been rare and scarce. Therefore, these multinationals took advantage of lose or no proper labour law prevailing in these countries. More than 70% EU's import on textile and garments are from Asia is also indicating relaxed labor law giving advantage to cost.

When we discuss ethical practices the very first point for labor community is adequate working conditions which includes safe buildings to work and other infra-structural enablers which will not harm their health in any way. This includes not pollutant atmosphere, safety standards and good working conditions and proper wages.

Corporate Governance is a last rung of ladder (on the top) when we discuss the garment industry. There are no uniform rules in these countries to regulate and protect wage earners. Even if there are some sporadic ones, they focused more on the minimum wages rather than other issues which are highly detrimental to the labor community- which includes working conditions and safety. Except a few multinational brands, most of the organizations which are small and medium in size flout even the existing provisions of the law in their respective countries. Therefore, when we discuss of Corporate Governance we are limiting the same to Ethical practices only as we need to graduate to the next level for corporate governance. Most of the organized sector corporates are also focusing only on the bottom-line rather than improving working conditions and complying with ethical practices and corporate governance.

Most vulnerable exporting countries are facing the possibility of disastrous job losses, therefore even ethical practices in these organizations take a back-seat and this issue can be resolved only when these countries bring in stringent laws.

World economic down trend in 2008 did not affect Asia to a great extent, simply because there is a clear inadequacy in terms of ethical practices and corporate governance as it involves a trade-off between the cost of outsourcing (less) as the standards of corporate governance is not up to the mark. That's why we do not see a drop in the corporate sector investing in this sector even during recession.

In this specific garment industry the structural weakness concerns significant presence of corporate sector affiliated groups that include commercial and co-operative banks which are external control agents fail to strengthen the corporate governance and ethical practices and many a time they are party to this non-compliance. When it can happen with banks like SBI in India with large business houses like King Fisher Airlines, garment industry which are very small in size where many structural weaknesses are there, it is very difficult to have a seamless corporate governance unless the governments bring in laws to strengthen the same. Many garment units in Tirupur, Coimbatore, part of Gujarat are operating in poor working conditions and with unsafe structure which can result in similar disasters like the structural collapse in Bangladesh garment unit. Many of Asian workers operate in sweatshop conditions, absence of proper contracts, hazardous conditions all these issues are highlighted in media when there is a disaster. Else, it is business as usual. UN guiding principles of business and human rights and guidelines of multinationals good social responsibility is also ignored. Therefore, there has to be clean governance in the first place without corruption and transparency in transactions before we discuss about ethical practices in a sector like garment where survival is an issue therefore sustainability can be achieved only when ethical practices and corporate governance are forced through government interference and will.

Corporate governance as a control mechanism should form guidelines and checks and balances with corporate structure should focus on long-term value proposition and enhancement for stakeholders of the company. Corporate governance must provide the framework for attaining corporate objectives which includes the community development for market respectability.

Indian garment and textile industry is one of the oldest and largest globally. This sector has undergone sea changes and transitions from the hand-picked Directors to Independent, professional Directors which is expected to deliver results in the area of ethical practices and corporate governance.

Corporate governance must focus on transparency of business dealings, and required working conditions and safety of workmen involved. This will inspire confidence from both domestic and global investors. This should also address accountability and enforceability. Now, there is a change in the way global investors are looking at these aspects post Enron failure. SEBI also made certain amendments guided by Clause 49 of Listing agreements to improve transparency in transactions, and listening to even minority shareholders on management decisions.

We must look at the following points closely to implement ethical practices and corporate governance in this industry. Focus should be on small and medium factories in Asia and workable corporate governance in these organizational structure. This should also address the issue of working conditions. From the governmental angle, the law should get amended to address corporate governance and ethical practices. To bring in more transparency and competitiveness, can look at bringing down the import duty on fiber. To prevent accidents and poor working conditions there could be law for capping maximum workmen in a factory which can also address the issue of retrenchments or lay-offs. Digitalization of this industry from a factory level designs to all other activities including legal compliances will bring in more transparency and ethical practices. Enlarging the scope of trade agreements with Asian countries.

It is possible to avoid Rana plaza like disasters if the respective governments allow establishment of independent trade unions to monitor and protect workmen rights and independent Directors in the corporate governance process must protect the interests of workmen's safety and security by forming individual trusts and more care to be taken while constructing buildings and factories

CONCLUSION

It cannot be denied that while indirect sourcing has been a key driver of booming growth in the garment sector and the export economy of Bangladesh and that public governance in Bangladesh is extremely weak, the implementing of a National Action Plan represents a clear and ambitious agenda for the future. Government has to control the readymade garment industry in a manner that allows the industry to sustain and grow in the country. Being indispensable to the growth of the economy the Readymade garment industry is now at a critical cross road and unless it makes way for positive and structural changes and applies internal best practices to human work ethics and codes the country will be removed from the map of the world. (Mallet, V. (2013) Once a favored destination for skilled garment workers, the indifference to ethical and socially responsible practices will lead to an international boycott of the country. In order to ensure that the industry continues its growth in the country the government will have to negate in dialogue with the contractors suppliers and manufactures of the garment textile industry along with the very important labor unions to not only revamp work conditions but also ensure that infrastructural challenges that arise from inefficient supervision does not result in the crisis like what happened in the Rana plaza and remove all bottlenecks in transport and energy supply. The APPG supports Bangladesh's National Tripartite Action Plan on Fire and Structural Integrity (NTAB) and urges the government to ensure its objectives are met.

TABLE 1: GROWTH OF BANGLADESH EXPORT TO THE WORLD

Category		Pre RPT	Post RPT
	Jul-Mar 2011-12	Jul-Mar 2012-13	Jul-Mar 2013-14
RMG	12.2	11.1	15.2
Knit	5.9	8.4	16.4
Woven	19.2	13.8	14.0

(Mallet, V. (2013)

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CUSTOMERS' EXPECTATION AND MANAGEMENT'S PERCEPTION OF SERVICE QUALITY: A STUDY OF HOTEL INDUSTRY IN SELECTED CITIES OF TIGRAY REGION, ETHIOPIA

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ABSTRACT

This paper examines customers' expectation and management's perception of service quality in the Ethiopian hotel industry particularly Tigray region. Data was collected from 282 customers and 68 managers and supervisors of hotels through self-administered questionnaire. A non-probability sampling methods of both convenient and purposive approaches were used to select respondents. A SERVQUAL scale consisting of 29 items was used to measure service quality. Using exploratory factor analysis four dimensions of service quality have been identified. The results of the study indicated that the level of management's perception was below the customers' expectation for all service quality dimensions. The study suggested that hotel managers should first identify customers' expectations in order to design their service offerings.

KEYWORDS

SERVQUAL, expectation, perception, service quality.

INTRODUCTION

The service industry is one of the main economic sectors of every country, yet its contribution to the country's overall GDP varies considerably. Services are increasing as an economic force in countries such as China, India and other fast growing and developing nations (Bitner and Brown (2007). Moreover, Gupta (2011) indicated that in US more than 75 percent of the work force and in Canada, Britain, France, Italy, Japan and Germany at least 50 percent of work force is employed in the service sector. Similarly, in Ethiopia, the contribution of service sector to the overall economy was dominant in 2011/2012 which accounted for 45.6 percent of GDP.

Due to the increased role of service to country's economy measuring service quality has become an area of growing interest to researchers and managers (Parasuraman et al., 1994). Given the complexity and importance of service, initially it was difficult to evaluate service quality with a completely objective measurement. Markovic and Raspor (2010) also added that the specific nature of service makes it difficult to provide measure and maintain its quality. To overcome this challenge, Parasuraman et al.(1985) laid a solid foundation for research work in this area. They were amongst the earliest researchers who recognized that the concept of quality prevalent in the goods sector is not applicable to the service sector. Hence, the authors proposed a SERVEQUAL scale which is used for measuring service quality. As management concern in customer service and loyalty increased, new research techniques and models such as Simalto and SERVQUAL were developed (Szwarc,2005). According to Parasuraman et al.(1988) SERVQUAL is a concise multiple-item scale with good reliability and validity that service organization can use to better understand the service expectations and perceptions of consumers and, as a result, improve service. The SERVEQUAL scale is an important development in service quality literature and has been widely applied by many researchers in various service settings including tourism and hospitality. However, it has also been the most debatable research methodologies used for measuring customer satisfaction(Szwarc, 2005).

Though there is debate about how best to incorporate expectations in to service quality measurement, researchers generally agree that expectations serve as reference points in customers' assessment of service quality(Parasuraman et al.,1994, and Oliver, 1980).

REVIEW OF RELATED LITERATURE

DEFINITION OF SERVICE QUALITY

According to Rust (2004) in the late 1970s researchers in many countries with various disciplines produced a considerable theory and research devoted to understanding service quality. Many scholars have contributed to an understanding of service quality, however, despite three and half decades of study and continuous debate, conceptual work on service quality has remained divergent.

Service quality is a multi-dimensional construct(Parasuraman et al.1985; Gronroos, 1984, Mudie and Pirrie, 2006). The authors describe service quality as the degree of discrepancy between customers' normative expectations for the service and their perceptions of service performance. Iacobucci et al.(1995) stated that in the consumer literature, this model is referred to as the "Disconfirmation paradigm"; in the service literature, it is referred to as the "Gap model". This is a customer perspective definition of service quality and this definition suggests that quality is in the eye of the beholder.

For Sidin et al.(2001) service quality is the most important single factor affecting a business unit's performance the interest of which has a recent origin. Service quality is an important issue for both consumers and service providers(Dabholkar, 1996). Apte(2004) defines service quality as the ability of the service provider to satisfy customer needs. Service quality is defined as the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received(Asubonteng et al.,1996). Cronin and Taylor(1992) provided empirical evidence which suggest that service quality should be measured as an attitude. While Cronin and Taylor (1994) considered service as an attitude indicating a long term overall evaluation, Parasuraman et al.(1985) described service quality as a function of the differences between expectations and performance along the quality dimensions. Gronroos(1984) defines service quality as a set of perceived judgments resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. For the present study, service quality has been defined as customers' evaluation of their prior expectations against actual service performance of hotels.

MEASURING SERVICE QUALITY IN HOTEL INDUSTRY

As a result of the challenges of SERVQUAL model, alternative measures of service quality for specific service settings have been developed. In the tourism and hospitality industry some of the models developed were: LODGSERV(Knutson et al.,1991), LODGQUAL(Getty and Thompson, 1994), and HOLSERV(Mei et al.,1999). The LODGQUAL model, which is specifically developed for hotel settings, identified three dimensions, namely tangibles, reliability and contact. On the other hand, LODGSERV model is based on five original SERVQUAL dimensions and contains 26 items. The HOLSERV model includes 27 items, grouped in five original SERVQUAL dimensions.

According to Li Na (2010), three most popular models to measure customer satisfaction and service quality in the hotel industry are SERVQUAL, HOLSERV and LODGING QUALITY INDEX.

THE GAP MODEL

It is widely stated in many service literature that Parasuraman et al.(1985) identified ten components of service quality. However, Parasuraman et al., in their 1988 article, condensed and reduced these components into five dimensions using factor analysis: assurance, reliability, tangibles, empathy, and responsiveness. SERVEQUAL scale was revised in 1991 and the word “should” was replaced by “would” and also a further revision was made in 1994 by reducing the total number of items to 21, but five dimensional structure remained untouched(Seth and Deshmukh, 2004). While the original SERVEQUAL instrument has been revised and refined, its basic content, structure, and length has remained the same(Parasuraman et al., 1991).

However, despite the presence of several publications on service quality, the number and content of dimensions are quite diverse (Tan et al., 2014). Accordingly, the most frequently used service attributes are grouped in to five dimensions as stated below:

Tangibility: It includes appearance of physical facilities, equipment, personnel and communication materials. This dimension is crucial where the customer’s physical presence service facility is necessary for consumption to occur(Mudie and Pirrie, 2006).

Reliability: Ability to perform the promised service dependably and accurately. This can be considered as “No excuse” service delivery(Gupta, 2011). It involves consistency of performance and dependability(Berry et al., 1985).

Responsiveness: It is willingness to help customers and provide prompt service. Responsiveness concerns the willingness or readiness of employees to provide service (Berry et al., 1985). Baron and Haris (2003) describe responsiveness simply as “promptness and helpfulness.”

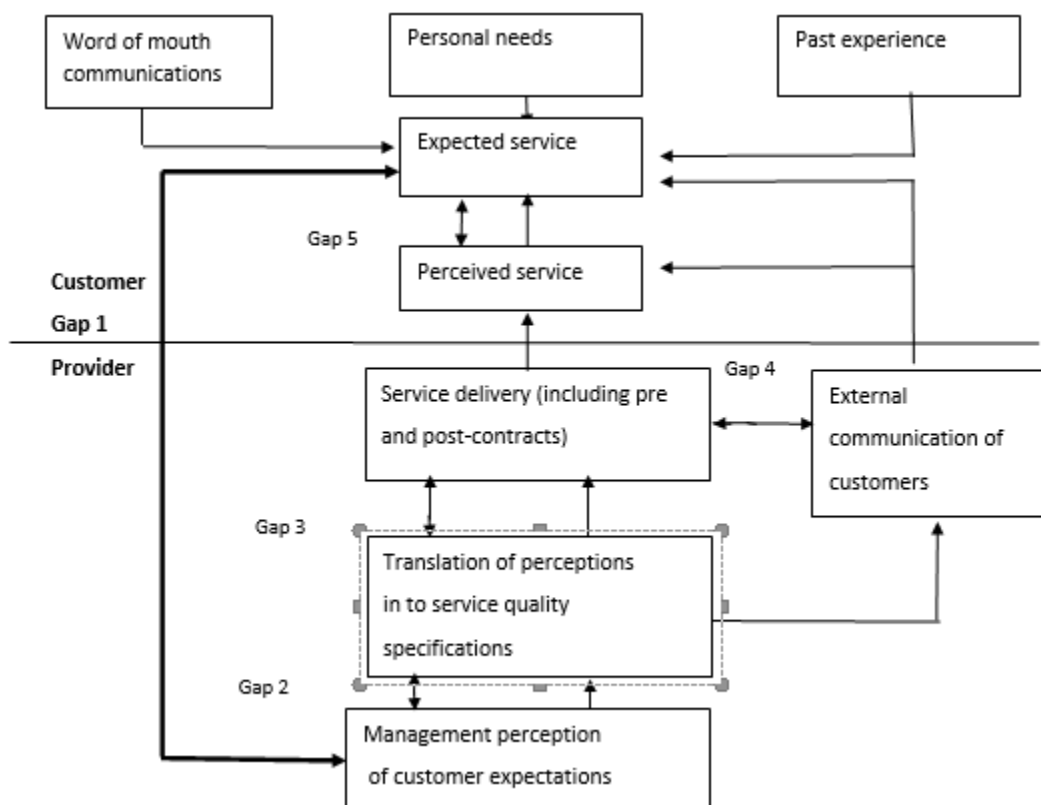
Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence. This dimension may be of particular concern for customers of health, financial and legal services (Mudie and Pirrie, 2006).

Empathy: Caring individualized attention the firm provides to its customers (Baron and Haris, 2003).

Later attempts have been made to extend the five dimensions of service quality developed by Parasuraman et al.(1988). For example, Johnston(1995) extended the five dimensions of SERVQUAL up to eighteen quality dimensions namely: responsiveness, reliability, integrity, friendliness, courtesy, attentiveness, competence, communication, functionality, commitment, availability, flexibility, security, care, access, aesthetics, cleanliness and comfort.

Before SERVEQUAL model was devised, it was difficult to differentiate the concept of quality in the service sector and goods sector. Despite its limitation, SERVQUAL model can be considered as an important development in service marketing literature. Hence, it can be concluded that Parasuraman et al. (1985) laid a solid foundation and open the door for measuring service quality without which measuring service quality would be almost impossible.

FIG. 1: MODEL OF SERVICE QUALITY GAP



Source: Parasuraman A. Zeithaml A. and Berry L. (1985)

THE ROLE OF EXPECTATION AND PERCEPTION IN CONSUMER SATISFACTION FORMATION

Oliver (2010) defines expectation as an anticipation of future consequences based on prior experience, current circumstances, or other source of information. While some others use them interchangeably, the author claims that anticipation is different from expectation. Expectations are usually formed prior to the usage of a service but may also occur where a customer is actively involved in the delivery of service(Mudie and Pirrie, 2006). The authors also define perception as customers’ evaluation of the service, particularly in relation to expectations. Some researchers argue that expectations serve as a comparison standard to judge the performance of service delivery(e.g. Oliver and DeSarbo, 1988; Tse and Wilton, 1988, Oliver and Swan, 1989). Moreover, in case of service performance, expectation is an a priori standard that consumers bring to a consumption experience(Youl, 2006).

Davis and Heineke(2003) noticed that customers will be satisfied only if the service meets or exceeds their expectations, and when their perception of service performance exceed their expectations of the quality of service. This idea is supported by Mudie and Pirrie(2006) who argue that satisfaction arises when perception exceeds or matches expectations.

RATIONAL FOR THE STUDY

Some of the underlying reasons that initiated the researcher for carrying out this study are indicated as follows.

1. Ethiopia is one of the African countries that possess the highest number of UNESCO world heritage sites in the African continent, with 9 sites found in different corners of the country, and hence it has great potential to be a number one tourist destination area in Africa.
2. Ethiopia is a strategically important country in the horn of Africa for most countries and the country entertains many international meetings and conferences every year.

3. The growing role of service sector in the Ethiopia's economy coupled with the increased demand of customers for better service leads to the need for assessment of service quality of hotels in the Ethiopian hotel industry.
4. Most of the studies pertaining to service quality and customer satisfaction in service industry were conducted in developed and some developing countries. In Ethiopia, however, this issue is almost untouched and only few studies are available in this respect.

STATEMENT OF THE PROBLEM

Bucak (2014) claimed that dimensions of service quality have an impact on perceived service quality and this in turn affects customer satisfaction. Parasuraman et al.(1988) also argued that qualities of service and customer satisfaction are determinant factors for the success of any business. Hence, hotel businesses need to identify and periodically assess the determinants of service quality and the factors contributing to service performance so as to stay longer in the industry. Despite the promising growth of the Ethiopian hospitality industry there are certain hurdles identified by Aleign (2013) such as poor regulation, outdated marketing strategy, poor management, high staff turnover, and dissatisfaction of customers. Moreover, Gobena and Gudeta (2013) suggested that there is still a big room for improvement when it comes to the quality of service.

MAIN OBJECTIVE OF THE STUDY

The main purpose of this study was to examine management's perception of customers' expectation and customers' actual expectation of service quality in the Ethiopian hotel industry particularly Tigray region.

SPECIFIC OBJECTIVES

1. To examine customers' expectation and managements' perception of service quality in the hotel industry.
2. To determine whether there is significant difference between customers' expected mean and management's perceived mean.
3. To suggest possible solutions for mitigating existing problems in the hotel industry based on the findings of the study.

HYPOTHESIS

H1: There is significant mean difference between customers' expectation and management's perception of service quality in the hotel industry.

RESEARCH METHODOLOGY

This study is a combination of descriptive and exploratory research. This study used both primary and secondary sources of data. Primary data were collected using a self-administered questionnaire adapted from the modified version of SERVQUAL developed by Parasuraman et al.(1988,1991). Hence, this model was used to analyze the gap between customers' expectations and management's perceptions of service quality in the hotel industry. However, the wording and items used in the questionnaire was based on what Presbury(2009) used to measure service quality in the Australian hotel industry. After a review of related literature, a questionnaire having 30 items was developed which was later reduced to 29 items through factor analysis. On the other hand, secondary data were collected from published and unpublished records of Aksum tourism and culture office, Tigray culture and tourism office and Ethiopian ministry of culture and tourism office. Moreover, sources like books, academic journals, doctoral theses and internet publications provided valuable information for carrying out this study.

The region where this study was conducted has seven zones of which three zones were purposively selected for conducting the study. The selected zones include Mekelle zone, Central zone and North Western zone. Next, using purposive sampling three cities were selected from each zone. As a result, cities such as Mekelle, Aksum and Shire were selected to be main study areas. These cities were selected because most of the three star, four star and five star hotels are found in these areas. Convenience sampling was used to select customer respondents from these areas. Questionnaire was distributed to 400 customers out of which only 325 were collected. Out of the total questionnaires collected from customers 45 were incomplete and excluded and 282 questionnaires were used for analysis. Primary data were also collected from hotel managers and supervisors. The data collected were carefully edited, coded, categorized and entered in to an SPSS program for analysis. For the purpose of this study reliability test, paired t-test, and exploratory factory analysis were applied. Descriptive statistics was used for presenting and summarizing data in tabular forms. The data collected were analyzed with the help of SPSS version 20.

RESULTS AND DISCUSSION

The findings showed that there were more male customers (66.3%) than females (33.7%). As table 1 indicates 31.2 percent of the respondents were aged between 18-25 years while 54.6 percent were in the age range of 26-40 years, 11.3 percent were aged 41-55 years. Only 2.8 percent were aged above 55 years. Of the total respondents 56.7 percent were single, 41.5 percent were married, 1.1 percent widowed and 0.7 percent were divorced.

As far as educational status of respondents is concerned, 48.2 percent of the respondents were first degree holders. Of the total customers surveyed 38.7 percent indicated that they have jobs other than the stated alternatives. Moreover, of the total respondents, majority (33.7 percent) of the respondents have a monthly income above 5000 Ethiopian birr. Respondent's purpose of stay included vacation (35.5%) visit (30.9%), meeting (16.7%), business (6.7%), and some other purposes (10.3 %).

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF CUSTOMER RESPONDENTS (n=282)

Demographic variables	Category	Frequency	Percent (%)
Sex	Male	187	66.3
	Female	95	33.7
Age	18-25	88	31.2
	26-40	154	54.6
	41-55	32	11.3
	>55	8	2.8
Marital status	Single	160	56.7
	Married	117	41.5
	Divorced	2	0.7
	Widowed	3	1.1
Educational status	< 12	1	0.4
	12 Completed	30	10.6
	Diploma	49	17.4
	First degree	136	48.2
	Second degree	64	22.7
Occupation	PhD	2	0.7
	Student	56	19.9
	Teacher	45	16.0
	Business person	71	25.2
Monthly Income(in Birr)	Other	109	38.7
	<1000	44	15.6
	1001-2500	50	17.7
	2501-5000	83	29.4
Purpose of stay	>5000	95	33.7
	Business	19	6.7
	Vacation	100	35.5
	Meeting	47	16.7
	Visit	87	30.9
	Other	29	10.3

Source: Own survey, 2017

DEMOGRAPHIC PROFILES: MANAGERS AND SUPERVISORS

In order to identify any gap between customers' expectation and service providers' perception of service quality, obtaining information from people of different managerial levels of hotels is necessary. Hence, data was also collected from managers and supervisors of hotels.

Table 2 shows that out of 68 managers asked 73.5 percent were males and 26.5 percent were females. Hotel managers were predominantly between 26-40 years which accounted for 33.8 percent and 41-55 years which accounted for 41.2 percent. Only 20.6 and 4.4 percent of them are in the age range of 18-25 and above 55 years respectively. Majority of the managers (47.05%) were first degree holders. As far as field of specialization of managers is concerned, 25 percent were graduated in tourism management, 20.6 percent were marketing management, and 22.0 percent were hotel management. The rest 20 percent had other fields of specializations. This indicates that majority of the hotel managers were graduates of other professions but related fields. Majority of the hotel managers (i.e. 79.5 %) were not much experienced. More than half(52.9%) of hotel managers work at the middle level of management whereas 16.2 percent work at upper level. The remaining 30.9 percent work at operating or supervisory level of management.

TABLE 2: DEMOGRAPHIC PROFILES OF HOTEL MANAGERS (n=68)

Demographic variable	Category	Frequency	Percent
Sex	Male	50	73.5
	Female	18	26.5
Age	18-25	14	20.6
	26-40	23	33.8
	41-55	28	41.2
	>55	3	4.4
Educational status	<12	1	1.47
	12 Completed	4	5.88
	Diploma	15	22.05
	First degree	32	47.05
Work experience	Second degree	15	22.05
	PhD	1	1.47
	One year	11	16.2
	Two years	18	26.5
Level of management	Three years	25	36.8
	>4 years	14	20.5
	Top level	11	16.2
	Middle level	36	52.9
Field of specialization	Lower level	21	30.9
	Hotel management	15	22.0
	Marketing management	14	20.6
	Tourism management	17	25.0
	Other	20	29.4

Source: Own survey, 2017

FACTOR AND RELIABILITY ANALYSIS

Exploratory factor analysis with principal component extracting method was used to test the dimensionality of service quality and the suitability of the dimensions to factor analysis was examined using KMO value and Bartlett's test of sphericity. The Direct Oblimin rotation method used in this study resulted in four components or dimensions of service quality.

TABLE 3: KMO AND BARTLETT'S TEST OF SPHERICITY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.937
Bartlett's Test of Sphericity	Approx. Chi-Square	3925.068
	df	435
	Sig.	.000

Source: Author's computation using SPSS 20, 2017

The above table 3 indicates both KMO and Bartlett's test of sphericity on the 30 items of the SERVQUAL scale. The result indicates that the Kaiser-Meyer-Olkin measure of sampling adequacy value (KMO) is 0.937 which is greater than 0.6; the minimum requirement for good factor analysis. The Bartlett's test of sphericity value is 0.000 which is significant at $p < 0.05$ and this indicates that it fulfills the preconditions for factor analysis. Moreover, as can be seen from table 4 the Cronbach alpha of the four dimensions of SERVQUAL ranges from 0.74 to 0.89 which is greater than 0.7 and hence, suggesting a good internal consistency of the items.

TABLE 4: FACTOR LOADING, EIGENVALUE AND CRONBACH ALPHA

Item No	Service quality items and dimensions	Factor loadings	Eigen value	Cronbach Alpha
Empathy				
P28	Employees of this hotel understand customers' specific needs	0.763	11.29	0.89
P29	This hotel has operating hours which are convenient to customers' requirements (e.g., pool, gym, and food and beverage outlets)	0.757		
P30	Employees of this hotel give customers individual attention	0.725		
P27	Employees of this hotel have the interests of their customers at heart	0.613		
P24	The behavior of employees in the hotel instills confidence in customers	0.540		
P23	Employees of this hotel anticipate their customers' needs	0.519		
P25	The employees of the hotel are always courteous to guests	0.468		
P26	Employees of this hotel show genuine care and concern when giving customers personal attention	0.463		
P22	This hotel has knowledgeable staff to answer questions about local attractions, shopping and major events	0.435		
Tangibility				
P2	This hotel is a comfortable place to stay	0.667	1.86	0.79
P8	This hotel has public areas which are visually appealing, inviting and comfortable	0.625		
P6	This hotel has facilities such as a pool, spa and gymnasium	0.624		
P7	This hotel has a good choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service)	0.582		
P4	The bedrooms and bathrooms of this hotel are bright, airy and spacious	0.559		
P3	The accommodation rooms in this hotel are quiet and provide the utmost privacy for guests	0.556		
P1	This hotel has immaculately clean bedrooms, bathrooms, and living areas	0.529		
P5	The employees of this hotel are always neat in appearance	0.497		
Reliability & Responsiveness				
P15	When the hotel staff promise to do something by a certain time, they do so	-0.78	1.55	0.88
P16	When hotel customers have a problem, this hotel shows a sincere interest in solving it	-0.762		
P9	Employees of this hotel promptly solve any problems I might have	-0.707		
P14	This hotel delivers services promptly, once promised	-.690		
P12	Front desk employees of this hotel ensure that the check-in and check-out service is conducted quickly and without delay	-0.683		
P11	Employees of this hotel give prompt service to customers	-0.610		
P10	Employees of this hotel are always willing to help customers with their queries or requests	-0.602		
P17	This hotel performs the service right the first time	-0.569		
P18	The hotel presents bills that are error free	-0.440		
Assurance				
P21	This hotel ensures the security and safety of their customers	0.629	1.03	0.74
P20	This hotel provides acceptable solutions to customers' problems	0.531		
P19	The employees of this hotel have in-depth knowledge of the hotel and its services	0.400		

Source: Author's computation using SPSS 20, 2017

As can be seen from table 4 the alpha value for all variables is more than the minimum acceptable value of 0.70 with values ranging from 0.74 to 0.89; suggesting a good internal consistency of the scales. The factor loading for each item was computed and items with loadings of 0.40 and above were retained. Out of the total items only one item was found to have a loading of less than 0.40 and it was discarded. Moreover, factors with eigenvalues greater than one were extracted.

GAP BETWEEN CUSTOMER EXPECTATION AND MANAGEMENT PERCEPTION (KNOWLEDGE GAP)

This gap usually measures managers' understanding of customers' expectations and their perception of the quality of service provided. Sometimes managers design their services without having clear idea about customers' expectation. This in turn leads to lower perceived service quality of customers. This type of gap occurs when the service provider does not correctly perceive the real needs and wants of customers (Parasuraman et al., 1985). Whenever knowledge gap occurs it may show that an organization is trying to meet non-existing needs of customers. Therefore, in profit oriented businesses, it is important first to have a clear understanding of the customers' need for service.

TABLE 5: GAP BETWEEN THE MANAGERS' PERCEPTIONS OF CUSTOMER EXPECTATIONS AND THE ACTUAL EXPECTATIONS OF CUSTOMERS

Variable/Dimensions	Manager's perception Mean (P)	Customers' expectation Mean (E)	Gap score (P-E)
P1 Tangibility	4.36	4.44	-0.08
P2	4.38	4.46	-0.08
P3	4.29	4.40	-0.11
P4	4.44	4.36	+0.08
P5	4.20	4.43	-0.23
P6	3.92	4.42	-0.5
P7	4.42	4.42	0
P8	3.98	4.45	-0.47
P9 Reliab& Resp	4.11	4.41	-0.3
P10	4.16	4.42	-0.26
P11	4.27	4.46	-0.19
P12	4.17	4.29	-0.12
P13	4.17	4.28	-0.11
P14	4.17	4.42	-0.25
P15	4.13	4.33	-0.2
P16	4.10	4.43	-0.33
P17	4.25	4.48	-0.23
P18 Empathy	4.19	4.14	+0.05
P19	4.33	4.37	-0.04
P20	4.17	4.26	-0.09
P21	4.16	4.30	-0.14
P22	4.30	4.33	-0.03
P23	4.33	4.34	-0.01
P24	3.89	4.00	-0.11
P25	4.33	4.11	+0.22
P26	4.22	4.32	-0.1
P27 Assurance	4.00	4.15	-0.15
P28	4.23	4.25	-0.02
P29	4.33	4.19	+0.14

*(Significant), t-test 2-tailed, p<0.05, (Note that this table is not based on the order of items in table 4)

Source: Author's computation using SPSS 20, 2017

The above table 5 presents management's perception mean and customers' expectation mean. Given the above table 5, the hotel managers did not have good understanding of customers' expectation. The difference in gap score of managers' perception of customers' expectation and the actual customers' expectation was found negative for 24 items of service quality. This shows that the perception mean scores of managers were lower than customers' expectation on those items. Here, it looks that management had understated customers' expectations. This result, however, contradicts with the findings of Luk and Layton(2002) who found hotel managers overestimated customers' expectations on most of the items that the author used to measure service quality. The greatest gap was observed for the item "visually appealing, inviting and comfortable public areas" which is -0.47. Customers rated this item higher than management did. From customers' perspective, visually appealing, inviting and comfortable public area is an important factor in evaluating service quality. Therefore, customers primarily evaluate the condition of visually appealing, inviting and comfortable public areas in hotels. The result of this study is consistent with work of Ramchurran (2008) who showed a gap between managers' perception and customers' expectation. Therefore, it would be difficult for managers to design the type of service that can satisfy the needs and wants of customers if they are not fully aware of customers' expectations.

The gap score for four attributes was found positive indicating that the management had good understanding of customers' expectation for these items. More specifically, the gap score for one item of insurance i.e. for third item (p29=+0.14, see table 5) i.e. "knowledgeable staff" and for the eighth item of empathy (p25=+0.22, see table 5) i.e. "courteous employees" was found positive. This implies that customers were delighted or impressed with knowledge and courtesy of hotel employees because it was beyond their expectations. Moreover, a similar result was found for one item of tangibility where the gap score for the fourth item of tangibility (p4=+0.08, see table 5) i.e. "bright, airy and spacious bedrooms and bathrooms" was positive. A positive gap score was also found for the first item of empathy i.e. "Employees of this hotel anticipate their customers' needs" (p18=+0.05, see table 5). The gap score for the seventh (p7=0, see table 5) item of tangibility was zero. This implies that management perception matched customers' expectations and the management had good understanding of the desires of customers for food, beverage outlets of the hotels. In simple terms, the hotel's food, beverage outlets was as per the expectation of customers.

TABLE 6: GAP ANALYSIS OF MANAGEMENT PERCEPTION OF CUSTOMERS' EXPECTATION AND THE ACTUAL CUSTOMER EXPECTATIONS (DIMENSION WISE)

No	Dimensions	Management Perceived Mean score (P)	Customer Expected Mean score (E)	Gap score (P-E)
1	Tangibility	4.248	4.422	-0.174
2	Reliability & Responsiveness	4.17	4.391	-0.221
3	Empathy	4.213	4.241	-0.028
4	Assurance	4.186	4.196	-0.01
Overall		4.204	4.312	-0.108

Source: Author's computation using SPSS 20, 2017

The above table 6 depicts that the management's perceived mean score is smaller than customers' expected mean score for all service quality dimensions. Hence, the management had no good understanding about the customers' expectation in all service quality determinants. The management's highest perceived mean score was for tangibility (4.248) and the lowest was for reliability& responsiveness (4.17). On the other hand, the customers' highest expected mean score was for tangibility (4.422) and the lowest was for assurance dimension (4.196). Among all dimensions, the maximum gap was for reliability& responsiveness (-0.221) and the minimum gap was for assurance dimension(-0.01). Given this figure, reliability& responsiveness is one of the dimensions that require priority in terms of resource allocation in order to narrow the gap. The overall mean score for all service quality dimensions was negative (-0.108) which indicates a discrepancy between management's perception and customers' expectation. Hence, the management is required to use survey method to obtain information and clearly understand customers' expectations in all aspects. The information obtained through this method can be used to identify potential areas of improvements and to predict their influence on customer satisfaction (Bolton and Drew, 1991).

DETERMINATION OF SIGNIFICANCE FOR DIFFERENCES BETWEEN MANAGEMENT'S PERCEPTION AND CUSTOMERS' EXPECTATION

As discussed earlier, there was gap between management's perceived mean score and customers' expected mean score. However, it is worth looking at the significance of such differences since it suggests area where priority requires in terms of resource allocation and performance improvement. Hence, the paired t-test was applied to examine whether a significant difference exists between management's perception and customers' expectation of service quality.

HYPOTHESIS TESTING

H1: There is significant mean difference between customers' expectation and management's perception of service quality in the hotel industry.

TABLE 7: MEAN DIFFERENCE BETWEEN MANAGEMENT'S PERCEPTION AND CUSTOMERS' EXPECTATION USING PAIRED t-TEST

Paired Samples Test		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Q1E - Q1P	-.26471	.97150	.11781	-.49986	-.02955	-2.247	67	.028*
Pair 2	Q2E - Q2P	-.20588	1.12713	.13668	-.47870	.06694	-1.506	67	.137
Pair 3	Q3E - Q3P	-.25000	1.16382	.14113	-.53170	.03170	-1.771	67	.081
Pair 4	Q4E - Q4P	.00000	.97736	.11852	-.23657	.23657	.000	67	1.000
Pair 5	Q5E - Q5P	-.44118	.93653	.11357	-.66786	-.21449	-3.885	67	.000*
Pair 6	Q6E - Q6P	-.57353	1.38560	.16803	-.90892	-.23814	-3.413	67	.001*
Pair 7	Q7E - Q7P	.01471	1.22770	.14888	-.28246	.31187	.099	67	.922
Pair 8	Q8E - Q8P	-.55882	1.28577	.15592	-.87005	-.24760	-3.584	67	.001*
Pair 9	Q9E - Q10P	-.33824	1.19214	.14457	-.62680	-.04968	-2.340	67	.022*
Pair 10	Q10E - Q10P	-.38235	1.15938	.14060	-.66298	-.10172	-2.720	67	.008*
Pair 11	Q11E - Q11P	-.44118	1.12479	.13640	-.71343	-.16892	-3.234	67	.002*
Pair 12	Q12E - Q12P	-.20588	1.16618	.14142	-.48816	.07639	-1.456	67	.150
Pair 13	Q13E - Q13P	-.04412	1.07111	.12989	-.30338	.21515	-.340	67	.735
Pair 14	Q14E - Q14P	-.38235	1.10669	.13421	-.65023	-.11448	-2.849	67	.006*
Pair 15	Q15E - Q15P	-.23529	1.10788	.13435	-.50346	.03287	-1.751	67	.084
Pair 16	Q16E - Q16P	-.33824	1.08738	.13186	-.60144	-.07503	-2.565	67	.013*
Pair 17	Q17E - Q17P	-.26471	.97150	.11781	-.49986	-.02955	-2.247	67	.028*
Pair 18	Q18E - Q18P	.33824	1.15397	.13994	.05891	.61756	2.417	67	.018*
Pair 19	Q19E - Q19P	.08824	.92616	.11231	-.13594	.31241	.786	67	.435
Pair 20	Q20E - Q21P	.05882	1.23243	.14945	-.23949	.35713	.394	67	.695
Pair 21	Q21E - Q21P	-.04412	1.23909	.15026	-.34404	.25581	-.294	67	.770
Pair 22	Q22E - Q22P	.04412	1.22698	.14879	-.25288	.34111	.297	67	.768
Pair 23	Q23E - Q23P	.08824	1.16843	.14169	-.19459	.37106	.623	67	.536
Pair 24	Q24E - Q24P	.04412	1.60627	.19479	-.34468	.43292	.226	67	.822
Pair 25	Q25E - Q25P	.26471	1.15407	.13995	-.01464	.54405	1.891	67	.063
Pair 26	Q26E - Q26P	-.19118	1.13634	.13780	-.46623	.08388	-1.387	67	.170
Pair 27	Q27E - Q27P	-.07353	1.47937	.17940	-.43161	.28455	-.410	67	.683
Pair 28	Q28E - Q28P	-.11765	1.05843	.12835	-.37384	.13855	-.917	67	.363
Pair 29	Q29 - Q29P	.30882	1.36324	.16532	-.02115	.63880	1.868	67	.066

Paired *t-test (2-tailed Sig.) p<0.05, Source: Author's computation using SPSS, 2017

In the above table 7 the values in the column designated "Sig." indicate whether the mean difference between management's perception and customers' expectation is significant or not. While a value less than 0.05 indicates that the presence of significant mean difference, a value greater than 0.05 represents insignificant mean difference. Given this, the "Sig." value for 11 items was less than 0.05 and the rest (18) items had values greater than 0.05. Therefore, there was significant mean difference between managements' perception and customers' expectation for the eleven items of service quality. On the other hand, non-significant values for 18 items indicate that there was no significant difference between managements' perception and customers' expectation. Hence, the hypothesis is partially supported and can't be rejected. A significant mean difference indicates that managers did not correctly perceived customers' needs or wants. Therefore, managers should conduct market research to identify whether demand is available for their offer. They should also measure satisfaction immediately after every purchase made and solve complaints to ensure customers' desires.

FINDINGS

The result of this study indicated that majority of the hotel managers were graduates of other professions but related fields. Moreover, majority of the hotel managers (i.e. 79.5%) were not much experienced. The result of factor analysis also showed that only four service quality dimensions were found important determinants of service quality in hotels. It was also found that management's perceived mean score is smaller than customers' expected mean score for all service quality dimensions. Among all dimensions, the maximum gap was for reliability& responsiveness (-0.221) and the minimum gap was for assurance dimension(-0.01). Finally, there was no significant mean difference between management's perception of customers' expectations and actual customers' expectations for most of the items of service quality.

RECOMMENDATIONS

Since the maximum gap was for reliability& responsiveness, it is one of the dimensions that require priority in terms of resource allocation in order to narrow the gap. The overall mean score for all service quality dimensions was negative (-0.108) which indicates a discrepancy between management' perception and customers' expectation. Hence, the management is required to use survey method to obtain information and clearly understand customers' expectations in all aspects. In order to manage customers' expectations, service providers should underestimate the benefits that would be provided while promoting their offers. The result of this study showed that there is lack of service skilled and experienced employees graduated in hotel management. Therefore, hoteliers should hire well trained and experienced service professionals that could transform the existing quality of service to the next level.

CONCLUSIONS

The result of factor analysis indicated that service quality is a four dimensional construct involving empathy, reliability& responsiveness, tangibility, and assurance. Regardless of its components Arora et al.(2011) also found a four dimensional structure of service quality consisting of reliability, tangibility, efficiency, and service interaction.

The idea of measuring the difference between expectation and perception with the help of SERVQUAL gap model is essential for assessing the level of service quality. This is because the information obtained through gap analysis would help managers diagnose areas where improvement is needed. This study attempted to identify the gap between management's perception of customers' expectation and customers' actual expectations of service quality. The result of the study indicated that the level of management's perception was below the customers' expectation for all service quality dimensions. The result of this study is consistent with work of Ramchurran (2008) who showed a gap between managers' perception and customers' expectation. In this case, the overall gap score for all service

quality dimensions was negative; suggesting a discrepancy between management's perception and customers' expectation. Moreover, there was lack of service skilled and experienced employees in the hotel industry.

LIMITATIONS

This study has certain limitations despite the presence of theoretical and empirical support for the methodology used. Since this study covered only hotels found in selected cities of Tigray region, the results cannot be generalized and may not reflect the situations of service quality in the Ethiopian hotel industry. Moreover, service quality of hotels was measured using SERVQUAL model but this model has several theoretical and operational criticisms. Moreover, there is no empirical evidence on the applicability of SERVQUAL model in the Ethiopian hotel industry.

SCOPE FOR FURTHER RESEARCH

In order to get a meaningful picture about the service quality of hotel industry in Ethiopia the sample size should be large enough. It is better if research is conducted at national level in order to make generalization about hotel service quality in Ethiopia. Service quality of hotels was measured using SERVQUAL model. However, it has many limitations and research has to be conducted on the appropriateness of this model for measuring service quality in developing countries like Ethiopia. Hence, in the future researchers should either develop a new model that can be more suitable for measuring hotel service quality in Ethiopia or confirm the applicability of SERVQUAL model in the Ethiopian hotel industry.

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STATUS OF TRIBAL WOMEN IN AGRICULTURE

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ABSTRACT

Farming in India is mainly a family occupation. Farmwomen are an integral part of the human society but there has been little realization about the contribution of women in the economic activities of a country. This was a position in most of countries till recently and India is no exception. In tribal communities, the role of women is substantial and crucial. They constitute about half the total population but in tribal society women are more important than in other social groups, because they work harder and the family, economy and management depends on them. Even after industrialization and the resultant commercialization swamped the tribal economy, women continued to play a significant role. Collection of minor forest produce is done mostly by women and children. Though they are industrious, they have limited control over resources and economic activities. Therefore, there is a need for empowerment of tribal women in order to overcome inequality, discrimination and exploitation. In this background, a descriptive study is made to highlight, the status of tribal women in agriculture, evidences of empowerment of tribal women in agriculture and to suggest suitable measures for the attainment of inclusive growth.

KEYWORDS

tribal women, empowerment, status.

INTRODUCTION

Even cultural anthropological literature suggests that agriculture is invention of women. Farming in India is mainly a family occupation. Most of the family members are acutely engaged in farming. The timely and judicious decisions by the farm families have a direct bearing on the agricultural development in country. Farmwomen are an integral part of the human society but there has been little realization about the contribution of women in the economic activities of a country. This was a position in most of countries till recently and India is no exception. Farmwomen are the backbone of Indian agriculture. Growing food has been an interminable saga of her life. Like other rural women, tribal farmwomen also play an important role in agriculture. No field operation is beyond the reach of women (Chauhan 2011).

The tribal population is an integral part of India's social fabric and has the second largest concentration after that of the African continent. It is more than the total population of France and Britain and four times that of Australia. In tribal communities, the role of women is substantial and crucial. They constitute about half the total population but in tribal society women are more important than in other social groups, because they work harder and the family, economy and management depends on them. Even after industrialization and the resultant commercialization swamped the tribal economy, women continued to play a significant role. Collection of minor forest produce is done mostly by women and children.

Women in a tribal society play a vital role in their social, cultural, economic and religious ways of life and are considered as an economic asset in their society. But they are still lagging far behind in the different walks of life like education, employment, good health and economic empowerment etc. Though they are industrious, they have limited control over resources and economic activities. Therefore, there is a need for empowerment of tribal women in order to overcome inequality, discrimination and exploitation and to achieve their all-round development in the society (Puttaraja & Heggade 2012).

The concept of empowerment can be looked at from two perspectives - a process and a state. The process of empowerment is defined as "enhancing the capacity of an individual or group to make purposive choices and to transform those choices into desired actions and outcomes" and the state of empowerment is defined as "an individual or group having the capacity both to make purposive choices and to transform those choices into desired actions and outcomes" (World Bank; 2007). **Empowerment of tribal farm women is a need of the time in agrarian country like India where farming is mainly a family occupation.**

Tribal women are important for the improvement and progress of tribals. They are the pivot of tribal agriculture, performing many household and agricultural jobs. Without them, tribal welfare in agriculture is meaningless. **In this background a descriptive study is made to highlight, the status of tribal women in agriculture, evidences of empowerment of tribal women in agriculture and to suggest suitable measures for the attainment of inclusive growth.**

STATUS OF TRIBAL WOMEN IN AGRICULTURE

Scheduled Tribes (STs) are indigenous, have their own distinctive culture, geographically isolated and are low in socio-economic conditions. For centuries, the tribal groups have remained outside the realm of the general development process due to their habitation in forests and hilly tracts. After independence, Government of India has scheduled the tribal groups in the Constitution and provided special provisions for their welfare and development as in the case of SCs. There are about 654 ST communities across the States in India and 75 of the STs are most backward and are termed as Primitive Tribal Groups. Most of the tribal areas are hilly, inaccessible undulating plateau lands in the forest areas of the country resulting in the bypassing of general developmental programmes.

According to the 2001 Census, the population of STs is 84.3 million constituting 8.2% of the total population of the country. Chhattisgarh (31.8%) has the highest percentage of ST population followed by Jharkhand (26.3%) and Orissa (22.1%). These proportions are in the lowest in Uttar Pradesh (0.1%), Bihar (0.9%), Tamil Nadu (1.0%) and Kerala (1.1%). There are 75 districts in the country which have more than 50% ST concentration and in terms of villages there are 90,189 villages with more than 50% ST concentration. ST population was 3.01 crore representing about 6.9% during 1961 and this has reached to 8.43 crore (8.2%) during 2001. Over 80% of tribals work in the primary sector against 53% of the general population. About 45% are cultivators against 32.5% of the general population. According to available data, the number of tribal who were cultivators, declined from over 68% to 45% in 2001, whereas agricultural laborers increased from about 20% to 37%, an indication that tribals are steadily losing their lands. Unlike other communities, among tribals there are no restrictions on women's participation in the cultivation process. A tribal woman can participate actively in all agricultural operations including, ploughing, digging, sowing, manuring, transplanting, weeding, harvesting, preparing the granary, threshing, winnowing and storing food grains. In agriculturally backward areas, tribal women are forbidden to touch a plough and cannot dig the ground but in all other agricultural operations, women participate actively and traditionally these are a female's job. Processing of food grain is exclusively a woman's job. Every morning tribal women dehusk millet and paddy in husking levers and then clean the grains and cooks them. They not only save money, but also earn it, unlike females of other communities.

EVIDENCES OF THEIR STATUS

Poorer the tribal families, the greater are the dependency on women's economic productivity (Atcharya and Samantray 2013).

Tribal women work as men's partners in agriculture, yet their status remains the same. Tribal women work very hard for the livelihood of the family but live a poor life, in spite of their many contributions in the house and on the farm (Awais, Alam and Asif 2009).

There is a scope of integrating tribal people, women in particular, in the modern day forest economy for both economic and ecological gains (un published source) The majority of the decisions regarding farm management were not performed by tribal farm women, thus they were husband dominated decisions such as, when to irrigate the fields, quantity and type of fertilizers to be used in the farm introduction of new crop variety, buying farm machinery/equipment, using plant protection measures, borrowing money for farm operation, installing oil engine, electric motor and pumps, selection of seed, deciding area to be sown under each crop etc (Chauhan 2011)

Sericulture provides tremendous opportunities to the women in the tribal areas particularly in silkworm rearing and reeling activities with reference to income. Sericulture can serve better for the additional income generation and lay concrete on the way for the local employment generation. After adopting the sericulture, they need not go to money lenders or any middle man thus resulted their self-respect elevated and they recognized socially. They also released from the debt ness (Dewangan et al 2011)

Sericulture is a potential sector of the agriculture to raise economic status of the farming community and also earning foreign revenue (Thapa and Shrestha, 1999). Women farmers in the tribal villages of Odisha, eastern India, are increasing their yields through the use of hybrid seed varieties, new technologies and better agricultural practices with training and support from the Cereal Systems Initiative for South Asia (CSISA) project and the Odisha agricultural department. The work burden of these women has been reduced with the use of the seed drill. (Anuradha Dhar 2014)

The need for empowerment of tribal's hardly needs justification. Their primitive way of life, economic and social backwardness, low level of literacy, outdated system of production, absence of value systems, sparse physical infrastructure in backward tribal areas and demographic quality of tribal areas make the development of tribal's and tribal areas essential.

SUGGESTIONS

Tribal women play a major role in the co-management of their natural, social, economic resources and agricultural development including crop production, live-stock production, horticulture and post-harvest operations but they remain backward due to traditional values, illiteracy, superstitions, and dominant roles in decision-making, social evils and many other cultural factors. Economic independence is one of the stepping stones towards overall empowerment. In this regard the following measures are suggested to gain economic independence and be empowered through agriculture.

- Increasing agricultural production through conservation to settled agriculture, where possible, with linkage to easy credit and markets and assured irrigation.
- A comprehensive survey of water resources, including surface water and groundwater, in tribal areas with the help of remote sensing will be helpful for the tribal women to plan for cultivation.
- Diversification of agriculture and non-farm sectors could create job opportunities and thus avoids migration.
- Women to be encouraged to grow new varieties of nutritious vegetables and fruits at their homes, which will cater to the health needs of the family, and at the same time they can earn money by selling the surplus.
- Tribal women could be trained by the SHGs in vermi compose, kitchen gardening etc.
- Tribal women co-operatives should be encouraged to undertake dairy, sericulture, fisheries, handicrafts, horticulture, agri-food processing and post-harvest technologies.
- Provision of training in modern techniques to all tribal women should be given regularly so that their work becomes easier and crop production increases.
- Research and extension activities should be encouraged by Government agencies and NGOs to improve current practices, increase output and income and eliminate adverse ecological effects.

CONCLUSION

Women in agriculture play a vital role in wide range of activities, thereby contributing to sustainable agricultural development. To achieve inclusive agricultural growth, empowering women by having comprehensive understanding about work participation, gender issues, drudgery and health and nutritional status is very much necessary.

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WOMEN EMPOWERMENT THROUGH DISTRICT CO-OPERATIVE BANKS (DCBs) IN LUCKNOW AND AMBEDKAR NAGAR DISTRICTS IN UTTAR PRADESH

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FINLAND

ABSTRACT

Women Empowerment is a process by which the one without power gains the required power so that she can enjoy greater control over her life. Cooperatives worldwide act as the protection shield of weak and vulnerable in their times of difficulties and in that sense they render invaluable services to them (including women) who struggle to manage various socio-economic challenges in their day to day life. However studies on the role of District Co-operative Banks (DCBs) in promoting women empowerment in India are only few in numbers and those available studies have also covered mostly the socio-economic aspect only. This study attempts to cover the complete spectrum of empowerment namely the economic, social, legal, political, physical and psychological empowerment of women members of DCBs examined from 5 different angles namely the category, literacy, age, family income and family size of the sample respondents. On the basis of the findings some suggestions are also given to the DCBs in this connection.

KEYWORDS

Uttar Pradesh, women empowerment, district co-operative banks.

WOMEN EMPOWERMENT

The term women empowerment can be defined as "a process of making women powerful, so that they can take their own decisions regarding their lives and wellbeing in the families as well as in the society". This means enabling the women to get their rightful share in the society at par with their male counterparts.

CO-OPERATIVES AND WOMEN EMPOWERMENT

"A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise" (ICA). Cooperative institutions act as the shield that protect the weak and vulnerable in their times of difficulties and in that sense they render invaluable services to the women who struggle to manage various socio-economic challenges in their day to day life. Cooperatives finance and encourage women folks to undertake various Income Generating Activities (IGA) and help them to overpower the vicious circle of poverty and achieve empowerment in life.

Cooperatives offer number of employment opportunities to women, now they serve as branch managers, accountants, assistants, etc. They allow women to act as directors in various boards of co-operative banks and societies thereby started ensuring their active participation in administrative practices and in decision making processes also.

STATEMENT OF THE PROBLEM

Studies related to women empowerment through DCBs were hardly conducted and the few studies found available had also not covered the complete spectrum of women empowerment. Hence it was decided to conduct an empirical study to examine the role of DCBs in promoting 6 aspects of women empowerment from 5 different angles.

RESEARCH OBJECTIVES

The objectives of the present research study are as follows;

1. To evaluate the role of DCBs and their branches in promoting the women empowerment activities from the (i). Economic (ii) Social (iii).Legal (iv). Political (v). Physical and (vi). Psychological angles.
2. To suggest improvement in the banking policies / practices (if any) which may help the DCBs and their branches to incorporate so that the objective of women empowerment may be achieved by them still better?

RESEARCH HYPOTHESIS

The null hypothesis used in this research is that "There is no significant difference between the women empowerment achieved by the women members before and after taking membership in DCBs".

RESEARCH METHODOLOGY

The study is an empirical research conducted using the Field Survey Technique. The researcher has used both primary and secondary data in this study. The primary data were collected from the selected women members of the sample units (DCBs) and the secondary data were gathered from the various records and registers of the selected DCBs, Government offices and other sources including the internet.

Sampling Technique: The researcher has used the *Multi-stage Stratified Random Sampling* for the present study as shown below:

(A). Selection of Respondents from DCBs / DCB Branches

Stage I - Selection of the District: There were 75 revenue districts existing in the State of Uttar Pradesh. The researcher has selected two revenue districts namely (i). Lucknow and (ii). Ambedkar Nagar so as to compare the role of co-operatives towards women empowerment in the well-developed State Capital as well as in a less developed revenue district.

Stage II - Selection of DCB Branches: There were 23 branches functioning under DCB Lucknow and 10 branches under DCB Ambedkar Nagar. On the basis of their annual business turnover, all these 33 branches were stratified into three distinct strata namely,

- (a). High performing (Annual Turnover above Rs. 1 Cr)
- (b). Medium performing and (Annual Turnover between Rs. 50 Lakh – Rs. 1 Cr)
- (c). Low performing branches (Annual Turnover less than Rs. 50 Lakh)

Out of these 33 DCB branches 8 branches were identified as high performing, 11 branches were identified as medium performing and 14 branches were identified as low performing branches as displayed in **Table No.1.1**. It was decided to short list 18 DCB branches (12 from Lucknow and 6 from Ambedkar Nagar) for this study.

TABLE NO. 1: STRATIFICATION OF DCB BRANCHES BASED ON THEIR BUSINESS TURNOVER

Name of the DCB	High Performing DCB Branches	Medium Performing DCB Branches	Low Performing DCB Branches
1. Lucknow DCB / DCB Branches (23 Branches)	1. Main Br. Lko	1. Kapuri	1. Sahadat Ganj
	2. Bandra	2. Mal	2. Extension Counter (Parag)
	3. SGPGL	3. Mohanlal Ganj	3. Extension Counter (ICCMRT)
	4. Aliganj	4. Kanpur Road	4. Arjun Nagar
	5. Chinhath	5. Lattoos Road	5. Chander Nagar
	6. Gomti Nagar	6. Vikas Nagar	6. Toja
		7. Nishat Ganj	7. Malihabad
		8. BakshiKaTalab	8. Nagaron
			9. Gosain Ganj
2. Ambedkar Nagar DCB / DCB Branches (10 Branches)	1. Akbarpur	1. Katehari	1. Bhriyawan
	2. Jalalpur	2. Tanda	2. JaghangirGanj
		3. Ram Nagar	3. Buskhari
			4. Bhiyawan
			5. Bhati

Stage III – Selection of the Respondents: The women members were grouped into 3 categories namely General, OBC and SC/ST. 6 respondents (3 literates; 3 illiterates) from each of these 3 categories were selected. Thus from all the 18 DCB branches a total of 324 sample respondents (18 x 18) were selected for this study as shown in **Table No. 1.2**.

TABLE NO. 2: SAMPLING PLAN FOR SELECTING MEMBER RESPONDENTS FROM DCBs

Stage	I	II	III						
	District	DCB Branches	Respondents from DCB Branches						
Sampling Procedure Adopted	Simple Random	Stratified Random Sampling	Stratified Random Sampling						
	Selection of the sample districts using the lottery method	Stratification of DCB Branches based on their volume of turnover	Stratification of Women Members based on their categories and their literacy status						
Number of sample units selected from each category under each of the 3 stages	1. Lucknow	High Performing	4	Sample Branches of DCB		General	OBC	SC/ ST	Total no. of Respondents
				Lit	Illit	Lit	Illit	Lit	
		Medium Performing	4	3	3	3	3	3	4 x 18 = 72
		Low Performing	4	3	3	3	3	3	4 x 18 = 72
	2. Ambedkar Nagar	High Performing	2	3	3	3	3	3	2 x 18 = 36
		Medium Performing	2	3	3	3	3	3	2 x 18 = 36
		Low Performing	2	3	3	3	3	3	2 x 18 = 36
		Total	18					18 x 18 = 324	

Area of Research: The present study has covered the entire revenue districts of Lucknow (8 blocks) and Ambedkar Nagar (9 blocks) in Uttar Pradesh.

Period of Research: The researcher has covered a period of ten years from 2005-06 to 2014-15. For gathering data from the individual women respondents, the researcher has considered only the latest year i.e., 2014-15.

Sources of Data: The researcher has used both the primary and secondary data for the present study. The secondary data have been collected from the records, registers and reports etc., of the selected DCBs and their branches. The primary data were gathered from the selected respondents through the personal interview technique.

Tools used for Data Collection: The researcher has used 2 different Schedules for collecting the Primary data as shown below. The schedules were constructed with all the details required for the said research.

1. Schedule for selected DCBs / DCB Branches.
2. Schedule for sample respondents representing the DCBs / DCB Branches.

Validation of the Interview Schedules using Pilot Study: A pilot study was conducted from 10thFeb 2014 to 21stFeb 2014 in the districts of Lucknow and Ambedkar Nagar covering 5 respondents each from 4 selected DCB Branches. On the basis of the findings, the interview schedules were moderated and were finally used by the researcher for data collection.

Field Work: The field work was conducted from April 2014 to March 2015. The researcher, after creating a good rapport with the officials of DCBs had collected the required data. The respondents were contacted at their convenient times and locations.

Frame Work of Analyses: The interview schedules were coded by providing dummy numbers for facilitating computerization. The researcher has applied Chi-square test to find out the relationship between the independent factors such as category, literacy, age, family income and family size.

Scope of the Study: Women worldwide are being empowered through cooperatives, raising their incomes, becoming self-reliant and steadily progressing in the struggle of overcoming gender stereotypes. Yet the pace and coverage of women empowerment efforts and achievements in general and through co-operatives in particular, is still below the mark which necessitates the Indian co-operatives still to go long miles for which the findings of this study may be useful.

Limitations of the Study: The study is confined only to two selected districts Lucknow and Ambedkar Nagar where the total number of districts is as large as 75. Also the findings of this study conducted in a co-operatively underdeveloped state, may not be equally generalized to the co-operative institutions functioning in co-operatively developed states.

TABLE 3

Women Empowerment through DCBs	
1. Economic Empowerment	1. Increased ownership value to productive assets including land
	2. Increased banking knowledge and number of banking transactions
	3. Increased awareness to various loan schemes
	4. Easy accessibility of bank loan to initiate self-employment effort
	5. Adequacy of bank loan to carry out self-employment effort
	6. Increased average monthly income
	7. Increased freedom to spend the income generated
	8. Increased average monthly expenses for necessary items
	9. Increased average monthly expenses for luxury items
	10. Increased average monthly savings by the women member
	11. Decrease in the dependence upon the private money lenders
	12. Increased economic status-overall perception
2. Social Empowerment	13. Increased family support to self-employment effort
	14. Increased outside support to self-employment effort
	15. Increased freedom to travel distant places for business purpose
	16. Increased freedom to be engaged in social / community activities
	17. Increased average monthly education expenses for girl child / children
	18. Increased social status – overall perception
3. Legal Empowerment	19. Adequacy of women specific legal protection in the state of Uttar Pradesh
	20. Satisfaction over the functioning of such legal protections in the state
	21. Adequacy of women specific legal provisions in DCB
	22. Satisfaction over the functioning of such legal provisions in DCB
	23. Whether the member has taken any legal guidance from the DCB
4. Political Empowerment	24. Increased legal awareness and confidence – overall perception
	25. Increased political / administrative awareness
	26. Increased events of women member contesting in DCB/PRI elections etc
	27. Freedom to take and execute office decisions without other's influence
	28. Active participation in office/ administrative meetings
	29. Increased room for women member's opinion in household decisions
	30. Increased political / leadership / decision making skills – overall perception
5. Physical Empowerment	31. Increased awareness towards health and sanitary practices
	32. Increased average monthly expenses for quality medical services
	33. Increased average monthly expenses for hygiene and nutritious food items
	34. Decreased number / frequency of hospital visits for self and girl child
	35. Increased event of taking health insurance among women members
	36. Increased physical wellness – overall perception
6. Psychological Empowerment	37. Increased self-confidence due to DCB assistance & starting of new business
	38. Increased motivation due to DCB assistance & starting of new business
	39. Increased mental strength due to increased space in household decisions
	40. Increased confidence to initiate any work / shoulder responsibilities
	41. Increased skills & attitude to face challenges optimistically
	42. Increased self-esteem and psychological satisfaction – overall perception

The researcher has studied the 6 aspects of women empowerment (*i. Economic Empowerment, ii. Social Empowerment, iii. Legal Empowerment, iv. Political Empowerment, v. Physical Empowerment and vi. Psychological Empowerment*) achieved by the women members of DCBs in Lucknow and Ambedkar Nagar Districts in Uttar Pradesh from 5 different angles (*i. Category wise, ii. Literacy wise, iii. Age wise, iv. Family income wise and v. Family size wise*) as displayed below;

I. Category: General 108, OBC 108 and SC / ST 108.

II. Literacy: Literate 162 and Illiterates 162.

III. Age: Young (Up to 25 Years) 97, Middle (26 to 45 Yr) 142 & Old (Above 45 Years) 85.

IV. Family Income: High income (Above Rs.4500 / Month) 62, Middle income (Rs. 1500 – Rs. 4500 / Month) 98 & Low income (Up to Rs. 1500 / Month) 164.

V. Family Size: Small Family (2 + 1 Child), Medium Family (2 + 2 Children) & Large Family (2 + 3 and above children).

TABLE 4

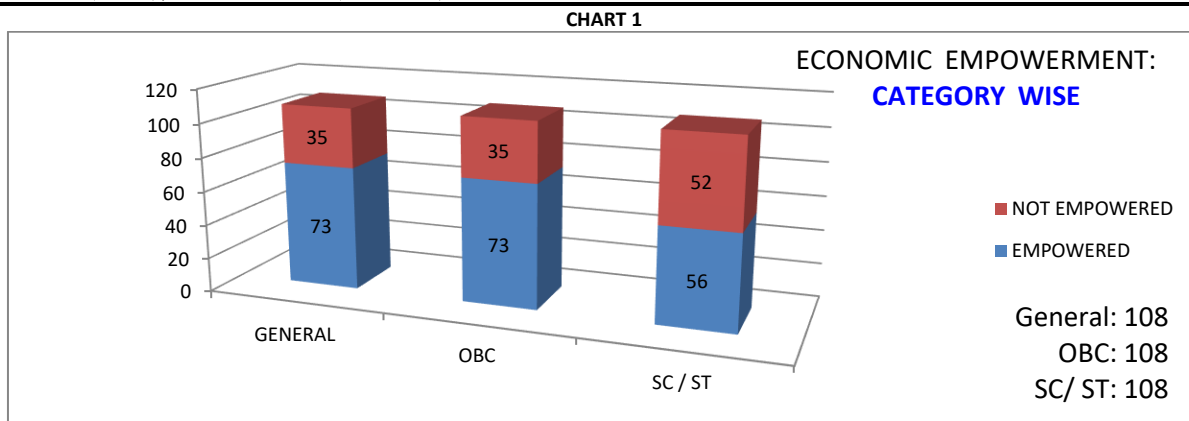
Table Values used for Chi-Square Test			
Degrees of Freedom (d.f)	90 %	95 %	99 %
1	2.706	3.841	6.635
2	4.605	5.991	9.210

I. Economic Empowerment: The Economic Empowerment achieved by women members after availing financial assistance from the DCB branches for initiating their self-employment ventures was assessed by the researcher by asking the following 12 questions (1 – 12).

(i). DCB: Economic Empowerment (Category wise) – Crosstab

TABLE 5

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	73	35	108
	% within category	67.60%	32.40%	100.00%
OBC	Count	73	35	108
	% within category	67.60%	32.40%	100.00%
SC / ST	Count	56	52	108
	% within category	51.85 %	48.15%	100.00%
TOTAL	Count	202	122	324
	% within category	62.34 %	37.66 %	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	d.f.	Remarks
Pearson Chi-Square	21.056 ^a	9.210	2	Significant at 1 % level



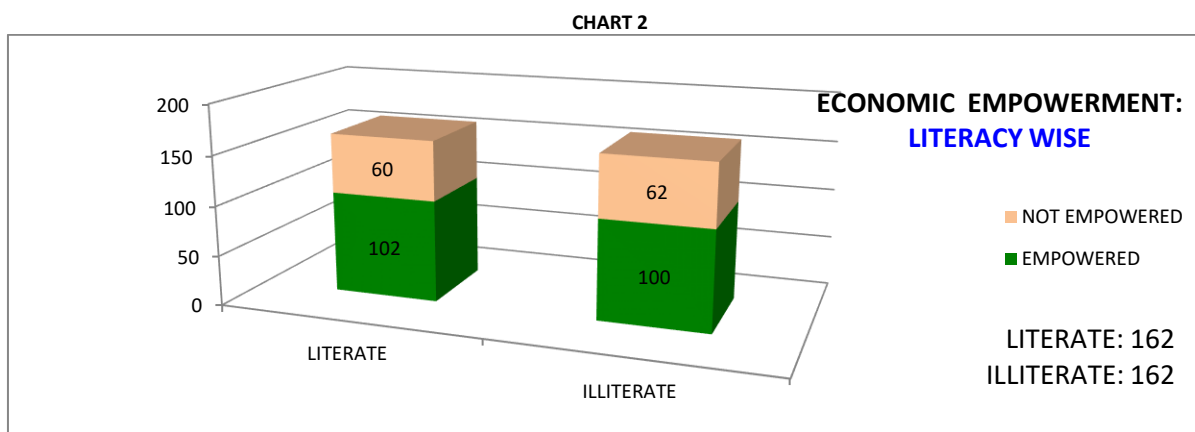
(i). **Economic Empowerment – Category wise:** The above analysis of economic empowerment (category wise) indicates that out of 108 respondents taken from the General category 73 (67.60 %) were found to be economically empowered. The same is repeated in case of OBC respondents also. However among the 108 respondents chosen from the SC / ST population only 56 (51.85 %) were reported to be empowered. i.e., the attainment of economic empowerment is comparatively higher in case of General and OBC categories than that of the SC / ST category members. The calculated Chi-Square value 21.056^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the economic empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Economic Empowerment (Literacy wise) – Crosstab**

TABLE 6

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	102	60	162
	% within Literacy	62.96 %	37.04 %	100.00%
ILLITERATE	Count	100	62	162
	% within Literacy	61.73 %	38.27 %	100.00%
TOTAL	Count	202	122	324
	% within Literacy	62.34 %	37.66 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	13.156 ^a	6.635	1	Significant at 1 % level



(ii). **Economic Empowerment – Literacy wise:** The above analysis of economic empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 102 (62.96 %) were found to be economically empowered. In case of 162 illiterate respondents taken for this study 100 (61.73 %) were found to be economically empowered. i.e., the attainment of economic empowerment is found bit higher in case of literate members as their literacy level combined with their optimistic attitude had induced them to show additional involvement in their business. The calculated Chi-Square value 13.156^a is higher than the table value (6.635) at 1 % significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the economic empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

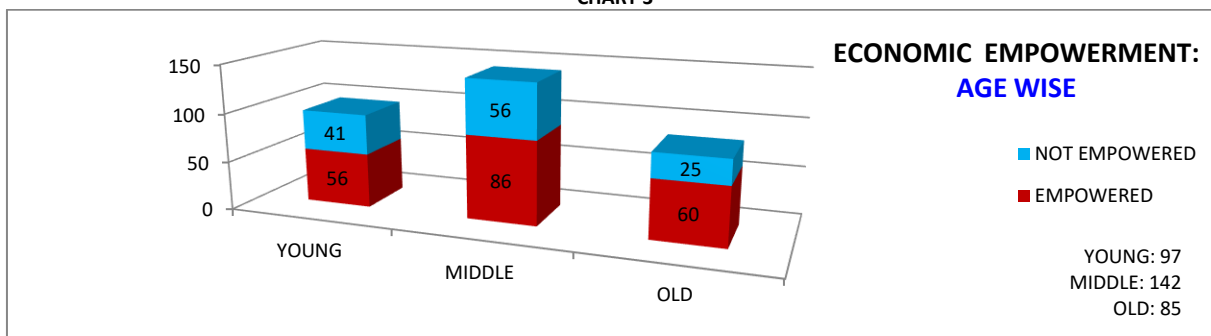
(iii). **DCB: Economic Empowerment (Age wise) – Crosstab**

TABLE 7

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	56	41	97
	% within age	57.73 %	42.27 %	100.00%
MIDDLE	Count	86	56	142
	% within age	60.56 %	39.44 %	100.00%
OLD	Count	60	25	85
	% within age	70.59 %	29.41 %	100.00%
TOTAL	Count	202	122	324
	% within age	62.34 %	37.66 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	22.269 ^a	9.210	2	Significant at 1 % level

CHART 3



(iii). **Economic Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 56 (57.73 %) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 86 (60.56 %) and 60 (70.59 %) were found to be economically empowered respectively. i.e., the attainment of economic empowerment is found to be more in case of old and middle age groups than that of the young age group respondents because of their business experience and maturity. The calculated Chi-Square value 22.269^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the economic empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

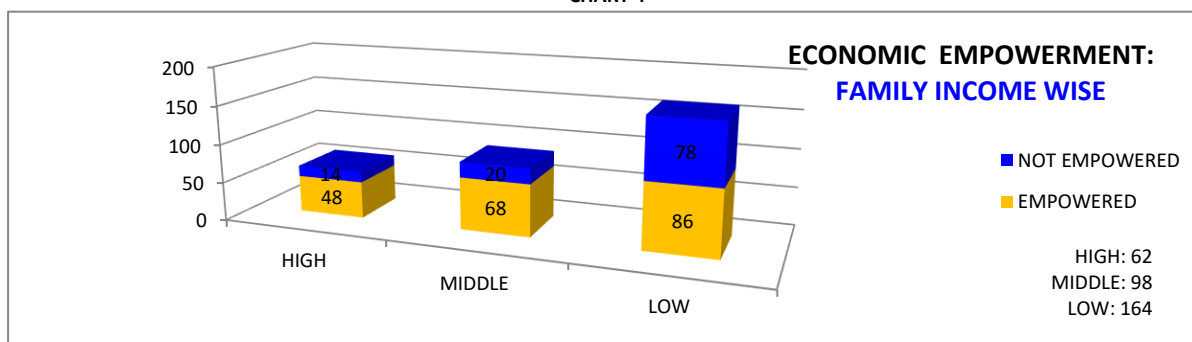
(iv). **DCB: Economic Empowerment (Family Income wise) – Crosstab**

TABLE 8

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	48	14	62
	% within F. Income	77.42 %	22.58 %	100.00%
MIDDLE	Count	68	20	98
	% within F. Income	69.39 %	30.61 %	100.00%
LOW	Count	86	78	164
	% within F. Income	52.44 %	47.56 %	100.00%
TOTAL	Count	202	122	324
	% within F. Income	62.34 %	37.66 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	30.990 ^a	9.210	2	Significant at 1 % level

CHART 4



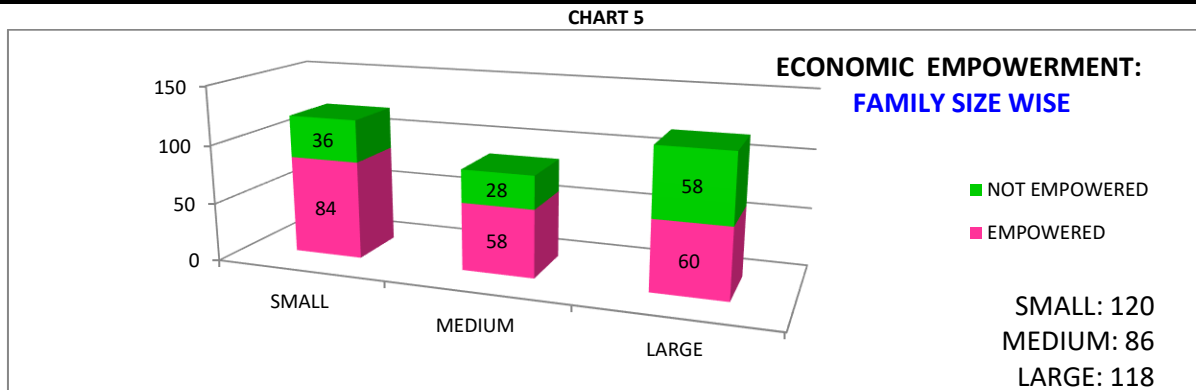
(iii). **Economic Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 48 (77.42 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and old age groups observed 68 (69.39 %) and 86 (52.44 %) were found to be economically empowered respectively. i.e., the attainment of economic empowerment is found to be more in case of high income groups than that of the respondents from other groups. The calculated Chi-Square value 30.990^a is much higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the economic empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

(v). **DCB: Economic Empowerment (Family Size wise) – Crosstab**

TABLE 9

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	84	36	120
	% within F. Size	70.00 %	30.00 %	100.00%
MEDIUM	Count	58	28	86
	% within F. Size	67.44 %	32.56 %	100.00%
LARGE	Count	60	58	118
	% within F. Size	50.85 %	49.15 %	100.00%
TOTAL	Count	202	122	324
	% within F. Size	62.34 %	37.66 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	19.247 ^a	9.210	2	Significant at 1 % level



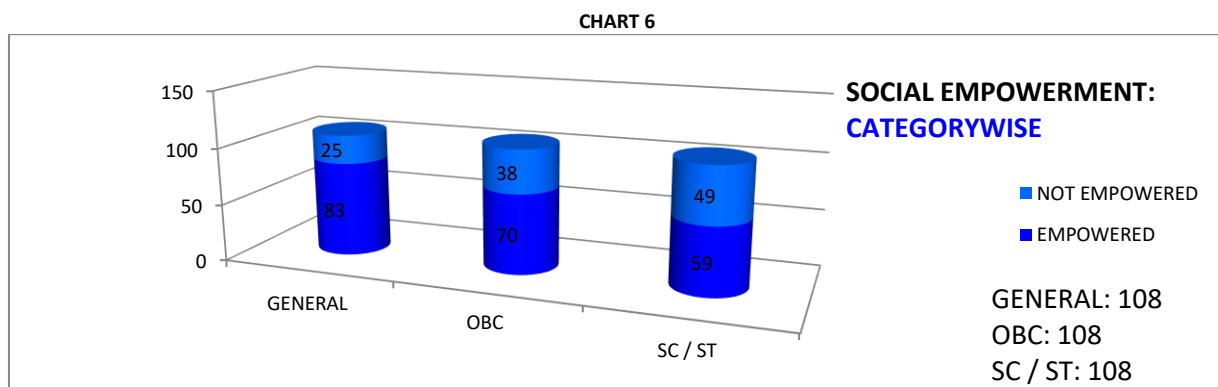
(v). **Economic Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 84 (70.00 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 58 (67.44 %) and 60 (50.85 %) were found to be economically empowered respectively. i.e., the attainment of economic empowerment is found to be very low in case of respondents belonging to large family groups. This is because, the income generated is consumed by more number of non-earning dependents in family which prevent these women members to make sufficient investment in business which minimizes their income levels. The calculated Chi-Square value 19.247^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the economic empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

II. **Social Empowerment:** The Social Empowerment achieved by women members after availing financial assistance from the DCB branches for initiating their self-employment ventures was assessed by the researcher by asking the following 6 questions (13 – 18).

(i). **DCB: Social Empowerment (Category wise) – Crosstab**

TABLE 10

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	83	25	108
	% within category	76.85%	23.15%	100.00%
OBC	Count	70	38	108
	% within category	64.80%	35.20%	100.00%
SC / ST	Count	59	49	108
	% within category	54.63%	45.37%	100.00%
TOTAL	Count	212	112	324
	% within category	65.43 %	34.57 %	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	31.817 ^a	9.210	2	Significant at 1 % level



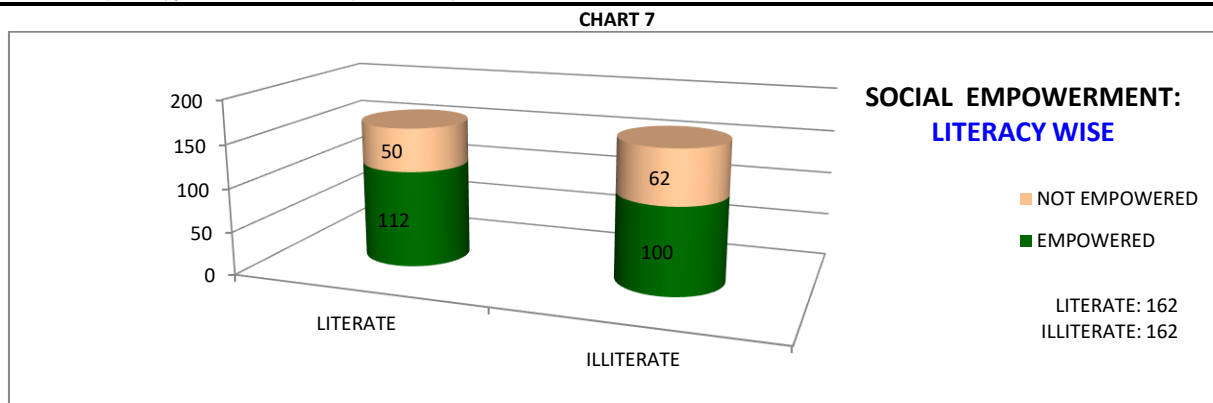
(i). **Social Empowerment – Category wise:** The above analysis of social empowerment (category wise) indicates that out of 108 respondents taken from each of the General and OBC category 83 (76.85 %) and 70 (64.80 %) were found to be socially empowered respectively. However among the 108 respondents chosen from the SC / ST population only 59 (54.63 %) were reported to be socially empowered. i.e., the attainment of social empowerment is comparatively higher in case of General and OBC categories than that of the SC / ST category members. The calculated Chi-Square value 31.817^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the social empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Social Empowerment (Literacy wise) – Crosstab**

TABLE 11

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	112	50	162
	% within Literacy	69.10%	30.90%	100.00%
ILLITERATE	Count	100	62	162
	% within Literacy	61.70%	38.30%	100.00%
TOTAL	Count	212	112	324
	% within Literacy	65.43 %	34.57 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	14.965 ^a	6.635	1	Significant at 1 % level



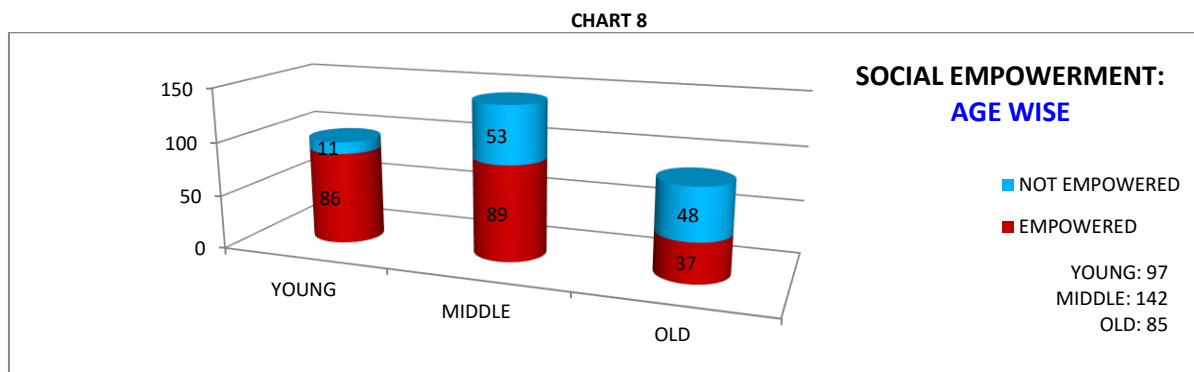
(ii). **Social Empowerment – Literacy wise:** The above analysis of social empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 112 (69.10 %) were found to be socially empowered. In case of 162 illiterate respondents taken for this study 100 (61.70 %) were found to be socially empowered. i.e., the attainment of social empowerment is found to be higher in case of literate members as their awareness level, confidence level and involvement in business are better due to their education. The calculated Chi-Square value 14.965^a is higher than the table value (6.635) at 1 % significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the social empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

(iii). **DCB: Social Empowerment (Age wise) – Crosstab**

TABLE 12

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	86	11	97
	% within age	88.66 %	11.34 %	100.00%
MIDDLE	Count	89	53	142
	% within age	62.68 %	37.32 %	100.00%
OLD	Count	37	48	85
	% within age	43.53 %	56.47 %	100.00%
TOTAL	Count	212	112	324
	% within age	65.43 %	34.57 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	22.996 ^a	9.210	2	Significant at 1 % level



(iii). **Social Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 86 (88.66 %) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 89 (62.68 %) and 37 (43.53 %) were found to be economically empowered respectively. i.e., the attainment of social empowerment is found to be more in case of young respondents than that of the other age groups because of their active involvement and attitude suitable for new challenges in business. The calculated Chi-Square value 22.996^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the social empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

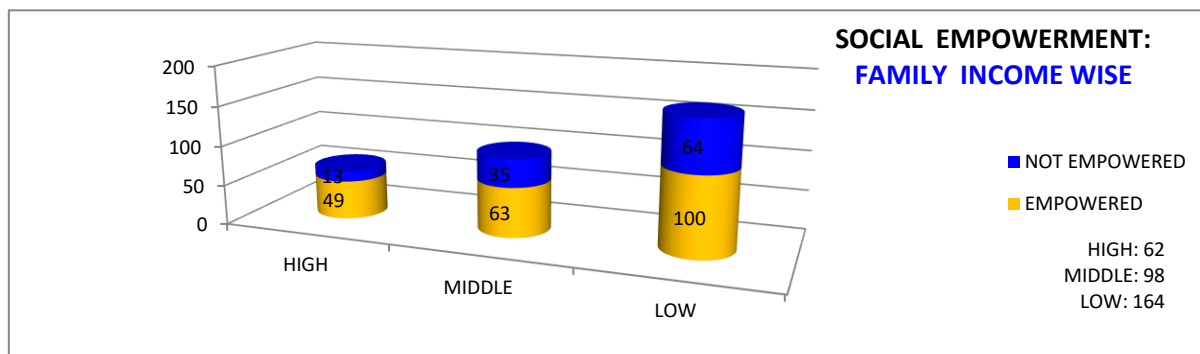
(iv). **DCB: Social Empowerment (Family Income wise) – Crosstab**

TABLE 13

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	49	13	62
	% within F. Income	79.03 %	20.97 %	100.00%
MIDDLE	Count	63	35	98
	% within F. Income	64.28 %	35.72 %	100.00%
LOW	Count	100	64	164
	% within F. Income	60.97 %	39.03 %	100.00%
TOTAL	Count	212	112	324
	% within F. Income	65.43 %	34.57 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	28.736 ^a	9.210	2	Significant at 1 % level

CHART 9



(iv). **Social Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 49 (79.03 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and low income groups observed 63 (64.28 %) and 100 (60.97 %) were found to be economically empowered respectively. i.e., the attainment of social empowerment is found to be more in case of high income group followed by the middle and low income groups. The calculated Chi-Square value 28.736^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the social empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

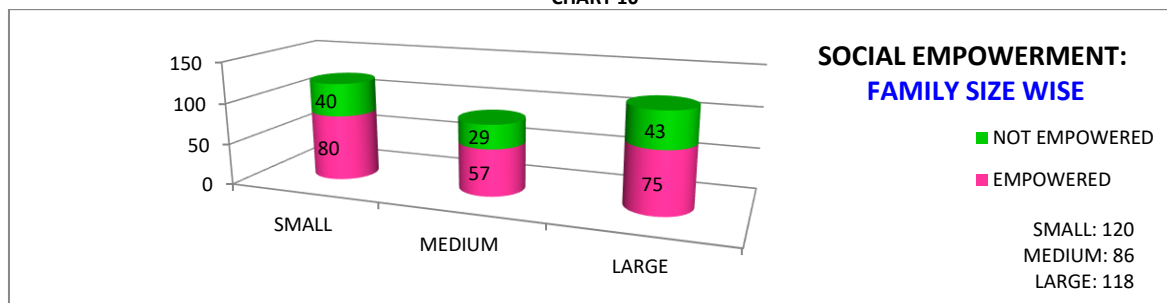
(v). **DCB: Social Empowerment (Family Size wise) – Crosstab**

TABLE 14

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	80	40	120
	% within F. Size	66.66 %	33.34 %	100.00%
MEDIUM	Count	57	29	86
	% within F. Size	66.28 %	33.72 %	100.00%
LARGE	Count	75	43	118
	% within F. Size	63.56 %	36.44 %	100.00%
TOTAL	Count	212	112	324
	% within F. Size	65.43 %	34.57 %	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	3.279 ^a	4.605	2	Insignificant at 10 % level

CHART 10



(v). **Social Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 80 (66.66 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 57 (66.28 %) and 75 (63.56 %) were found to be economically empowered respectively. i.e., the attainment of social empowerment is found to be similar almost in all cases thus did not reveal any specific difference in the empowerment level attained. The calculated Chi-Square value 3.279^a is lower than the table value (4.605) at 10 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is accepted as it was found that there is no significant difference in the social empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

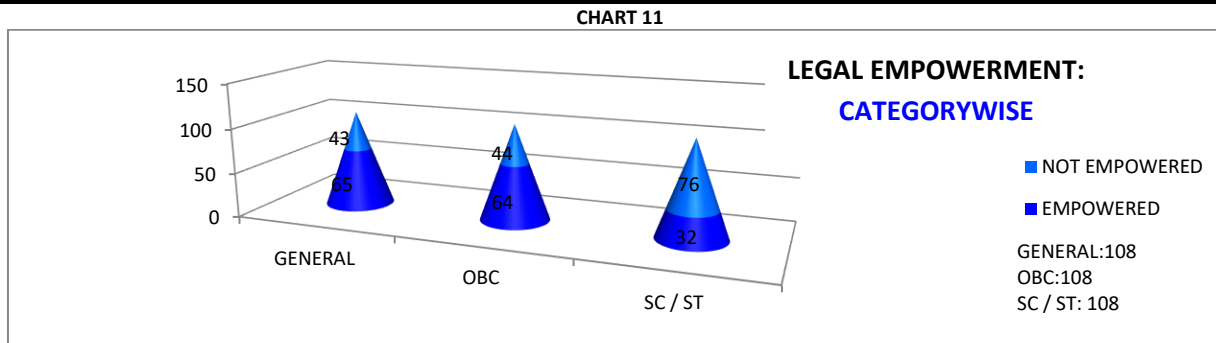
III. **Legal Empowerment:** The Legal Empowerment achieved by women members after getting contact with the DCB branches as a member was assessed by the researcher by asking the following 6 questions (19 – 24).

(i). **DCB: Legal Empowerment (Category wise) – Crosstab**

TABLE 15

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	65	43	108
	% within category	60.20%	39.80%	100.00%
OBC	Count	64	44	108
	% within category	59.30%	40.70%	100.00%
SC / ST	Count	32	76	108
	% within category	29.60%	70.40%	100.00%
TOTAL	Count	161	163	324
	% within category	49.70%	50.30%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	8.314 ^a	5.991	2	Significant at 5 % level



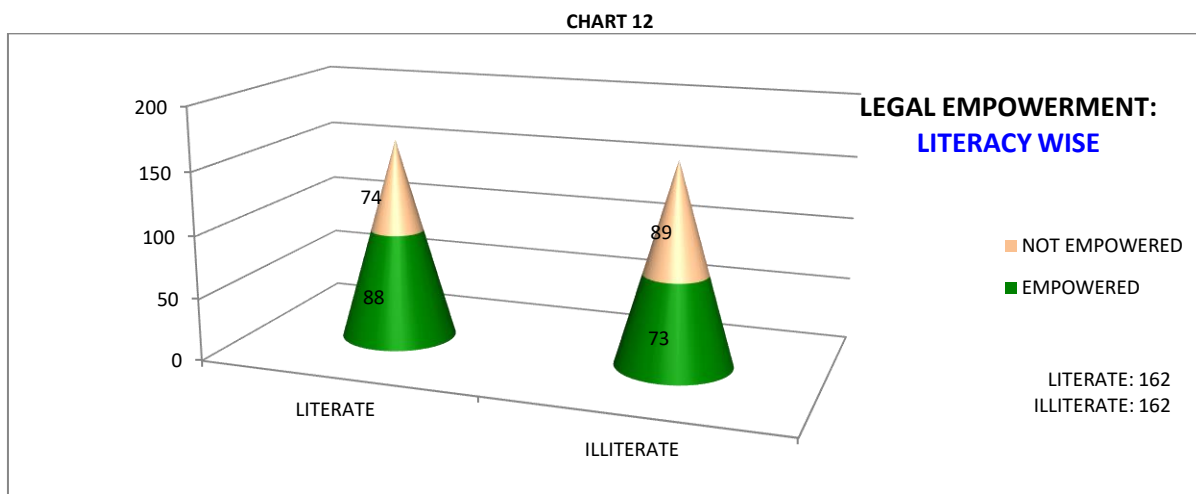
(i). **Legal Empowerment – Category wise:** The above analysis of legal empowerment (category wise) indicates that out of 108 respondents taken from the General category 65 (60.20 %) were found to be legally empowered. Almost the same is repeated in case of OBC respondents also 64 (59.30 %). However among the 108 respondents chosen from the SC / ST population only 32 (29.60 %) were reported to be legally empowered. i.e., the attainment of legal empowerment is equal in both the cases of General and OBC categories respondents and is much higher than the legal empowerment achieved by the SC / ST category respondents. The calculated Chi-Square value 8.314^a is higher than the table value (5.991) at 5 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the legal empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Legal Empowerment (Literacy wise) – Crosstab**

TABLE 16

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	88	74	162
	% within Literacy	54.30%	45.70%	100.00%
ILLITERATE	Count	73	89	162
	% within Literacy	45.10%	54.90%	100.00%
TOTAL	Count	161	163	324
	% within Literacy	49.70%	50.30%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	5.978 ^a	3.841	1	Significant at 5 % level



(ii). **Legal Empowerment – Literacy wise:** The above analysis of legal empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 88 (54.30 %) were found to be legally empowered. In case of 162 illiterate respondents taken for this study 73 (45.10%) were found to be legally empowered. i.e., the attainment of legal empowerment is found higher in case of literate members as their awareness and involvement level in group activities was found to be strong due to the confidence derived from their literacy status. The calculated Chi-Square value 5.978^a is higher than the table value (3.841) at 5 % significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the legal empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

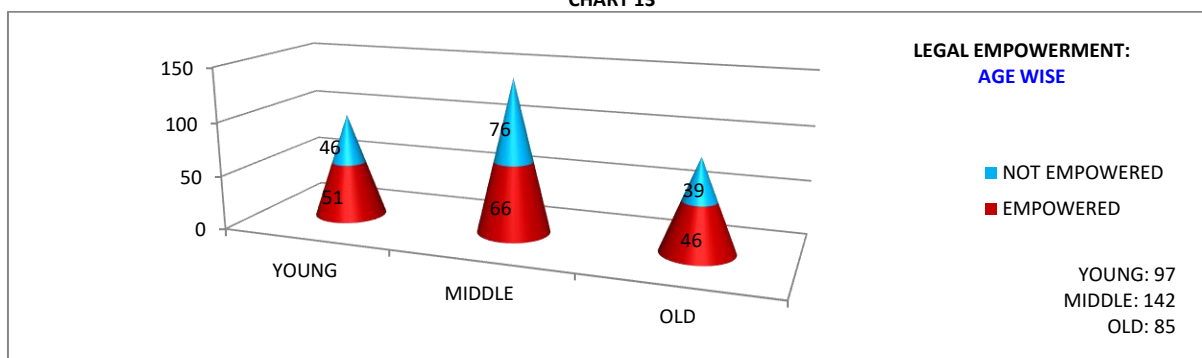
(iii). **DCB: Legal Empowerment (Age wise) – Crosstab**

TABLE 17

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	51	46	97
	% within age	52.58 %	47.42 %	100.00%
MIDDLE	Count	66	76	142
	% within age	46.48 %	53.52 %	100.00%
OLD	Count	46	39	85
	% within age	54.12 %	45.88 %	100.00%
TOTAL	Count	161	163	324
	% within age	49.70%	50.30%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	3.223 ^a	4.605	2	Insignificant at 10 % level

CHART 13



(iii). **Legal Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 51 (52.58 %) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 66 (46.48 %) and 46 (54.12 %) were found to be economically empowered respectively. i.e., the attainment of legal empowerment was found to be more or less similar in all cases and thus did not reveal significant difference. The calculated Chi-Square value 3.223^a is lower than the table value (4.605) at 10 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is accepted as it was found that there is no significant difference in the legal empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

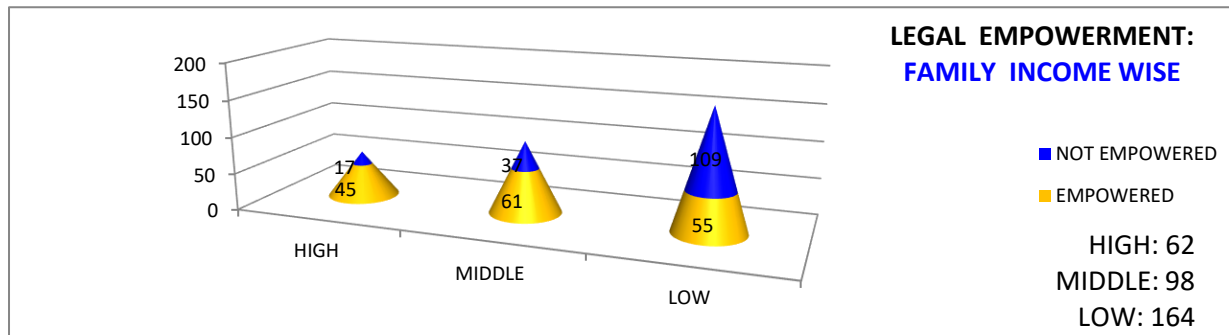
(iv). **DCB: Legal Empowerment (Family Income wise) – Crosstab**

TABLE 18

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	45	17	62
	% within F. Income	72.58 %	27.42 %	100.00%
MIDDLE	Count	61	37	98
	% within F. Income	62.24 %	37.76 %	100.00%
LOW	Count	55	109	164
	% within F. Income	33.54 %	66.46 %	100.00%
TOTAL	Count	161	163	324
	% within F. Income	49.70%	50.30%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	9.135 ^a	5.991	2	Significant at 5 % level

CHART 14



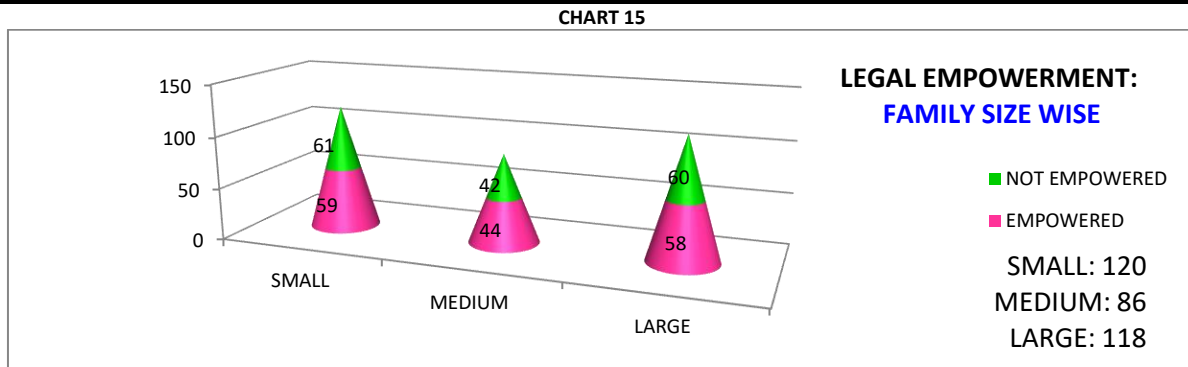
(iv). **Legal Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 45 (72.58 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and low-income groups observed 61 (62.24 %) and 55 (33.54 %) were found to be economically empowered respectively. i.e., the attainment of legal empowerment was found to be more in case of high income group respondents followed by the middle income groups. Increased business income brings increased involvement in other aspects also, including legal involvement. The calculated Chi-Square value 9.135^a is much higher than the table value (5.991) at 5 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the legal empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

(v). **DCB: Legal Empowerment (Family Size wise) – Crosstab**

TABLE 19

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	59	61	120
	% within F. Size	49.16 %	50.84 %	100.00%
MEDIUM	Count	44	42	86
	% within F. Size	51.16 %	48.84 %	100.00%
LARGE	Count	58	60	118
	% within F. Size	49.15 %	50.85 %	100.00%
TOTAL	Count	161	163	324
	% within F. Size	49.70%	50.30%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	3.012 ^a	4.605	2	Insignificant at 10 % level



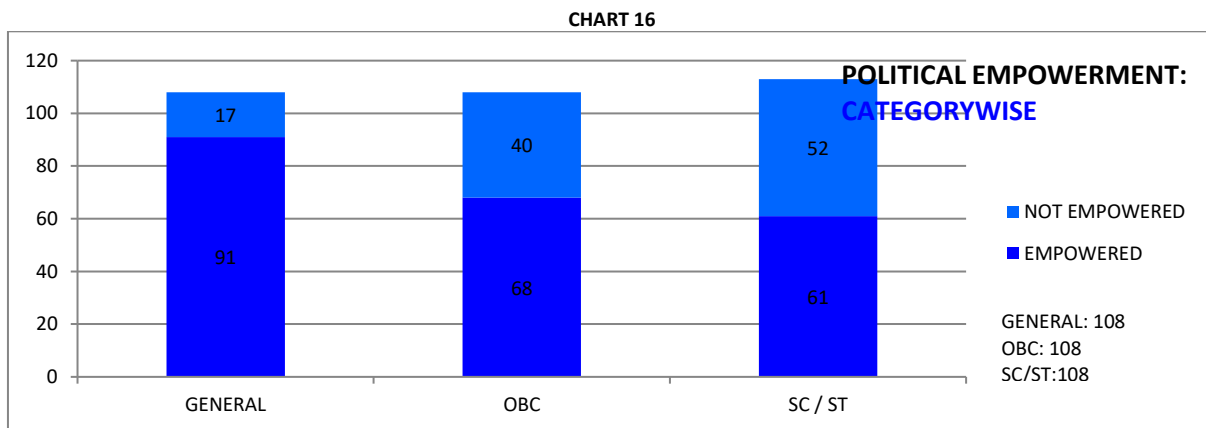
(v). **Legal Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 59 (49.16 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 44 (51.16 %) and 58 (49.15 %) were found to be economically empowered respectively. i.e., the attainment of legal empowerment was found to be similar in almost all cases and thus did not show any significant difference among them. The calculated Chi-Square value 3.012^a is lower than the table value (4.605) at 10 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is accepted as it was found that there is no significant difference in the legal empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

IV. Political Empowerment: The Political Empowerment achieved by women respondents after taking membership in DCB branches was assessed by the researcher by asking the following 6 questions (25 –30).

(i). **DCB: Political Empowerment (Category wise) – Crosstab**

TABLE 20

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	91	17	108
	% within category	84.30%	15.70%	100.00%
OBC	Count	68	40	108
	% within category	63.00%	37.00%	100.00%
SC / ST	Count	61	47	108
	% within category	56.50%	43.50%	100.00%
TOTAL	Count	220	104	324
	% within category	67.90%	32.10%	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	30.930 ^a	9.210	2	Significant at 1 % level

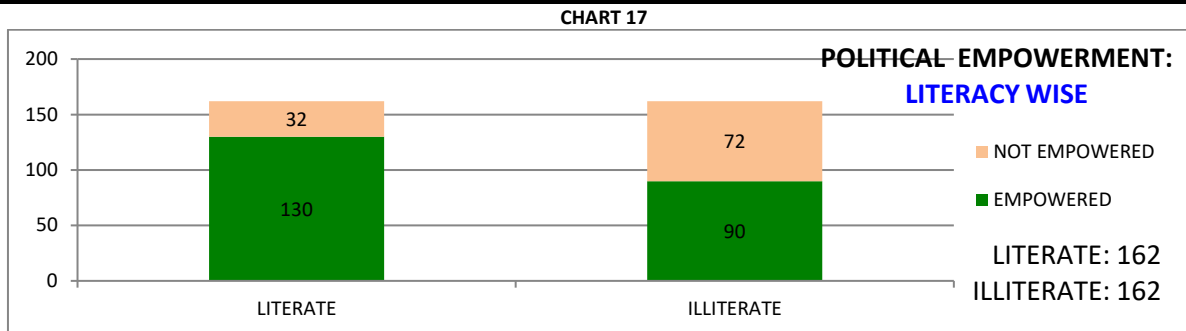


(i). **Political Empowerment – Category wise:** The above analysis of political empowerment (category wise) indicates that out of 108 respondents taken from each of the General and OBC category 91 (84.30 %) and 68 (63.00 %) were found to be politically empowered respectively. However among the 108 respondents chosen from the SC / ST population only 61 (56.50 %) were reported to be politically empowered. i.e., the attainment of political empowerment is comparatively higher in case of General category respondents than that of the OBC and SC / ST categories. The calculated Chi-Square value 30.930^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the political empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Political Empowerment (Literacy wise) – Crosstab**

TABLE 21

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	130	32	162
	% within Literacy	80.20%	19.80%	100.00%
ILLITERATE	Count	90	72	162
	% within Literacy	55.60%	44.40%	100.00%
TOTAL	Count	220	104	324
	% within Literacy	67.90%	32.10%	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	15.657 ^a	6.635	1	Significant at 1 % level



(ii). **Political Empowerment – Literacy wise:** The above analysis of political empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 130 (80.20%) were found to be politically empowered. In case of 162 illiterate respondents taken for this study 90 (55.60%) were found to be politically empowered. i.e., the attainment of political empowerment is found to be much higher in case of literate members as their awareness level and confidence level to involve in political / administrative activities are better due to their education.

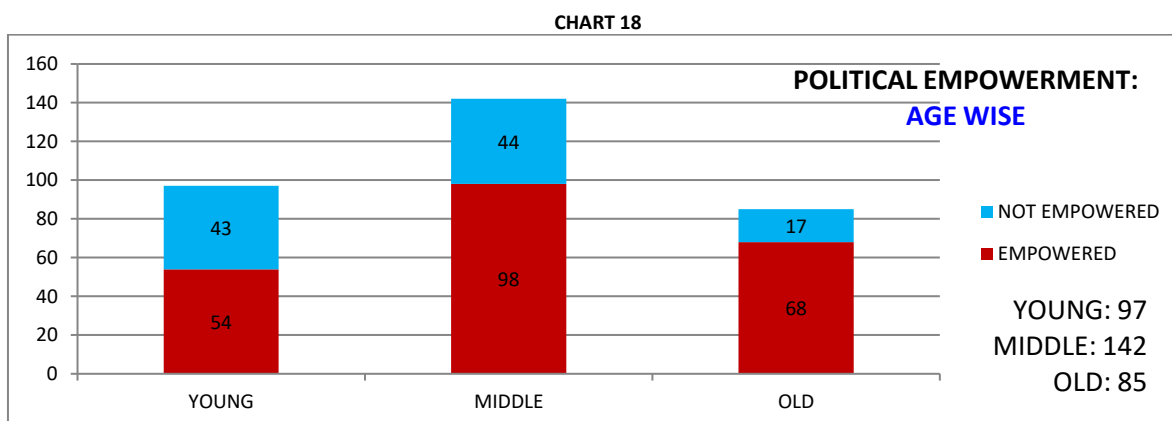
The calculated Chi-Square value 15.657^a is higher than the table value (6.635) at 1% significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the political empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

(iii). **DCB: Political Empowerment (Age wise) – Crosstab**

TABLE 22

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	54	43	97
	% within age	55.67 %	44.33 %	100.00%
MIDDLE	Count	98	44	142
	% within age	69.01 %	30.99 %	100.00%
OLD	Count	68	17	85
	% within age	80.00 %	20.00 %	100.00%
TOTAL	Count	220	104	324
	% within age	67.90%	32.10%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	25.508 ^a	9.210	2	Significant at 1% level



(iii). **Political Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 54 (55.67%) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 98 (69.01%) and 68 (80.00%) were found to be economically empowered respectively. i.e., the attainment of political empowerment is found to be better in case of old age group respondents followed by young and middle age group respondents. The calculated Chi-Square value 25.508^a is higher than the table value (9.210) at 1% significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the political empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

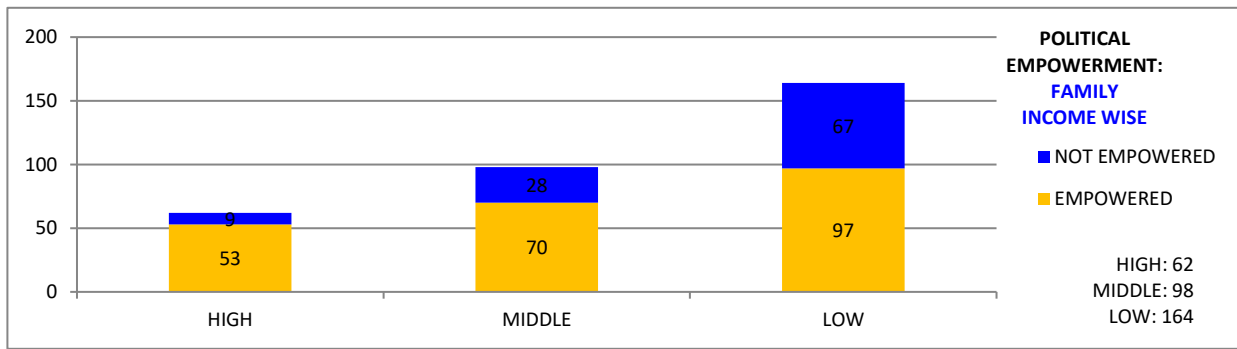
(iv). **DCB: Political Empowerment (Family Income wise) – Crosstab**

TABLE 23

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	53	9	62
	% within F. Income	85.48 %	14.52 %	100.00%
MIDDLE	Count	70	28	98
	% within F. Income	71.43 %	28.57 %	100.00%
LOW	Count	97	67	164
	% within F. Income	59.15 %	40.85 %	100.00%
TOTAL	Count	220	104	324
	% within F. Income	67.90%	32.10%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	33.198 ^a	9.210	2	Significant at 1% level

CHART 19



(iv). **Political Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 53 (85.48 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and low income groups observed 70 (71.43 %) and 97 (59.15 %) were found to be economically empowered respectively. i.e., the attainment of political empowerment is found to be more in case of high income group followed by the middle income and low income groups. The calculated Chi-Square value 33.198^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the political empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

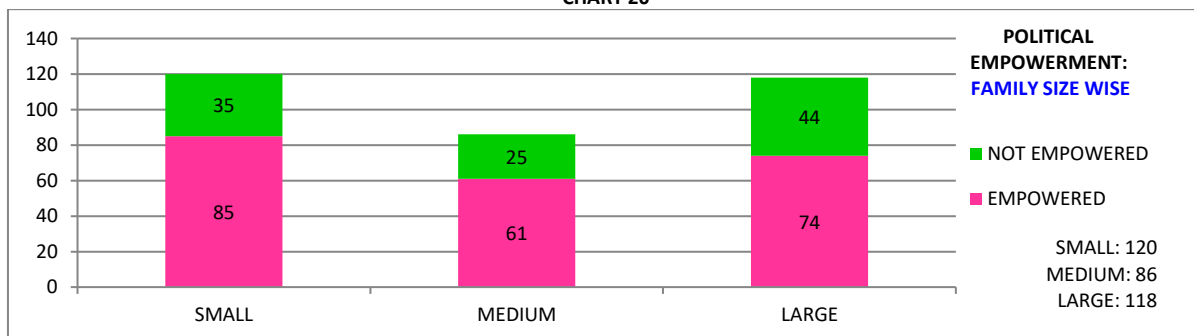
(v). **DCB: Political Empowerment (Family Size wise) – Crosstab**

TABLE 24

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	85	35	120
	% within F. Size	70.83 %	29.17 %	100.00%
MEDIUM	Count	61	25	86
	% within F. Size	70.93 %	29.07 %	100.00%
LARGE	Count	74	44	118
	% within F. Size	62.72 %	37.28 %	100.00%
TOTAL	Count	220	104	324
	% within F. Size	67.90%	32.10%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	4.112 ^a	4.605	2	Insignificant at 10 % level

CHART 20



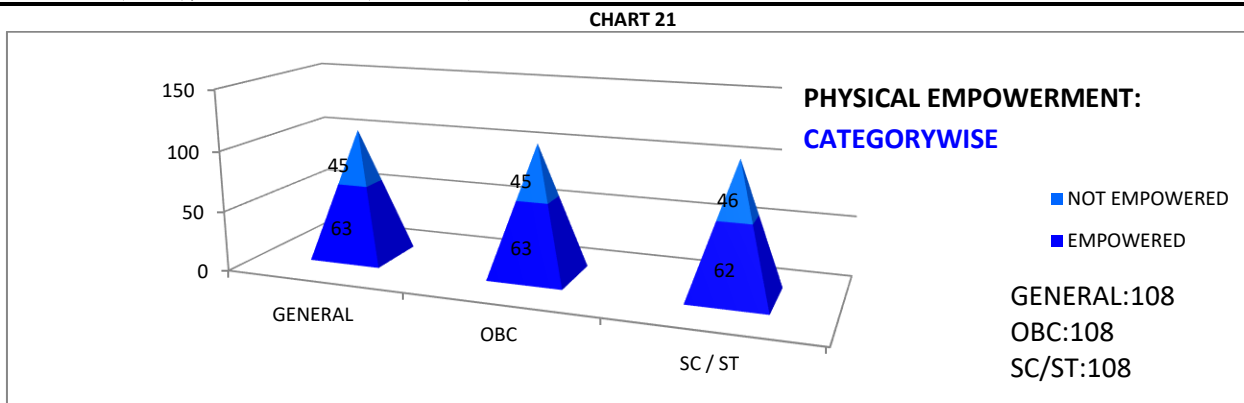
(v). **Political Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 85 (70.83 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 61 (70.93 %) and 74 (62.72 %) were found to be economically empowered respectively. i.e., the attainment of political empowerment is found to be almost similar in all cases thus did not reveal significant difference in the level of political empowerment attained by these different groups. The calculated Chi-Square value 4.112^a is lower than the table value (4.605) at 10 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is accepted as it was found that there is no significant difference in the political empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

V. Physical Empowerment: The Physical Empowerment achieved by women respondents after taking membership in DCB branches was assessed by the researcher by asking the following 6 questions (31–36).

(i). **DCB: Physical Empowerment (Category wise) – Crosstab**

TABLE 25

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	63	45	108
	% within category	58.33 %	41.67 %	100.00%
OBC	Count	63	45	108
	% within category	58.33 %	41.67 %	100.00%
SC / ST	Count	62	46	108
	% within category	57.40 %	42.60 %	100.00%
TOTAL	Count	188	136	324
	% within category	58.00%	42.00%	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	3.634 ^a	4.605	2	Insignificant at 10 % level



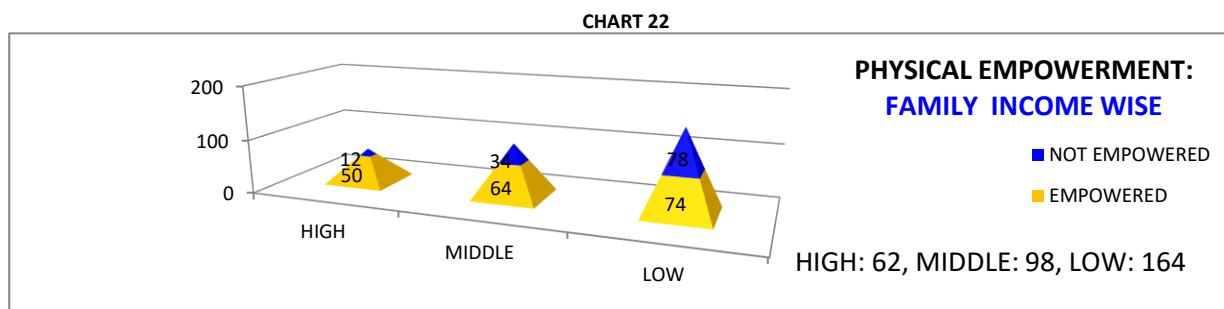
(i). **Physical Empowerment – Category wise:** The above analysis of physical empowerment (category wise) indicates that out of each of the 108 respondents taken from the General, OBC and SC/ST category respondents 63 (58.33 %), 63 (58.33 %) and 62 (57.40 %) were found to be physically empowered respectively. i.e., the attainment of physical empowerment by all the cases did not differ significantly as they were indicating similar results altogether. The calculated Chi-Square value 3.634^a is lower than the table value (4.605) at 10 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is accepted as it was found that there is no significant difference in the physical empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Physical Empowerment (Literacy wise) – Crosstab**

TABLE 26

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	114	48	162
	% within Literacy	70.40%	29.60%	100.00%
ILLITERATE	Count	74	88	162
	% within Literacy	45.70%	54.30%	100.00%
TOTAL	Count	188	136	324
	% within Literacy	58.00%	42.00%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	5.763 ^a	3.841	1	Significant at 5% level



(ii). **Physical Empowerment – Literacy wise:** The above analysis of physical empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 114 (70.40 %) were found to be physically empowered. In case of 162 illiterate respondents taken for this study 74 (45.70 %) were found to be physically empowered. i.e., the attainment of physical empowerment is found higher in case of literate members as their awareness and involvement level in group activities was found to be strong due to the confidence derived from their literacy status. The calculated Chi-Square value 5.763^a is higher than the table value (3.841) at 5 % significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the physical empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

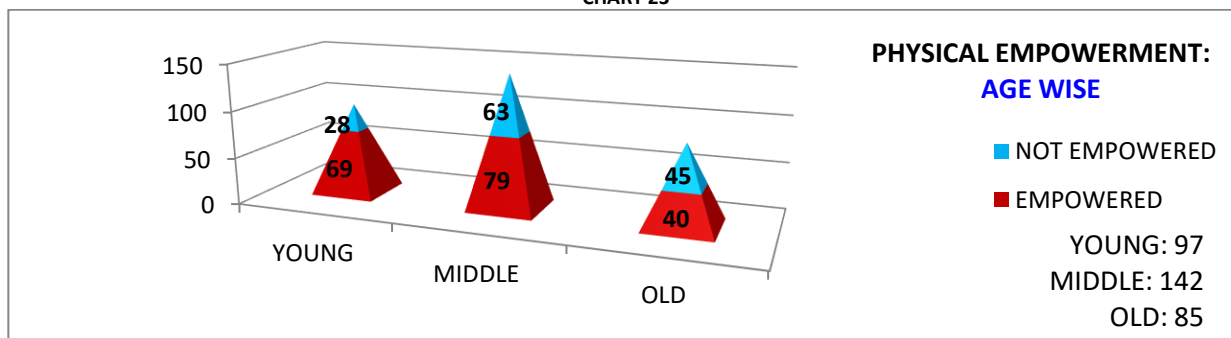
(iii). **DCB: Physical Empowerment (Age wise) – Crosstab**

TABLE 27

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	69	28	97
	% within age	71.13 %	28.87 %	100.00%
MIDDLE	Count	79	63	142
	% within age	55.64 %	44.36 %	100.00%
OLD	Count	40	45	85
	% within age	47.06 %	52.94 %	100.00%
TOTAL	Count	188	136	324
	% within age	58.00%	42.00%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	6.544 ^a	5.991	2	Significant at 5 % level

CHART 23



(iii). **Physical Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 69 (71.13 %) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 79 (55.64 %) and 40 (47.06 %) were found to be economically empowered respectively. i.e., the attainment of physical empowerment is found to be more in case of young age groups than that of the middle and old age group respondents because of their positive attitude and high level business involvement. The calculated Chi-Square value 6.544^a is higher than the table value (5.991) at 5 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the physical empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

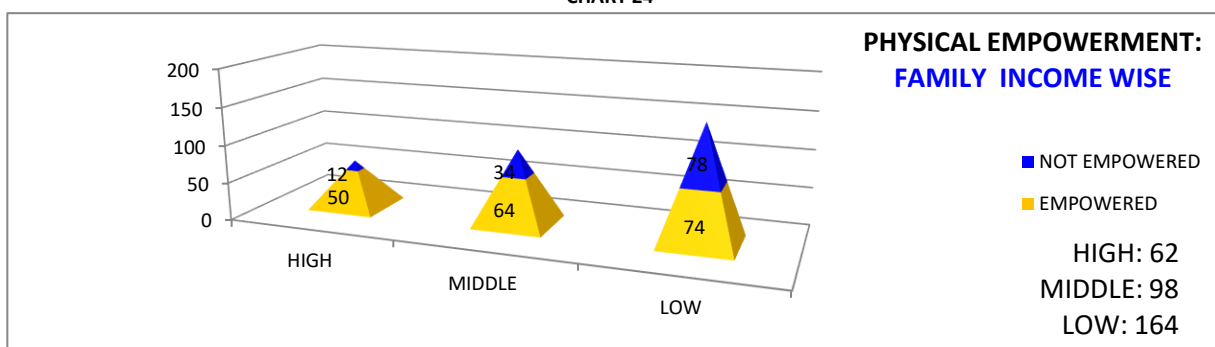
(iv). **DCB: Physical Empowerment (Family Income wise) – Crosstab**

TABLE 28

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	50	12	62
	% within F. Income	80.64 %	19.36 %	100.00%
MIDDLE	Count	64	34	98
	% within F. Income	65.30 %	34.70 %	100.00%
LOW	Count	74	90	164
	% within F. Income	45.12 %	54.88 %	100.00%
TOTAL	Count	188	136	324
	% within F. Income	58.00%	42.00%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	9.038 ^a	5.991	2	Significant at 5 % level

CHART 24



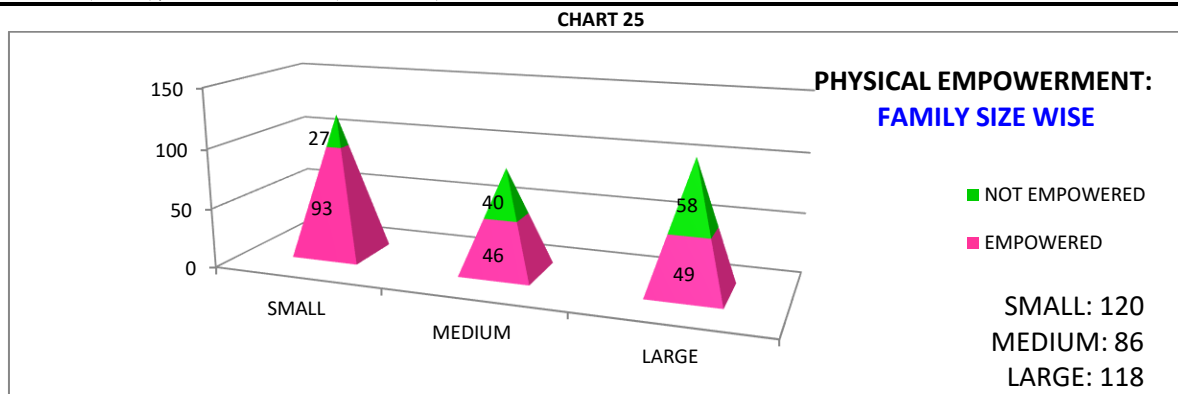
(iv). **Physical Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 50 (80.64 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and low income groups observed 64 (65.30 %) and 74 (45.12 %) were found to be economically empowered respectively. i.e., the attainment of physical empowerment is found to be more in case of high income group respondents followed by the middle income group. This is because, the high income group was affordable to increased expenses for better medical services and for buying hygiene and nutritious food and thus were found to be more fit and healthy than the other respondents. The calculated Chi-Square value 9.038^a is much higher than the table value (5.991) at 5 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the physical empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

(v). **DCB: Physical Empowerment (Family Size wise) – Crosstab**

TABLE 29

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	93	27	120
	% within F. Size	78.81 %	21.19 %	100.00%
MEDIUM	Count	46	40	86
	% within F. Size	43.52 %	56.48 %	100.00%
LARGE	Count	49	69	118
	% within F. Size	33.85 %	66.15 %	100.00%
TOTAL	Count	188	136	324
	% within F. Size	58.00%	42.00%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	8.018 ^a	5.991	2	Significant at 5 % level



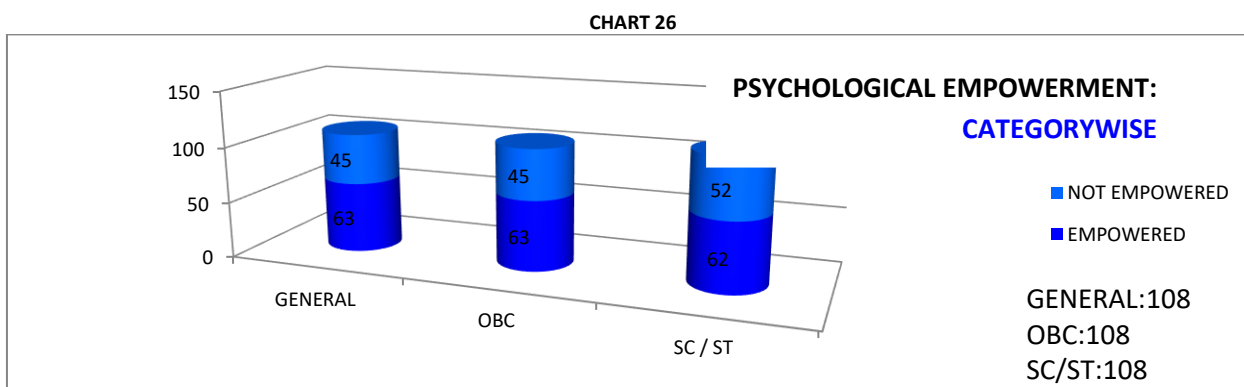
(v). **Physical Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 93 (78.81 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 46 (43.52 %) and 49 (33.85 %) were found to be economically empowered respectively. i.e., the attainment of physical empowerment was found to be very high in case of respondents belonging to small family groups. This is because, their small family levels brings comparatively minimum family burden which they could effectively utilize in involving themselves in the business activities of the groups. The calculated Chi-Square value 8.018^a is higher than the table value (5.991) at 5 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the physical empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

VI. **Psychological Empowerment:** The Psychological Empowerment achieved by women respondents after taking membership in DCB branches was assessed by the researcher by asking the following 6 questions (37–42).

(i). **DCB: Psychological Empowerment (Category wise) – Crosstab**

TABLE 30

CATEGORY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
GENERAL	Count	90	18	108
	% within category	83.33 %	16.67 %	100.00%
OBC	Count	76	32	108
	% within category	70.37 %	29.63%	100.00%
SC / ST	Count	69	39	108
	% within category	63.88%	36.12%	100.00%
TOTAL	Count	235	89	324
	% within category	72.53%	27.47%	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	20.627 ^a	9.210	2	Significant at 1 % level



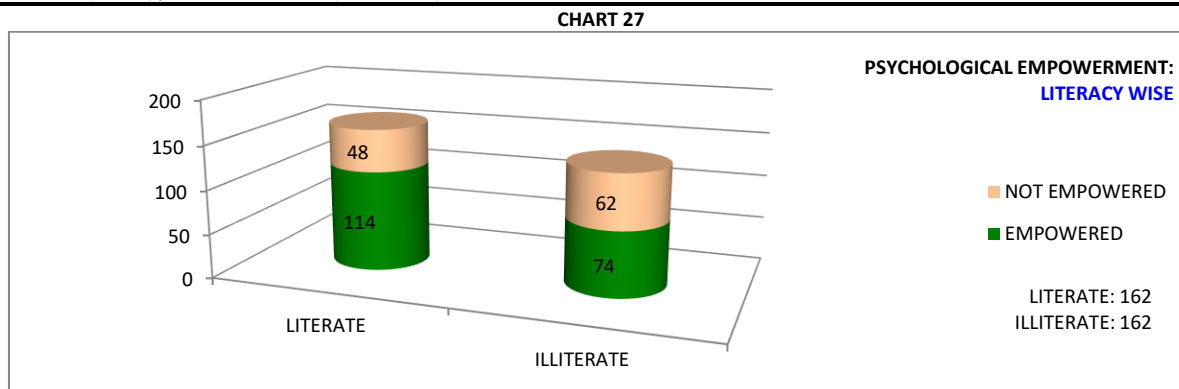
(j). **Psychological Empowerment – Category wise:** The above analysis of psychological empowerment (category wise) indicates that out of 108 respondents taken from each of the General, OBC and SC/ST categories 90 (83.33 %), 76 (70.37 %) and 69 (63.88 %) were found to be psychologically empowered respectively. i.e., the attainment of psychological empowerment was the highest in case of General category respondents and the lowest in case of SC / ST category respondents. The calculated Chi-Square value 20.627^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the psychological empowerment attained by the women respondents (category wise) before and after taking membership in these DCBs.

(ii). **DCB: Psychological Empowerment (Literacy wise) – Crosstab**

TABLE 31

LITERACY	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
LITERATE	Count	139	23	162
	% within Literacy	85.80 %	14.20%	100.00%
ILLITERATE	Count	96	66	162
	% within Literacy	59.26 %	40.74 %	100.00%
TOTAL	Count	235	89	324
	% within Literacy	72.53%	27.47%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	16.832 ^a	6.635	1	Significant at 1 % level



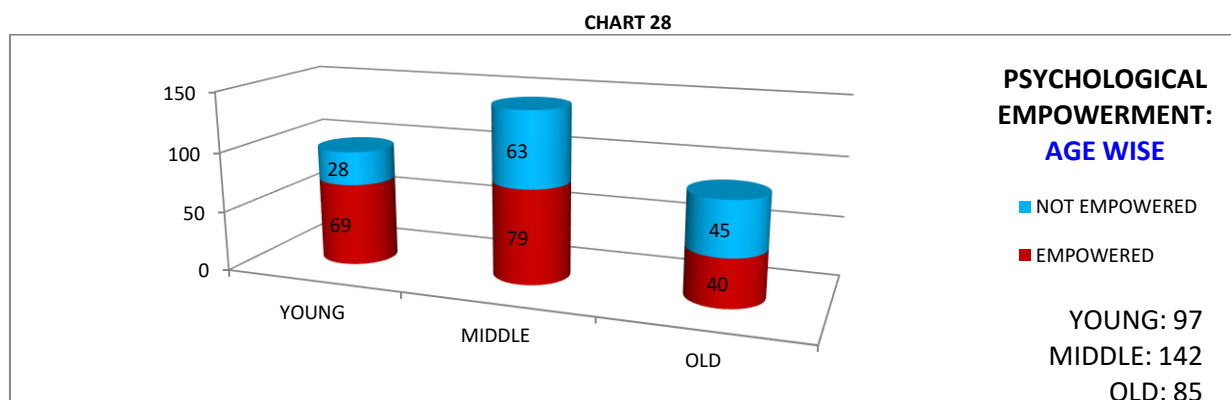
(ii). **Psychological Empowerment – Literacy wise:** The above analysis of psychological empowerment (literacy wise) indicates that out of 162 literate respondents taken for this study 139 (85.80 %) were found to be psychologically empowered. In case of 162 illiterate respondents taken for this study 96 (59.26 %) were found to be psychologically empowered. i.e., the attainment of psychological empowerment is found to be higher in case of literate members as their awareness level and confidence level to access psychological support are better due to their education. The calculated Chi-Square value 16.832^a is higher than the table value (6.635) at 1 % significance level with *d.f.* 1. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the psychological empowerment attained by the women respondents (literacy wise) before and after taking membership in these DCBs.

(iii). **DCB: Psychological Empowerment (Age wise) – Crosstab**

TABLE 32

AGE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
YOUNG	Count	58	39	97
	% within age	59.79 %	40.21 %	100.00%
MIDDLE	Count	108	34	142
	% within age	76.06%	23.94 %	100.00%
OLD	Count	69	16	85
	% within age	81.18 %	18.82 %	100.00%
TOTAL	Count	235	89	324
	% within age	72.53%	27.47%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	25.304 ^a	9.210	2	Significant at 1 % level

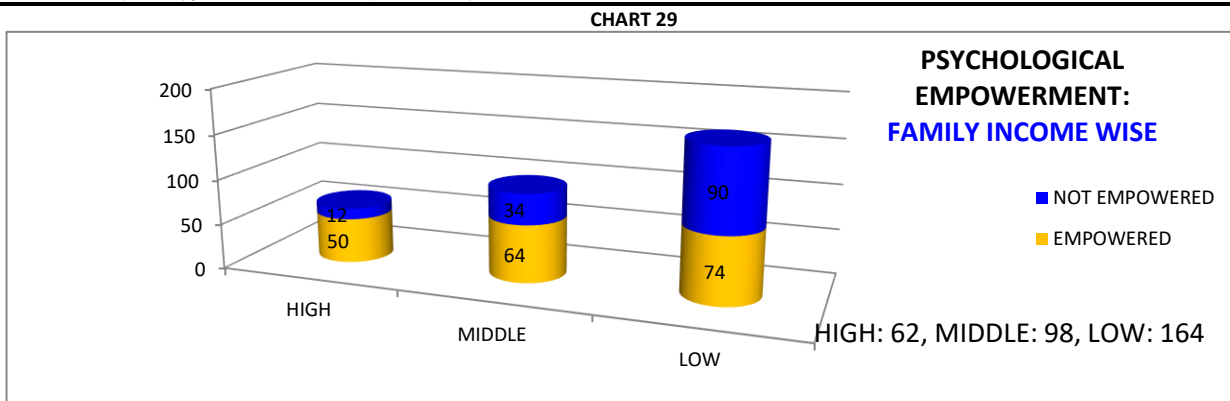


(iii). **Psychological Empowerment – Age wise:** The above analysis of economic empowerment (age wise) indicates that out of 97 respondents belonging to the young age group observed in this study 58 (59.79 %) were found to be economically empowered. Similarly out of 142 and 85 respondents belonging to the middle and old age groups observed 108 (76.06 %) and 69 (81.18 %) were found to be economically empowered respectively. i.e., the attainment of psychological empowerment is found to be more in case of old age group respondents (as co-operative is their only source of assistance) followed by middle and young age group respondents respectively. The calculated Chi-Square value 25.304^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the psychological empowerment attained by the women respondents (age wise) before and after taking membership in these DCBs.

(iv). **DCB: Psychological Empowerment (Family Income wise) – Crosstab**

TABLE 33

FAMILY INCOME	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
HIGH	Count	56	6	62
	% within F. Income	90.32 %	9.68 %	100.00%
MIDDLE	Count	78	20	98
	% within F. Income	79.59 %	20.41 %	100.00%
LOW	Count	101	63	164
	% within F. Income	61.58 %	38.42 %	100.00%
TOTAL	Count	235	89	324
	% within F. Income	72.53%	27.47%	100.00%
Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	35.461 ^a	9.210	2	Significant at 1 % level



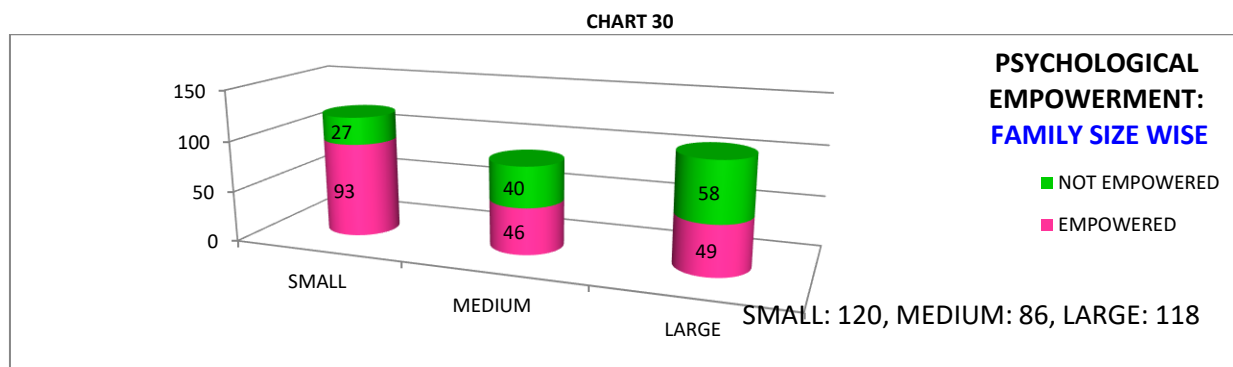
(iv). **Psychological Empowerment – Family Income wise:** The above analysis of economic empowerment (family income wise) indicates that out of 62 respondents belonging to the high income group observed in this study 56 (90.32 %) were found to be economically empowered. Similarly out of 98 and 164 respondents belonging to the middle and low income groups observed 78 (79.59 %) and 101 (61.58 %) were found to be economically empowered respectively. i.e., the attainment of psychological empowerment is found to be more in case of high income group respondents followed by middle and low income group respondents respectively. The calculated Chi-Square value 35.461^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the psychological empowerment attained by the women respondents (family income wise) before and after taking membership in these DCBs.

(v). **DCB: Psychological Empowerment (Family Size wise) – Crosstab**

TABLE 34

FAMILY SIZE	COUNT AND %	EMPOWERED	NOT EMPOWERED	TOTAL
SMALL	Count	124	27	120
	% within F. Size	82.10%	17.90%	100.00%
MEDIUM	Count	59	49	86
	% within F. Size	54.60%	45.40%	100.00%
LARGE	Count	52	13	118
	% within F. Size	80.00%	20.00%	100.00%
TOTAL	Count	235	89	324
	% within F. Size	72.53%	27.47%	100.00%

Chi-Square Test				
Statistical Test	Calculated Value	Table value	<i>d.f.</i>	Remarks
Pearson Chi-Square	18.159 ^a	9.210	2	Significant at 1 % level



(v). **Psychological Empowerment – Family Size wise:** The above analysis of economic empowerment (family size wise) indicates that out of 120 respondents belonging to the small family size observed in this study 124 (82.10 %) were found to be economically empowered. Similarly out of 86 and 118 respondents belonging to the medium and large family size groups observed 59 (54.60 %) and 52 (80.00 %) were found to be economically empowered respectively. i.e., the attainment of psychological empowerment is found to be the highest in case of small family groups followed by large size family groups. It was the least in case of medium family size groups. The calculated Chi-Square value 18.159^a is higher than the table value (9.210) at 1 % significance level with *d.f.* 2. This means that the null hypothesis of ‘no difference’ is rejected as it was found that there is a significant difference in the psychological empowerment attained by the women respondents (family size wise) before and after taking membership in these DCBs.

TABLE 35: WOMEN EMPOWERMENT ACHIEVED THROUGH DCBS IN SAMPLE DISTRICTS: CHI-SQUARE TEST RESULTS

I. Economic Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	21.056 ^a	9.210	2	Significant at 1 % level
ii. Literacy wise	13.156 ^a	6.635	1	Significant at 1 % level
iii. Age wise	22.269 ^a	9.210	2	Significant at 1 % level
iv. Family Income wise	30.990 ^a	9.210	2	Significant at 1 % level
v. Family Size wise	19.247 ^a	9.210	2	Significant at 1 % level
II. Social Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	31.817 ^a	9.210	2	Significant at 1 % level
ii. Literacy wise	14.965 ^a	6.635	1	Significant at 1 % level
iii. Age wise	22.996 ^a	9.210	2	Significant at 1 % level
iv. Family Income wise	28.736 ^a	9.210	2	Significant at 1 % level
v. Family Size wise	3.279 ^a	4.605	2	Insignificant at 10 % level
III. Legal Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	8.314 ^a	5.991	2	Significant at 5 % level
ii. Literacy wise	5.978 ^a	3.841	1	Significant at 5 % level
iii. Age wise	3.223 ^a	4.605	2	Insignificant at 10 % level
iv. Family Income wise	9.135 ^a	5.991	2	Significant at 5 % level
v. Family Size wise	3.012 ^a	4.605	2	Insignificant at 10 % level
IV. Political Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	30.930 ^a	9.210	2	Significant at 1 % level
ii. Literacy wise	15.657 ^a	6.635	1	Significant at 1 % level
iii. Age wise	25.508 ^a	9.210	2	Significant at 1 % level
iv. Family Income wise	33.198 ^a	9.210	2	Significant at 1 % level
v. Family Size wise	4.112 ^a	4.605	2	Insignificant at 10 % level
V. Physical Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	3.634 ^a	4.605	2	Insignificant at 10 % level
ii. Literacy wise	5.763 ^a	3.841	1	Significant at 5 % level
iii. Age wise	6.544 ^a	5.991	2	Significant at 5 % level
iv. Family Income wise	9.038 ^a	5.991	2	Significant at 5 % level
v. Family Size wise	8.018 ^a	5.991	2	Significant at 5 % level
VI. Psychological Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	20.627 ^a	9.210	2	Significant at 1 % level
ii. Literacy wise	16.832 ^a	6.635	1	Significant at 1 % level
iii. Age wise	25.304 ^a	9.210	2	Significant at 1 % level
iv. Family Income wise	35.461 ^a	9.210	2	Significant at 1 % level
v. Family Size wise	18.159 ^a	9.210	2	Significant at 1 % level
Overall Empowerment	Cal. Value	Table Value	d.f	Remarks
i. Category wise	23.428 ^a	9.210	2	Significant at 1 % level
ii. Literacy wise	15.832 ^a	6.635	1	Significant at 1 % level
iii. Age wise	27.214 ^a	9.210	2	Significant at 1 % level
iv. Family Income wise	32.093 ^a	9.210	2	Significant at 1 % level
v. Family Size wise	21.228 ^a	9.210	2	Significant at 1 % level

Cal. Value: Calculated Value, d.f: Degrees of Freedom

FINDINGS RELATED TO SERVICES AVAILED & SATISFACTION LEVEL

Ranking for the services availed by the women members in DCBs: The researcher in order to understand the extent of services availed by the women members in the concerned DCBs collected the following information from the member respondents and analyzed the same as given below;

TABLE 36: ANALYSIS OF THE SERVICES OF DCB – USING GARRETT’S RANKING TECHNIQUE

Rank for Services availed	I	II	III	IV	V	VI	Total Score	Mean Score	Rank	
	X	77	63	54	45	36				23
Speedy processing	f	265	20	15	10	5	9	324	71.95	1
	fx	20405	1260	810	450	180	207	23312		
Transparency in processing	f	15	59	72	15	148	15	324	46.63	4
	fx	1155	3717	3888	675	5328	345	15108		
Low interest rate	f	10	15	10	194	80	15	324	43.86	5
	fx	770	945	540	8730	2880	345	14210		
Member friendly employees	f	20	5	148	82	59	10	324	49.05	3
	fx	1540	315	7992	3690	2124	230	15891		
Least documentation	f	4	216	58	13	27	6	324	57.85	2
	fx	308	13608	3132	585	972	138	18743		
Comfortable recovery	f	10	9	21	10	5	269	324	28.67	6
	fx	770	567	1134	450	180	6187	9288		
Total		324	324	324	324	324	324			

Note: Scale value, f= No. of Respondents and fx = Score value

Among the various services provided by the DCB to women borrowers, the 6 top most services were handpicked by the researcher for knowing borrower’s priorities and their ranking. Among the listed services the respondents had expressed their satisfaction based preferential ranks for speedy processing of loan application, least documentation, member friendly employees, transparency in processing, low interest rate and comfortable recovery in that order.

FINDINGS RELATED TO PROBLEMS FACED BY MEMBERS

Ranking for the problems faced by the women members in DCBs: The researcher in order to understand the extent of problems faced by the women respondents while availing bank loan from DCB for their own IGAs. The problems faced by the women members that needed to be given immediate attention were identified as follows;

Problems faced in DCB which needs immediate attention

TABLE 37

Problem faced	Frequency	Percent
No Problem	77	23.8
Yes	247	76.2
Total	324	100

Although as 247 (76.20 %) respondents informed that they had faced one or the other kind of problem while availing bank services, especially while taking bank loans for business.

Analysis of the problems faced by women members at DCBs (Garrett’s Ranking Technique)

TABLE 38

8. Rank for Problem faced		I	II	III	IV	V	Total Score	Mean Score	Rank
	X	75	60	50	39	24			
Delay in processing	F	15	18	57	125	32	247	43.31	4
	fx	1125	1080	2850	4875	768	10698		
Surety related issues	F	3	17	26	45	156	247	32.57	5
	fx	225	1020	1300	1755	3744	8044		
Tough recovery	F	26	24	104	43	50	247	46.43	3
	fx	1950	1440	5200	1677	1200	11467		
Unprofessional employees	F	82	97	39	22	7	247	60.51	2
	fx	6150	5820	1950	858	168	14946		
Excessive interest charges	F	121	91	21	12	2	247	65.19	1
	fx	9075	5460	1050	468	48	16101		
Total		247	247	247	247	247			

Note: Scale value, f= No. of Respondents and fx = Score value

Among the various problems faced by the women borrowers in DCBs, 5 common problems were handpicked by the researcher for knowing borrower’s priorities and preferences while solving the same. Among the listed problems majority of them opined that the bank interest is high and thereby they expressed their desire that the excessive interest charges should be reduced reasonably. Following this, many of them were unhappy due to unprofessional service quality / customer relationship with bank employees. The third position was given to tough recovery practices, next was reported the delay in processing of loan application and the last in the list was surety related issues.

CONCLUSION

The findings of the data analyses indicates that the economic and psychological empowerment of women members in DCBs were significantly affected by all 5 factors such as category, literacy, age, family income and family size of the respondents. In determining the social empowerment of women members the role of family size was not found significant. Similarly in determining political and physical empowerment of women members the family size and category were not found influential subsequently. In case of determining the legal empowerment of women members of DCBs both the age and family size were not found significantly affecting. The results also prove that General and OBC respondents could achieve more empowerment level than the SC/ ST members. Literate people always had a higher hand in acquiring better women empowerment. As far as age are concerned young people showed better results in many areas due to their positive attitude and business involvement. Similarly high income group respondents could show higher empowerment levels than the low / middle income groups. Also respondents belonging to small family size could achieve better women empowerment levels in the sample DCBs. Overall, the role of DCBs in promoting women empowerment in the study area was commendable.

SUGGESTIONS

Based on the findings the researcher would like to give the following suggestions to the DCBs for improving their role in promoting women empowerment in the study area.

- (i). Co-operatives may ensure timely and adequate financial assistance to the income generating efforts proposed by women members. Proper arrangement for technical guidance, insurance, etc may also be extended.
- (ii). The problems faced by women members such as excessive interest rate should be given special notice by the DCB authorities and the co-operative banks in support of RBI and NABARD may enact pro-women rate policies especially for income generation / productive activities of women members.
- (iii). Unprofessional employees is one of the common complaints raised about co-operative institutions. The DCB may give them proper training in areas such as customer handling and professionalism in bank services. The HR issues of these employees should be given due care and be properly handled and solved on time for doing this task successfully.

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AN ASSESSMENT OF THE AWARENESS OF EMPLOYEE STATE INSURANCE CORPORATION AND ITS BENEFITS AMONG THE BENEFICIARIES IN COIMBATORE

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ABSTRACT

The Employee State Insurance Act was the first social security legislation of India, passed in the Indian Parliament in the year 1948 aiming at providing social security to the organized sector workers and their family members. It is a multi-dimensional Health Insurance Scheme providing full medical facilities to the beneficiaries, and also covers the contingencies like sickness, maternity, disablement and death due to employment injury by providing cash benefits and compensation in the event of physical distress. The paper attempts to analyze the awareness of the beneficiaries regarding the Employee State Insurance Corporation Scheme and the benefits available to them in Coimbatore. The study is based both on primary and secondary data. The survey data collected is analyzed with the help of three-point scale and tested by applying Chi-square test. Hypothesis is framed to analyze the awareness about Employee State Insurance Scheme and the formalities to avail the benefits among the beneficiaries. The calculated Chi-square value at 5 degrees of freedom is less than the table value leading to acceptance of null hypothesis stating that there is no significant relationship between the demographic variables like gender, age, educational status, marital status, monthly income, nature of employment and awareness towards ESI scheme among the beneficiaries of Coimbatore. The calculated chi square value is greater than the table value thus there is a significant relationship between the gender and awareness towards the formalities to be completed to avail the ESI benefits. Hence, male beneficiaries are more aware of the formalities to avail ESI benefits compared to female beneficiaries. But it is found that, age, educational status, marital status, monthly income, nature of employment do have no significant relationship between awareness towards formalities to be completed to avail ESI benefits among the beneficiaries of Coimbatore. Satisfaction level of the Beneficiaries are directly associated with the awareness of the scheme and formalities to be completed to avail the benefits. The Employee State Insurance Corporation may take steps to bring more awareness among the final users regarding the privileges given to them.

KEYWORDS

beneficiaries, cash benefits, ESI, medical benefits, social security.

INTRODUCTION

The Employee State Insurance Act was the first social security legislation of India, passed in the Indian Parliament in the year 1948. It aims at providing social security to the organized sector workers and their family members especially in the lower wage bracket. It is a multi-dimensional Health Insurance Scheme providing full medical facilities to the beneficiaries, and also covers the contingencies like sickness, maternity, disablement and death due to employment injury. The scheme also provides adequate cash compensation to workers for loss of wages in times of physical distress.

The Act was originally applicable to non-seasonal factories using power and employing 20 or more persons; but it is now applicable to factories employing 10 or more coverable persons. Wage ceiling for coverage is enhanced from Rs.15, 000/- to Rs.21, 000/- with effect from 01.01.2017.

EMPLOYEE STATE INSURANCE CORPORATION (ESIC)

The ESIC is a statutory body incorporated by the Government of India, setup under Employee State Insurance Act, 1948, to administer and execute the ESI Scheme. The scheme is funded by the contributions raised from insured persons and employers. The employers contribute 4.5% of the wages and employees contribute 1.75% of the wages which totals to 6.5% of the wages. Employees receiving an average daily wage of rupees 100 or less, are exempted from payment of their contribution but still are entitled to all social security benefits under the scheme.

The contributions are deposited in a common ESI Fund which is used for providing various benefits to the insured persons and their dependents. The administrative and other expenses of the Corporation are also met from this fund.

SOCIAL SECURITY SCHEMES ADOPTED BY ESIC

The ESIC has adopted and extended six social security benefits to the insured persons under section 46 of the Act which are comprehensive and need based.

The health insurance benefits offered by the scheme fall in two categories; the Medical Benefit and the Cash Benefits

a) Medical Benefits

An Insured person and his/her dependents become eligible to full and free medical facilities, as per requirement in ESI Dispensaries and ESI Hospitals from day one of entering the insurable employment. The benefit comprises of outpatient care, domiciliary visits, specialist treatment, free supply of drugs and dressings, artificial aids and appliances, besides, immunization and family welfare service etc.

b) Cash Benefits

These include benefits payable in cash, through Branch offices of the Corporation, on account of loss of wages or earning capacity caused by

- Sickness,
- Maternity,
- Temporary Disablement
- Permanent Disablement or death – due to employment injury or occupational disease.

Sickness benefit, disablement benefit, maternity benefit etc. are payable after due medical certification by an authorized Doctor/Medical Board.

REVIEW OF LITERATURE

The paper attempts to analyze the awareness of the beneficiaries regarding the Employee State Insurance Corporation Scheme and the benefits available to them in Coimbatore. The following studies have tried to find the awareness of the scheme and their satisfaction level among the ESI beneficiaries.

Shingade, Poonam. P., Madhavi.H (2016) conducted a cross sectional study on awareness and satisfaction about ESI Scheme among the beneficiaries of Gulbarga city. The study aimed to find out awareness among beneficiaries of selected establishments. The study showed that most of the beneficiaries were aware of their contribution to ESIC and medical benefits available to them, but had a poor knowledge about the cash benefits they are eligible for. The study concludes that low awareness has resulted in a low utilization of services provided under ESI Scheme.

Bidyut Bikash Baishya, Dipin Chakraborty and Ratan Borman (2015) held a study on the perception of insured persons as to delivery of ESIC services in Assam. The findings of the study suggested that the insured persons are largely not satisfied with medical care and cash benefits and still a lot more effort is needed to improve the ESI Schemes and make it a success.

Dr.B. Vijayachandran Pillai, M.Divya (2014) in their paper analyzed the awareness and satisfaction of ESI Scheme in Kerala. Service sector beneficiaries were taken up for the study. The study revealed that the beneficiaries of educational Institutions were more aware of the scheme than the beneficiaries of shops and financing companies. It also revealed that the respondents preferred private hospitals rather than ESI Dispensaries or Hospitals. The study revealed that the ESI dispensaries/hospitals were not functioning up to the expectation level of the insured persons.

Muthulakshmi.G (2014) in her paper has made an attempt to scrutinize the performance of Employee State Insurance Corporation with reference to Tuticorin District. The employees perception on ESI hospitals were studied and the service quality factors were rated with the help of a five point scale to identify the satisfaction level. Significant differences are observed in case of sickness benefit, no benefits availed and medical benefits.

Sekar.P, Jeyakodi. K (2012) in their paper has studied the performance of ESI Sickness benefit schemes in Madurai District. The degree of awareness varies from employee to employee and depends upon the age, gender, education and years of experience. The analysis showed that male employees were more aware of sickness benefits than female employees and it showed that illiterate workers were more aware about the benefits than graduate employees.

Dash U and Muraleedharan VR (2011) studied the health service utilization of the insured persons enrolled under ESI Scheme and analyzed its role in protecting against catastrophic health payments. The results revealed that ESI Scheme is not found to provide financial protection against the risk catastrophic payments, as majority of the beneficiaries are seeking medical care outside at a relatively high personal cost. The under use of ESI Scheme services is due to low service quality in the form of drugs and impolite personnel and lack of awareness of service procedures to avail the ESI benefits.

The above studies gives an underline stating that ESI schemes have not reached the beneficiaries in the desired level as their awareness is not up to the expected level. Thus this paper takes an effort to discover the awareness of beneficiaries regarding ESI benefits available to them in Coimbatore.

STATEMENT OF THE PROBLEM

The Employee State Insurance Corporation Scheme is one of the most important social security scheme setup in India to upgrade the health and wellbeing of employees and their dependents. Although efforts are taken by the government to secure the lives of the working class, the question arises whether the insured persons are aware of the welfare schemes provided to them. This paper aims at bringing out the awareness of the scheme among the insured persons availing the ESI benefits.

OBJECTIVES OF THE STUDY

This study has undertaken the following objectives:

1. To examine the various social security Benefits provided under the ESI scheme.
2. To assess the level of Awareness of beneficiaries towards ESI Scheme in Coimbatore.
3. To assess the level of awareness about the formalities to avail ESI benefits among the beneficiaries in Coimbatore.

HYPOTHESIS

H01: No significant relationship exists between the demographic variables of beneficiaries' and their awareness about ESI Schemes.

H02: No significant relationship exists between the demographic variables of beneficiaries and their awareness about the formalities to avail the ESI Benefits.

METHODOLOGY

PROFILE OF STUDY AREA

Coimbatore is one of the most industrialized cities in Tamil Nadu. It is known as the textile capital of South India or the Manchester of the South India. The city is situated on the banks of the river Noyyal. This city is covered under ESI Corporation through a Sub Regional Office, which started functioning from January 1990. This Sub Region has jurisdiction over the districts of Coimbatore, Erode, Tirupur and Nilgiris. There are 20 Branch Offices functioning under the Coimbatore Sub Regional Office. One 300 bedded hospital, 50 Dispensaries including 2 mobile dispensaries are functioning in Coimbatore.

RESEARCH DESIGN, SAMPLE SIZE AND SAMPLE DESIGN

The study is based both on primary and secondary data. Out of 50 dispensaries located in Coimbatore sub region under ESI Corporation, four dispensaries were selected by lottery method located in Katoor- I, Katoor-II, Thudiyalur and Ganapathy of Coimbatore district. Primary data were collected from 25 beneficiaries who visited each of the mentioned ESI dispensaries which total a sample size of 100 beneficiaries through a pre tested interview schedule. Secondary data are collected through ESI publications, website, journals and periodicals. The survey data collected is analyzed with the help of three point scale and tested by applying Chisquare test.

TESTING OF HYPOTHESIS 01

TABLE 1: DEMOGRAPHIC VARIABLES OF BENEFICIARIES AND AWARENESS ABOUT ESI SCHEME

Demographic variables	Fully aware	Aware	Unaware	Row total	Chisquare value at 5 df	Result/Conclusion	
Gender	Male	18	35	09	62	4.1808	Not Significant
	Female	06	21	11			
Age	Below 35 years	4	9	3	16	2.7083	Not Significant
	36-45 years	9	17	10			
	Above45 years	11	30	07			
Education	School level	8	54	13	75	9.9834	Not Significant
	Technical education	1	4	3			
	UG	1	6	7			
Marital status	PG	1	1	1	3	3.7433	Not Significant
	Married	23	44	17			
Monthly Income	Unmarried	1	12	3	16	6.0485	Not Significant
	Below 5000	5	3	4			
	5000-10000	13	38	13			
Nature of Employment	Above 10000	6	15	3	24	0.7793	Not Significant
	Temporary	10	27	11			
	Permanent	14	29	09	52		

Source: Survey data

The above table shows that there is no significant relationship between the demographic variables like gender, age, educational status, marital status, monthly income, nature of employment and awareness towards ESI scheme among the beneficiaries of Coimbatore. Hence, the null hypothesis H01 is accepted.

TESTING OF HYPOTHESIS 02**TABLE 2: DEMOGRAPHIC VARIABLES OF BENEFICIARIES AND AWARENESS ABOUT THE FORMALITIES IN AVAILING ESI BENEFITS**

Demographic variables		Fully aware	Aware	Unaware	Row total	Chisquare value at 5 df	Result/Conclusion
Gender	Male	14	38	10	62	7.3457	Significant
	Female	3	21	14	38		
Age	Below 35 years	1	12	3	16	3.6104	Not Significant
	36-45 years	5	22	9	36		
	Above 45 years	11	25	12	48		
Education	School level	12	41	22	75	6.8663	Not Significant
	Technical education	3	4	1	8		
	UG	2	11	1	14		
	PG	1	1	1	03		
Marital status	Married	16	47	21	84	2.34	Not Significant
	Unmarried	1	12	3	16		
Monthly Income	Below 5000	2	7	3	12	2.3827	Not Significant
	5000-10000	10	36	18	64		
	Above 10000	5	16	3	24		
Nature of Employment	Temporary	6	32	9	48	2.2432	Not Significant
	Permanent	11	27	14	52		

Source: Survey data

The above table shows that there is a significant relationship between the gender and awareness towards the formalities to be completed to avail the ESI benefits and null hypothesis is rejected. Thus male beneficiaries are more aware of the formalities to avail ESI benefits compared to female beneficiaries.

But it is found that, age, educational status, marital status, monthly income, nature of employment does not have significant relationship between awareness towards formalities to be completed to avail ESI benefits among the beneficiaries of Coimbatore. Hence the null hypothesis H02 is accepted in the above mentioned variables.

CONCLUSION

The ESI scheme is a social security provision which plays a vital role in overcoming the contingencies of physical and financial distress and aims at protecting human kind thereby upholding the human dignity. Even though such a tremendous effort is taken by the government to raise the living standards it is not reaching all due to lack of awareness of the scheme and benefits provided by it. Moreover satisfaction level of the Beneficiaries are directly associated with the awareness of the scheme and formalities to be completed to avail the benefits. The ESIC may take steps to bring more awareness among the final users by publishing information booklets or hand outs and by making simple displays at ESI Dispensaries/hospitals enabling the beneficiaries to be aware of the privileges given to them.

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AN EMPIRICAL STUDY OF PROFITABILITY ANALYSIS OF SELECTED COMPANIES IN INDIAN PAINT INDUSTRY

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ABSTRACT

Financial statement analysis is often divided into two sub-parts i.e. "Profitability Analysis" and "Risk Analysis". This is natural division since much of our thinking about any firm's performance is influenced by our study of the relationship between risk and return in finance. This paper represents an empirical study which examines the profitability from different perspectives of paint industry in India with a data of 13 year from 2000-01 to 2012-13 major paint companies have been considered as sample units for this analytical study, the study is based on secondary data. Profitability position is analysed by using different profitability ratios and two way ANOVA of selected companies in Indian paint industry. Through ANOVA, we found that there is some difference in Return on Investment of selected companies in Indian paint industry due to different factors.

KEYWORDS

Indian paint industry, profitability analysis.

1. INTRODUCTION

The paint industry in India is witnessing growth and expansion. The paint sector continues to stress on cost cutting through enhanced productivity, reduction in energy costs and logistic expenses to make profits. Maximisation of profits is the ultimate objective of any business enterprise. Analysis of profitability position of any company or industry is pre-requisite for optimizing investment and financing decisions. Profitability also affects goodwill, reputation and market positioning of the firm.

2. OBJECTIVES OF THE STUDY

The study attempts to analyse the profitability of the selected paint companies in terms of operating profit ratio, net profit ratio, return on capital employed, return on total assets and return on net worth.

3. RESEARCH METHODOLOGY

3.1 TYPES OF DATA

There are basically two types of data i.e. primary data and secondary data. Primary data are those data which are collected for the first time, to meet the objective of research only. Secondary data is data which has been already collected and used for any other purpose and can be used for this research also. This study is based on financial statements of companies, which is secondary data.

3.2 METHODS OF DATA COLLECTION

For collecting secondary data, annual reports of companies will be used as well as financial reports available on PROWESS database, which is the most reliable and empowered corporate database of CMIE. The study is entirely descriptive and analytical. Secondary information is obtained by the medium of internet, journals, articles and magazines.

3.3 DATA ANALYSIS & INTERPRETATION

Collected data is analysed and interpreted with the help of accounting and statistical tools and techniques, which are follows:

Accounting Techniques: Ratio analysis is used as an accounting technique in which major profitability ratios are used for analysis and interpretation such as Operating Profit ratio (OP), Net Profit ratio (NP), Return on Capital Employed (ROCE), Return on Total Asset (RTA), Return on Networth (RNW).

Statistical Techniques: Statistical tools such as mean, standard deviation, variance and coefficient of variations are used to ascertain the average position of profitability ratios. Then techniques of ANOVA is used to test if there is any difference in the profitability position of different companies of the same industry during the study period.

3.4 SAMPLE DESIGN

Sampling Technique: The convenient sampling technique is used for the study. The selection of sample companies is on the basis of consumer preference and their position in the market.

Sample Size: Following is the list of 6 paint companies which are chosen from top ten paint companies in India as sample size for the study.

1. Akzo Nobel India Ltd
2. Asian Paints Ltd
3. Berger Paints India Ltd
4. Jenson & Nicholson (India) Ltd
5. Kansai Nerolac Paints Ltd
6. Shalimar Paints Ltd

Period of the study: The study has been conducted from 2000-01 to 2012-13 i.e. for 13 years

4. ANALYSIS OF PROFITABILITY

4.1 OPERATING PROFIT MARGIN

Table 1 show a fluctuating trend in the operating profit margin ratio of the selected companies during the study period. The average operating profit margin ratio varied from one company to another. The highest average is for Akzo Nobel India Ltd (17.14 per cent) followed by Asian Paints Ltd (15.18 per cent), Kansai Nerolac Paints Ltd (12.62 per cent), Berger Paints India Ltd (9.98 per cent) and Shalimar Paints Ltd (5.45 per cent). The mean operating profit ratio is negative in the case of Jenson & Nicholson (India) Ltd (-46.35 per cent) during the study period. The average of operating profit ratio of Indian paint industry is 13.36 per cent. The

analysis of CV value shows that Berger Paints India Ltd has consistent operating profit margin, Asian Paints Ltd and Kansai Nerolac Paints Ltd have fluctuating operating profit margin and Akzo Nobel India Ltd and Shalimar Paints Ltd have highly fluctuating trend of operating profit margin during the study period. However, operating profit margin of Jenson & Nicholson (India) Ltd was erratically fluctuated during the study period. The compound annual growth rate of this ratio is negative only in the case of Jenson & Nicholson (India) Ltd during the study period. The overall fluctuating trend of this ratio can be attributed to the factors like high operating expenses, market conditions and high rate of wages and salary. The t values reveal that the mean operating margin ratio significantly differ from the industry except for Akzo Nobel India Ltd and Kansai Nerolac Paints Ltd.

In order to test the hypothesis, analysis of variance is applied for all the companies and between the years and the result is presented in Table 2. Table 2 shows that since the calculated value of F (4.72) is higher than the table value of F (2.53) at 5 per cent level of significance between the companies, the null hypothesis is rejected. There is a significant difference between the companies in this ratio. The calculated value of F (1.00) between the years is less than the table value of F (1.92), and hence, the null hypothesis is accepted. The acceptance of null hypothesis would indicate that there is no significant difference in this ratio between the years. This was due to high fluctuations of net sales of Shalimar Paints Ltd and increase of selling and administrative expenses of Jenson & Nicholson (India) Ltd during the study period.

4.2 NET PROFIT MARGIN

Table 1 clears the position regarding the net profit margin ratio of selected companies in Indian paint industry during the study period. The net profit ratio of all the selected companies witnessed a fluctuating trend during the study period. The average net profit margin also varied from one company to another. The highest average was 11.14 percent for Akzo Nobel India Ltd followed by Asian Paints Ltd (8.51 per cent), Kansai Nerolac Paints Ltd (6.86 per cent), Berger Paints India Ltd (5.74 per cent) and Shalimar Paints Ltd (1.59 per cent). The mean net profit ratio was negative in the case of Jenson & Nicholson (India) Ltd (-132.80 per cent). The analysis of CV value showed that Berger Paints India Ltd had consistent net profit margin, Asian Paints Ltd and Kansai Nerolac Paints Ltd had fluctuating net profit margin, Shalimar Paints Ltd had highly fluctuating trend of net profit margin. However, net profit margin of Akzo Nobel India Ltd and Jenson & Nicholson (India) Ltd showed erratically fluctuating trend during the study period. The compound annual growth rates of all the selected companies of this ratio were positive, except for Jenson & Nicholson (India) Ltd. Further, the analysis of t value revealed that the mean net profit margin of all the selected companies except Kansai Nerolac Paints Ltd significantly differed from the industry.

The analysis of variance results showed in Table 2 shows that there were significant differences in net profit margin ratio between the companies as calculated value of F (5.64) is more than the table value of F (2.53) at 5 per cent level of significance. However, there were no significant differences in net profit margin ratio between the years during the study period as calculated value of F (1.01) is lower than the table value of (1.92) at 5 per cent level. This was due to a decrease in operating profit of Jenson & Nicholson (India) Ltd and increase in employee cost of Akzo Nobel India Ltd during the study period.

4.3 RETURN ON CAPITAL EMPLOYED

Table 3 show that the return on capital employed ratio of the selected companies in Indian paint industry fluctuated during the study period. The average return on capital employed varied from one company to another. The mean average of India paint industry was 43.29 per cent of return on capital employed. The highest average of 136.16 per cent was in Asian Paints Ltd followed by Akzo Nobel India Ltd (98.52 per cent), Kansai Nerolac Paints Ltd (40.86 per cent), Berger Paints India Ltd (24.85 per cent) and Shalimar Paints India Ltd (11.43 per cent), whereas there is negative average ratio of Jenson & Nicholson (India) Ltd (-15.43 per cent). The analysis of CV value shows that Berger Paints India Ltd had fluctuating trend of return on capital employed, Shalimar Paints Ltd had highly fluctuating trend of return on capital employed and the remaining companies had erratically fluctuating trend of return on capital employed during the study period. The compound annual growth rate of return on capital employed ratio was positive in all the selected companies except for Jenson & Nicholson (India) Ltd. It is clear from the analysis of t values that the mean return on capital employed was significant from the industry in all the selected companies except for Asian Paints Ltd and Kansai Nerolac Paints Ltd.

Table 4 of analysis of variance of ROCE shows that the calculated values of F (0.72 and 0.99) were lower than the table value of F (2.53 and 1.92) at 5 per cent level of significance both between the years and companies, the null hypotheses is accepted. It is concluded that there are significant differences between the return on capital employed ratio among the selected companies and between the years during the study period.

4.4 RETURN ON TOTAL ASSETS

Table 3 provide the fluctuating trend in return on assets ratio of selected companies in Indian paint industry. The average return on assets ratio varied highly from one company to another. The highest average was 16.43 per cent for Asian Paints Ltd followed by 13.17 per cent for Akzo Nobel India Ltd, 12.68 per cent for Kansai Nerolac Paints Ltd, 12.57 per cent for Berger Paints India Ltd and 3.02 percent for Shalimar Paints Ltd. It is also evident from the table that Jenson & Nicholson (India) Ltd showed negative mean return on total assets ratio during the study period. The analysis of CV value showed that Asian Paints Ltd, Berger Paints India Ltd and Kansai Nerolac Paints Ltd had fluctuating trend of return on total assets, Akzo Nobel India Ltd, Jenson & Nicholson (India) Ltd and Shalimar Paints Ltd had erratically fluctuated during the study period. The compound annual growth rate of this ratio was negative in the case of Akzo Nobel India Ltd and Jenson & Nicholson (India) Ltd during the study period. The analysis of t values shows that the return on assets of Asian Paints Ltd, Jenson & Nicholson (India) Ltd and Shalimar Paints Ltd were significantly different from the industry.

Table 4 shows that differences in the return on assets ratio between the companies are significant as the calculated value of F (12.83) is greater than the table value of F (2.53) at per cent level of significance. Thus, the null hypothesis is rejected. The differences in return on assets ratio between the years are not significant as the calculated value of F (0.96) is less than the table value of F (1.92). The framed hypothesis was accepted. This was due to poor return earned by the companies from their operating activities.

4.5 RETURN ON NET WORTH

Table 3 depict a fluctuating trend in the return on network ratio of the selected companies in India paint industry. The average return on network varied from one company to another. The average mean of Indian paint industry was 27.64 per cent of return on network. The highest average of return on network was 37.23 per cent for Asian Paints Ltd, followed by Berger Paints India Ltd (25.00 per cent), Kansai Nerolac Paints Ltd (22.49 per cent), Akzo Nobel India Ltd (21.48 per cent), Shalimar Paints Ltd (15.50 per cent). However, the average mean of the lowest and negative variation of Jenson & Nicholson (India) Ltd (12.00 per cent). The analysis of CV value shows that Asian Paints Ltd, Berger Paints India Ltd and Kansai Nerolac Paints Ltd had fluctuating trend of return on network, Akzo Nobel India Ltd, Jenson & Nicholson (India) Ltd and Shalimar Paints Ltd had erratically fluctuating trend of return on network during the study period. The compound annual growth rate of this ratio was positive in four out of six companies during the study period. The analysis of t values shows that the mean return on network of Asian Paints Ltd, Jenson & Nicholson (India) Ltd, Kansai Nerolac Paints Ltd and Shalimar Paints Ltd were significantly different from the industry.

Analysis of variance has been applied among the selected companies and between the years in order to test the hypothesis framed. The calculated values of F (29.08 and 2.48) are more than the table values of F (2.53 and 1.92) at 5 per cent level of significance both between the years and companies. Thus, the null hypotheses is rejected. It is concluded that there are significant differences between the return on network ratio among the selected companies and between the years during the study period.

5. FINDINGS

All study units reflects good operating profit ratio over the study period. Akzo Nobel India Ltd has the highest operating profit ratio which is good sign of operating performance of the company. Jenson & Nicholson (India) Ltd has the lowest operating profit ratio which reveals poor sales and higher administrative expenses. The highest Net Profit ratio of Akzo Nobel India Ltd indicates better performance in terms of financial and operational efficiency. Net profit ratio of Jenson & Nicholson (India) Ltd is not adequate for long run purposes. The increase in production cost leads to deteriorating performance of business. Asian Paints Ltd stood second in terms of net profit margin because of good turnover and less maintenance expenses.

The ratio like, Return on Capital Employed, Return on Total Asset and Return on Network are also the highest for Asian Paints Ltd and the lowest for Jenson & Nicholson (India) Ltd. This shows that Asian Paints Ltd is maintaining a good level of return requires review of investment perspectives for efficient profitability

6. SUGGESTIONS

Asian Paints Ltd and Asian Paints Ltd can maintain its position in terms of profitability by concentrating on various aspects such as innovation, competition, goodwill, market share, risk management etc.

Jenson & Nicholson (India) Ltd is the poorest performer. So it is required to curb manufacturing, administrative and selling expenses. This organisation needs improvements on all financial parameters taken in the study. Otherwise there may be a threat of losses in the near future.

Other three companies Berger Paints India Ltd, Kansai Nerolac Paints Ltd, Shalimar Paints Ltd should retain their profitability position by making efficient employment of their available resources.

7. CONCLUSIONS

From the study we can conducted that Indian paint industry's performance is not similar in terms of their profit levels. Here, profitability analysis is considered as a measure of credit worthiness of the owners, proper usage of resources and efficiency of management of the company. After analysing the six paint companies of India of empirical study by comparing different ratios over a period of time which provides a good sense to the management of the company as well as to the relevant shareholders. Asian Paints Ltd performed very well with the use of new technology and skilled manpower. Jenson & Nicholson (India) Ltd is poor performer due to increased manufacturing overheads and cutthroat competition. All selected companies are maintaining different level of return on their investment.

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ANNEXURE

TABLE 1: STATISTICAL VALUES OF RATIOS RELATING TO THE PROFITABILITY INDICATORS (For the period 2000-2001 to 2012-2013)

Particulars	Statistics	Akzo Nobel India Ltd	Asian Paints Ltd	Berger Paints India Ltd	Jenson & Nicholson (India) Ltd	Kansai Nerolac Paints Ltd	Shalimar Paints Ltd	Whole Industry
Operating Profit Margin Ratio (in %)	Mean	17.14	15.18	9.98	-46.35	12.62	5.45	13.36
	CV	0.48	0.12	0.07	-2.09	0.18	0.26	0.12
	CAGR	0.33	0.99	1.61	-24.64	3.37	2.24	1.45
	t value	1.89	3.81*	-8.07*	-2.23*	-0.98	-16.56*	
Net Profit Margin Ratio (in %)	Mean	11.14	8.51	5.74	-132.80	6.86	1.59	6.98
	CV	0.60	0.22	0.09	-1.58	0.29	0.50	0.31
	CAGR	1.58	2.85	1.81	-4.10	8.18	10.14	4.63
	t value	2.67*	3.73*	-2.36*	-2.40*	-0.17	-10.97*	

* Significant at 0.01 level

Source: Computed from the annual reports of the respective companies

TABLE 2: ANOVA RESULTS – RATIO RELATING TO PROFITABILITY – COMPARISON

S. No.	Profitability Ratio	Between the Companies		Between the Years	
		F Ratio	H ₀	F Ratio	H ₀
1	Operating Profit Margin Ratio	4.72	Rejected	1.00	Accepted
2	Net Profit Margin Ratio	5.64	Rejected	1.01	Accepted

Critical Value 'F' at 0.05 level (between company) = 2.53; (between year) = 1.92

Source: Computed

TABLE 3: STATISTICAL VALUES OF RATIOS RELATING TO THE RETURN ON INVESTMENT (For the period 2000-2001 to 2012-2013)

Particulars	Statistics	Akzo Nobel India Ltd	Asian Paints Ltd	Berger Paints India Ltd	Jenson & Nicholson (India) Ltd	Kansai Nerolac Paints Ltd	Shalimar Paints Ltd	Whole Industry
Return on Capital Employed (in %)	Mean	98.52	136.16	24.85	-15.43	40.86	11.43	43.29
	CV	1.00	3.95	0.22	-2.29	1.11	0.47	0.57
	CAGR	15.79	6.00	7.67	-2.33	5.40	6.57	7.37
	t value	2.16*	0.62	-3.03*	-5.45*	-0.17	-5.37*	
Return on Total Assets (in %)	Mean	13.17	16.43	12.57	-30.01	12.68	3.02	11.81
	CV	0.72	0.18	0.12	-1.37	0.30	0.55	0.35
	CAGR	-0.68	3.76	2.18	-1.87	8.07	9.72	5.84
	t value	0.62	5.80*	-0.20	-3.80*	0.68	-9.57*	
Return on Net-worth (in %)	Mean	21.48	37.23	25.00	-12.00	22.49	15.50	27.64
	CV	0.67	0.23	0.16	-2.44	0.30	0.58	0.24
	CAGR	-1.45	2.65	0.61	0	6.15	12.31	4.56
	t value	-1.74	6.13*	-1.47	-5.62*	-2.22*	-6.58*	

* Significant at 0.01 level

Source: Computed from the annual reports of the respective companies

TABLE 4: ANOVA RESULTS – RATIO RELATING TO RETURN ON INVESTMENT – COMPARISON

S. No.	Profitability Ratio	Between the Companies		Between the Years	
		F Ratio	H ₀	F Ratio	H ₀
1	Return on Capital Employed	0.72	Accepted	0.99	Accepted
2	Return on Total Assets	12.83	Rejected	0.96	Accepted
3	Return on Net Worth	29.08	Rejected	2.48	Rejected

Critical Value 'F' at 0.05 level (between company) = 2.53;

Critical Value 'F' at 0.05 level (between year) = 1.92

Source: Computed

PERFORMANCE ANALYSIS OF DISTRICT CENTRAL CO-OPERATIVE BANKS (DCCBs) IN TAMIL NADU - A STUDY

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ABSTRACT

Present paper attempts to examine the growth of selected DCCBs in Tamil Nadu through selective key financial indicators, it analyzes the Share Capital and Deposits of the selected DCCBs. This paper also studies the growth of Loans and Advances, Investments and Overdues position in selected DCCBs. To achieve the objectives of the paper data has been collected from the annual reports of selected DCCBs. Out of 23 DCCBs, 5 DCCBs have been taken for this study. Period of ten years from 2002-03 to 2011-12 has been covered. Collected data have been analyzed with tools like annual growth rate and compound growth rate, it has been concluded that financial position of DCCBs in Tamil Nadu is positive growth, but do not compete with commercial banks.

KEYWORDS

deposits, investments, loans & advances, overdues, share capital.

1. INTRODUCTION

Cooperative banks constitute an importance part of the financial system of the country. Indian Banking System was able to withstand the Global financial crisis, especially the US sub- prime crisis, because of its inherent strengths, prudential regulations and timely regulatory interventions.

As it turned out for commercial banks in the face of economic slowdown, the financial year 2011-12 has been a crucial year for the Cooperative Banks also. The system continued to show resilience and sustained growth in terms of Share Capital, Deposits, Loans and Advances, Investments and Overdues.

Based on the available data sourced from the Financial Auditing Manuals (FAMs) and the profile of DCCBs, a comparative analysis attempted in the following pages. Analysis of DCCBs' state of affairs helps to understand the trends and growths towards areas requiring attention. However, the heterogeneity introduced in the system by pure statistical analysis should be supplemented by understanding of ground realities to draw meaningful conclusions.

In this paper, I have studied the performance Analysis of the District Central Cooperative Banks. 23 DCC Banks presently functioning in Tamil Nadu state and five DCC Banks situated in Western Districts of Tamil Nadu like Coimbatore, Dharmapuri, Erode, Nilgiris and Salem banks. These five banks have been selected on the basis of convenience for study in hand. Performance parameters such as Share Capital, Deposits, Loans & Advances, Investments, and Overdues are also captured in this article.

2. REVIEW OF LITERATURE

Sant Seema et al. (2012) have found that overall bank performance increased considerably in the years of the analysis. They have noticed a significant change in trend at the onset of the global financial crisis in 2007, reaching its peak during 2008- 2009 which resulted in falling profitability, less liquidity and deteriorating credit quality in the Indian Banking sector. Raveesha S. et al. (2010) have found that it is felt necessary to increase the amount of loans advanced. While, loans recovered per borrower registered a negative growth rate in Tumkur taluk which may be attributed to the drought situation that prevailed in that taluk during the years under study. A study has been made by Dr. C. Lakshmanan and A. Dharmendran (2007) taking into account some selected financial indicators namely deposits, loans and advances and over dues of DCCBs in Tamil Nadu for a period of seven years. The study revealed that the annual growth rate of deposits and loans & advances are positive and the total over dues is negative.

3. OBJECTIVES OF THE STUDY

This research has been undertaken with the following four objectives:

1. To examine the growth of the selected DCCBs in Tamil Nadu through selective indicators.
2. To analyze the Share Capital and Deposits of the selected DCCBs.
3. To study the growth of Loans and Advances by the selected DCCBs in Tamil Nadu.
4. To understand the Investments and Overdues position in selected DCCBs.

4. METHODOLOGY

The nature of present study is analytical. The study is based on secondary data for the ten years from 2003 – 2012. The necessary data were collected from Annual Reports of all the DCC Banks and Reports of Tamil Nadu State Apex Co-operative Bank Ltd. (TNSCB) Chennai, it is suitably compiled and analysed for the purpose of study. The statistical results are obtained by using SPSS Version 22.

The average compound growth rate was computed by employing following formula:

$$Y_t = abt$$

Where,

Y_t = Share Capital, Deposits, Loans & Advances, Investments, and Overdues.

a = Intercept

b = Parameter

t = Years

Compound Growth Rate = $(\text{Anti log of } b-1) \times 100$

5. LIMITATIONS OF THE STUDY

1. This Study is based on only in secondary sources; it has been used to arrive at conclusion in a scientific way.

- The conclusion of the study has been derived from the analysis of the data. The data collected from the annual Report of DCC Banks, therefore the study included the limitations whatever the report portrays.
- The data were collected for period of ten years from 2002-03 to 2011-12, this may not be fully relevant to the later period.

6. ANALYSIS OF THE STUDY

The establishment of cooperative banks was to serve as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Cooperative Banks (PACBs) at the base (Village) level, District Central Cooperative Banks (DCCB) at the intermediate (District) level and State Cooperative Banks (SCBs) at the apex (State) level. The growths of DCCBs in Tamil Nadu are depicted as under:

6.1 SHARE CAPITAL

The share capital in the DCCB is contributed by individual members, affiliated societies and the Government of Tamil Nadu. Generally the Government of Tamil Nadu contributes a lump sum to all the DCC Banks in Tamil Nadu to encourage the co-operative system. Table 1 shows the growth rates regarding the total paid up share capital of the DCC Banks during the study period.

Sl. No.	Name of the DCC Bank	Trend Coefficients		R ²	F	CGR (%)
		a	b			
1.	Coimbatore	2.92	0.04*	0.6234	11.59*	3.98
2.	Dharmapuri	3.27	0.03	0.2082	1.84	3.35
3.	Erode	2.49	0.11*	0.9951	1412.4*	12.10
4.	Nilgiris	1.49	0.19*	0.9620	177.08*	20.35
5.	Salem	2.92	0.04	0.1664	1.40	4.43

* Significant at five per cent level.

It is understood from Table 1 that the annual growth rates of total share capital in selected DCC Banks in Tamilnadu are positive in all the banks and they are statistically significant at the five per cent level. The fitted regression models are also significant in all the banks except in the Dharmapuri and Salem banks. The co-efficient of determination in various trend equations the Erode bank has reached a maximum of 0.9951. It shows that the independent variable time explains the dependent variable of share capital to the maximum extent of 99.51 per cent in the Erode bank. The compound growth rates of share capital in all the sample banks are positive. The total share capital picture shows that there is an increased trend in all the banks in Tamil Nadu state.

6.2 DEPOSITS

The Central Co-operative Banks accept various kinds of deposits from individuals, co-operatives and other institutions. The reserve funds and surplus funds of the Co-operative Societies are deposited with the concerned Central Cooperative Banks. Voluntary agencies like local bodies, societies incorporated under the Cooperative Societies Registration Act, Universities and Technical Institutions, Government Corporations, Companies wholly owned by the Government, Religious and Charitable Institutions, Educational Institutions, Court, Electricity Board, Regulated Markets etc. have been directed by the State Government to keep their funds with the Central Co-operative Bank. Table 2 shows the trend and growth rates of deposits over the study period.

Sl. No.	Name of the DCC Bank	Trend Coefficients		R ²	F	CGR (%)
		a	b			
1.	Coimbatore	5.63	0.09*	0.8684	52.80*	9.62
2.	Dharmapuri	5.24	0.12*	0.8792	58.23*	12.79
3.	Erode	5.47	0.13*	0.9199	91.82*	13.64
4.	Nilgiris	4.29	0.09*	0.7621	25.63*	9.39
5.	Salem	6.45	0.10*	0.8454	43.76*	10.42

* Significant at five per cent level.

It is evident from Table 2 that the annual growth rates of total deposits in selected DCC Banks in Tamil Nadu are positive in all the banks. It was statistically significant at the five per cent level in all the banks. It indicates that there is an increase in the amount of deposits during the study period. The co-efficient of determination in the Erode bank was the highest of 91.99 per cent while the lowest of 76.21 per cent was found in the Nilgiris bank. The compound growth rates were positive in all the banks with the highest of 13.64 per cent recorded in the Erode bank and the lowest of 9.36 per cent in the Nilgiris bank.

6.3 LOANS AND ADVANCES

The position of loans and advances in respect of short-term loans, cash credits, overdraft, bills purchased, bills discounted, medium-term loans conversion, re-phasements/rescheduled loans and jewel loans to individuals are presented in Table 3 showing the trend and growth rates of the loans and advances during the study period.

Sl. No.	Name of the DCC Bank	Trend Coefficients		R ²	F	CGR (%)
		a	b			
1.	Coimbatore	5.53	0.13*	0.9381	121.17*	13.50
2.	Dharmapuri	6.00	0.07*	0.6005	12.03*	6.97
3.	Erode	5.29	0.16*	0.9850	524.32*	16.96
4.	Nilgiris	4.36	0.11*	0.7150	20.07*	11.14
5.	Salem	6.06	0.14*	0.9835	477.92*	15.37

* Significant at five per cent level.

It could be seen from Table 3 that the annual growth rates of loans and advances in selected DCC Banks in Tamil Nadu are positive in all the banks. The growth rates are statistically significant in all the banks. It indicates that there is an increase in the amount of loans and advances during the study period. The co-efficient of determination in all the banks are higher than 0.71 times except in the Dharmapuri, bank with 0.60 times which indicate that changes in loans and advances vary to the maximum extent of 98.50 per cent in the Erode bank. The compound growth rates are positive in all the banks with the highest of 16.96 per cent recorded in the Erode bank and the lowest of 6.97 per cent found in Dharmapuri bank.

6.4 INVESTMENTS

Investments are made by the DCC Banks in various types of securities viz. Government Securities, Debentures of Land Development Banks, other Trustee Securities, and Fixed Deposits with institutions other than banks. The DCC banks accept deposits and are, therefore, responsible for investing their funds in such a way as to safeguard the interest of the depositors. The same considerations of safety, liquidity and profitability in the employment of funds are essential as in the case of the other banks. It is therefore, highly desirable that the DCC Banks should take all the necessary care and precaution while investing their funds. Table 4 shows the trend and growth rates of investment by the banks.

TABLE 4: TREND AND GROWTH OF INVESTMENTS IN DCC BANKS IN TAMIL NADU

Sl. No.	Name of the DCC Bank	Trend Coefficients		R ²	F	CGR (%)
		a	b			
1.	Coimbatore	4.85	0.07*	0.7651	26.05*	7.59
2.	Dharmapuri	4.20	0.10*	0.7351	22.20*	10.48
3.	Erode	4.89	0.07*	0.5268	8.91*	7.55
4.	Nilgiris	3.04	0.10*	0.7625	25.68*	10.00
5.	Salem	5.92	0.06	0.3580	4.46	5.74

* Significant at five per cent level.

It could be seen from Table 4 that the annual growth rate of investments in selected DCC Banks in Tamil Nadu is positive and statistically significant in all the banks except in the Salem bank where the annual growth rate was 0.06 times while is statistically insignificant. It indicates that there is a decline in the amount of investment in this bank during the study period. The fitted regression model for the case is also insignificant since its F value is 4.46. The co-efficient of determination in the case indicates that the change in the amount of investments is only to the extent of 35.80 per cent. The compound growth rates were positive in all the banks with the highest of 10.48 per cent recorded in the Dharmapuri bank and the lowest of 5.74 per cent in the Salem bank.

6.5 OVER DUES

Over dues means loans, bills of exchange and other obligations remaining unpaid past their due (or maturity) date. All financial arrangements become overdue one business day after their due date. Over dues is a term used to explain the non-payment of loans by the borrowers in time. The trend and growth of the overdue position is presented in Table 5.

TABLE 5: TREND AND GROWTH OF OVER DUES IN DCC BANKS IN TAMIL NADU

Sl. No.	Name of the DCC Bank	Trend Coefficients		R ²	F	CGR (%)
		a	b			
1.	Coimbatore	4.53	-0.13*	0.6366	14.01*	-12.02
2.	Dharmapuri	4.79	-0.12	0.2108	2.14	-11.40
3.	Erode	4.53	-0.28*	0.9499	151.52*	-24.26
4.	Nilgiris	3.42	-0.11	0.3513	4.33	-10.67
5.	Salem	3.92	0.05	0.3851	5.01	5.11

* Significant at five per cent level.

It is understood from Table 5 that the Overdues of the selected DCC Banks in Tamil Nadu show positive annual growth rates in the Salem bank only with 0.05 times. But the growth is not statistically significant. There are negative annual growth rates in all the other banks but they are statistically significant at the five per cent level only in the Coimbatore and Erode banks with -0.13 and -0.28 times respectively. It shows that the overdues in the above banks have declined significantly during the study period. The fitted regressions under trend equations in the above cases are also significant at the five per cent level since the F values are 14.01 and 151.52 respectively. The compound growth rate is negative in all the banks except in the Salem bank where there is positive compound growth rates of 5.11 per cent. This speaks of the acute problem of overdues in a majority of the DCCBs in Tamil Nadu.

7. SUMMARY OF FINDINGS

- The annual growth rates of total share capital in selected DCCBs in Tamil Nadu were positive and they were statistically significant at the five per cent level in all the banks except in the Dharmapuri and Salem banks. Positive compound growth rates were noticed in all the banks.
- The annual growth rates of deposits in selected DCCBs in Tamil Nadu were positive and statistically significant in all the banks. The compound growth rates were positive in all the banks with the highest of 13.64 per cent recorded in the Erode bank and the lower of 9.36 per cent in the Nilgiris bank.
- The annual and compound growth rates of loans and advances in selected DCCBs in Tamil Nadu were positive and significant.
- The annual growth rate of investments in selected DCC Banks in Tamil Nadu were positive and statistically significant in all the banks except in the Salem bank where the annual growth rate was 0.06 times. The compound growth rates were positive in all the banks with the highest of 10.48 per cent recorded in the Dharmapuri bank and the lowest of 5.74 per cent in the Salem bank.
- The growth rates of overdues in selected DCCBs in Tamil Nadu were positive and insignificant in the Salem bank only. The amount of overdues in this bank showed an increasing trend. The negative annual growth rates were recorded in all the other banks. The amount of overdues in these banks has declined during the study period. The compound growth rate varied from 5.11 per cent in the Salem bank to -24.26 per cent in the Erode bank.

8. SUGGESTIONS

- The growth rate of share capital in the Dharmapuri and Salem DCCBs were insignificant. An attempt is required to be made by these banks to increase the share capital through membership and affiliated societies. So the banks should provide adequate guidance to the members by instituting member education programmes which will make them aware of their rights, duties and then established by Law their affiliated societies relating to accepting higher amount of share capital.
- The lowest growth rates of deposits were found in the Nilgiris bank only. This bank should review its deposit mobilisation process and take additional steps to mobilise deposits from untapped resources.
- The growth rates of loans and advances were positive and significant in all the DCCBs in Tamil Nadu. The positive growth rates of this would have led to bad Debt (NPAs). The banks have to minimise this considerably through effective recovery mechanism.
- An insignificant growth rate of investments was found in the Salem bank only. This bank should take all the necessary steps to increase their investments in the appropriate financial agencies.
- The problem of overdues has been found in Salem bank only. This must be addressed through proper recovery proceeding and the level of NPA must be brought down so that the banks can have liquidity and profitability.

9. CONCLUSIONS

The financial performance of the DCC Banks in Tamil Nadu is analyzed by using exponential equation techniques. From the above analysis, it is concluded that the growth of Share Capital in selected DCCBs have positive trend during the study period where as the Deposits in all the sample DCCBs have been increasing. The Loans and Advances and Investments increased during the study period. The Over dues has been decreasing during the study period due to increase in Recovery Performance of the DCC Banks. It is suggested that government should formulate specific policies and they should be implemented for the upliftment of DCC Banks in Tamil Nadu. DCCBs should try to upgrade technology and should formulate customer friendly policies (KYC Norms) to face competition with commercial banks.

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PROFITABILITY AND LIQUIDITY RATIOS ANALYSIS: AN EMPIRICAL STUDY OF SELECTED CEMENT COMPANIES IN ANDHRA PRADESH

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ABSTRACT

The south Indian cements industry (industry means group of companies) playing a significant role in the country's economic development. The cement industry required support from government, based on the performance of the companies. The financial statement indicates the firm operations relating to Liquidity, profitability and financial position. The effective management of liquidity and profitability operations supports to sound financial states of the firm. In this study to analyze firm's financial statement, this study result will give an idea about the performance of Panyam Cements and Mineral Industries Ltd, Anjani Portland Cement Ltd Cement and Sagar Cement.

KEYWORDS

ratio analysis, liquidity, profitability, cement industry.

INTRODUCTION

Cement is one of the core industries in the growth and expansion of a nation. The roll of Cement Industry in India GDP is significant in the economic development of the country; this industry is one of the oldest sector in India. The industry is driven by the immense growth in the housing sector, the infrastructure development, and construction of transportation systems. Indian cement industry, which is second only to china, has over 340 million tones of capacity, 18% of the total production of India and occupies second place among the cement producing in Andhra Pradesh states. Andhra Pradesh has 33 Plans and 55.92% installed capacity in 2010.

COMPANY PROFILE

Panyam cement and mineral industries Ltd, has been started in the year 1955 in the most backward region of rayalasima. The company fast developed into one of the largest cement manufacturing unit in south India. From the last fifty seven years, the company is providing livelihood to thousands of its dependents. The present capacity of the cement plant is 3000 Metric Tons per day.

Anjani Portland Cement Limited is a decade old company. The company has only one business segment and that is manufacturing and sale of cement. The company has got an adequate system of internal in place commensurate with the size of its operation and is properly designed to protect and safeguard the assets of the company.

Sagar Cement is a prominent player in the field of cement in Andhra Pradesh for over decades adopting progressive manufacturing practices, whether it relates to maintaining high standards of quality of its products. Sagar cement has a consistent profit track record, except for a few years.

CONCEPT OF RATIOS

The relationship between two relevant concepts expressed in numerically is called a ratio. This Ratio analysis is technique of analysis and interpretation of financial statement; it is helpful for finance manager to taking decisions.

The current Liquidity expresses the capacity of the company to pay its short term debts from the claims, the short term cash and financial statement. Profitability is indicator of achievement of business.

Profitability ratio measures a company's performance. Profitability is simple the capacity to make a profit and a profit is what is left from income earned after you have deducted all cost and expenses relating to earning income. It is the main concern for all interested persons, creditors, investors, owners and management.

Current Asset Ratio: Current Ratio is one of the liquidity ratios; it is expressed as current assets and current liabilities. The current ratio ideal rule is 2:1. If the actual current ratio is less than the standard current ratio of 2:1, it indicates firm cannot enjoy the sufficient liquidity position if the firm. If the current ratio is 2:1 or more then 2:1, it indicates firm have sufficient Liquidity.

Quick ratio: This ratio shows the relationship between quick Assets and Current Liabilities, it is having ideal indicator that is 1:1. This standard is supporting to ability to pay of its short term liabilities without any difficulty situations of the firm. If firm have less than this indicator, firm suffering financial payments.

Net Profit Ratio: Net profit ratio is the one of the important ratio to measure profitability ratio. The net profit ratio measures the relationship between net profit and sales. It is more meaning full interpretation of the profitability of the firm.

Return on Asset Ratio: This ratio is also called profit to asset ratio; it is the relation between net profit and asset. The return on assets ratio is found by dividing the net income by total assets. The higher the ratio indicates the better the company is at using their assets to generate income.

Return on Capital Employed Ratio (ROCE): The purpose of this ratio is to find out whether capital employed is effectively used or not. This ratio expresses the relationship between capital and net profit of the business. The higher the ratio of ROCE, the more efficiency use of capital employed.

Return on Equity Ratio: This ratio also called Net worth ratio. The return on equity measures profitability related to ownership. It measures a firm's efficiency at generating profits from every unit of the shareholders equity. it is plays a vital role in the equity holders' investment decision.

RESEARCH METHODOLOGY

In this company selected by through Random sampling, the name of company is Panyam cement and minerals Ltd. has been taken for analysis of financial statement relating to Liquidity and Profitability position. This Study is based on Secondary data, there is published by annual reports, Journals and Books. This Study has covered 5 years data's from 2010 to 14.

OBJECTIVES OF STUDY

This Study will examine the financial statement and analysis, it's financial prospects in terms of liquidity and profitability of companies performance.

1. To analyze the liquidity position of the Firms.
2. To analyze the Profitability of the selected firms.
3. To analyze the working capital position of the firms.
4. To evaluate the financial position of the firms.

LIMITATIONS OF THE STUDY

1. This study is mainly depends on the information published by the companies.
2. This study conducted on limited period only.
3. This study covers only selected ratios and firm's only.

ANALYSIS

- Graf-1: Shows the Current ratio of as a measure of liquidity position. During the period of study observed that current ratio was fluctuating tendency. The highest value of current ratio 3.25 was 2010-11 and least of 0.53 in 2013-14 from Anjani Cement. In last three years all firms maintained un-sufficient current ratio. All firm increasing liquidity risk yearly. The current ratio indicates high liquidity in 2012-14, it indicate bad signal of liquidity position and reaming study period have good position.
- Graf-2: Shows the Quick Ratio of as a measure of liquidity position. During the period of study observed that, this ratio was fluctuating tendency. The highest value of Quick Ratio 3.04 was 2009-10 and least of 0.39 in 2012-13 and 2013-14 from Anjani Cement. In last three years all firms maintained un-sufficient current ratio. All firm increasing liquidity risk yearly. The current ratio indicates high liquidity in 2012-14, it indicate bad signal of liquidity position and reaming study period have good position.
- Graf-3: Shows the Net Profit Ratio. During the period of study observed that, Sager Cement Achieved Loss of 6.84% and remaining year achieved Profit. Anjani Cement Achieved Continues profit with Fluctuations, 36.29% maximum profit in 2009-10 and 1.07% Minimum profit in 2012-13. Panyam cement achieved loses from -8.15% and -2.34% in 2013-14 and 2010-11, remaining period achieved maximum Profit 16.22% and minimum 5.04% in 2010-11.
- Graf-4: Shows the return on Asset Ratio. During the period of study observed that, Sager Cement Achieved Negative Result of -0.04 and remaining year achieved Positive results with fluctuation; Return on Asset Ratio achieved Maximum Result 0.17 in 2009-10 and 2010-11 and minimum 0.01 in 2012-13. Its return on asset Ratio continuously decreasing. Anjani Cement was Achieved continues positive returns on Asset Ratio with Fluctuation, 0.17 maximum in 2009-10 and 1.01 Minimum in 2012-13. Panyam cement achieved Negative return on asset ratio from -0.02 in 2013-14 and 2010-11, remaining period achieved positive returns with fluctuation, maximum return 0.08 and minimum 0.04 in 2010-11.
- Graf-5: Shows the Return on Capital Employed Ratio. During the period of study observed that, Sager Cement Achieved Negative Result of return on capital employed -0.05 in 2013-14 and remaining year achieved Positive results with fluctuation; Return on Capital Employed Ratio achieved Maximum Result 0.26 in 2010-11 and minimum 0.02 in 2012-13. Return on Capital Employed Ratio Continuously decreasing from 2010-11 to 2013-14. Anjani Cement was Achieved continuously positive Returns on Capital Employed Ratio with Fluctuation, 0.22 maximum in 2009-10 and 1.01 Minimum in 2012-13. Panyam cement achieved Negative return on Capital Employed ratio from -0.03 and -0.04 in 2013-14 and 2010-11, remaining period achieved positive returns with fluctuation, maximum return 0.18 and minimum 0.06 in 2010-11.
- Graf-6: Shows the Return on shareholders' Equity Ratio. During the period of study observed that, Sager Cement Achieved Negative Result of return on shareholders' Equity -1.47 in 2013-14 and remaining year achieved Positive results with fluctuation; this Ratio achieved Maximum Result 5.09 in 2010-11 and minimum 0.05 in 2012-13. Return on shareholders' equity Ratio Continuously decreasing from 2010-11 to 2013-14. Anjani Cement was Achieved continuously positive Returns on shareholders Equity Ratio with Fluctuation, 2.53 maximum in 2009-10 and 0.17 Minimum in 2012-13. Panyam cement achieved Negative return on shareholders' Equity ratio from -0.26 and -0.24 in 2013-14 and 2010-11, remaining period achieved positive returns with fluctuation, maximum return 1.08 in 2012-13 and minimum 0.56 in 2011-12.

FINDINGS

- In this study last three years firm managing more current Liabilities.
- The firm net profit having fluctuation with positive and negative results.
- Firm capital employed ratio is not good position.
- Sagar Cement Continuously reducing profit.
- Last three years firms Performance is not good.

SUGGESTIONS

- All Firm need to reduce current liability and increase current Asset status, it is good for firm financial health.
- All Firm need to improve the liquidity position of the firm.
- Sagar cement operating Expenditure continually increasing, it is effected to firm profitability. The finance manger concentrates to reduce operating Expenditure and increase profit.
- Anjani cement and panyam cement need to increase profit.
- Anjani cement Return on Asset ratio is good comparing to other firm. Sagar and panyam cement need to increase return on Asset. It supports shareholders satisfaction.
- The firm needs to improve sales volume, it is good for firm sustaining long period. The firm sales volume affected in Net profit ratio, Return on Asset ratio, return on capital Employee ratio and return on sere holders' equity.
- The firm concentrates to reduce capital employed; it is helpful for maximum return with minimum capital.
- All firms performance to improve their financial operations effectively.

CONCLUSION

From the above analysis of Panyam Cement & Minirels Industry Ltd, Anjani Cement and Sagar Cement had unsound financial position of the firms; the net profit shows the unfavourable position of the firms. The companies need to improve effectively utilization of Assets in properly. Companies to concentrate quality of the products and product promotional tools for increasing the sales volume, it is better to achieve positive net profit.

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ANNEXURE

FIG. 1: SHOWING CURRENT ASSET RATIO

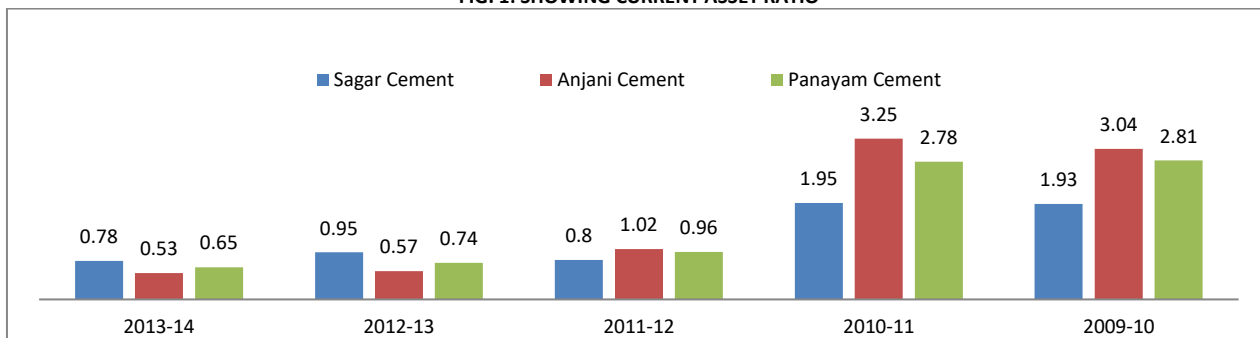


FIG. 2: SHOWING QUICK RATIO

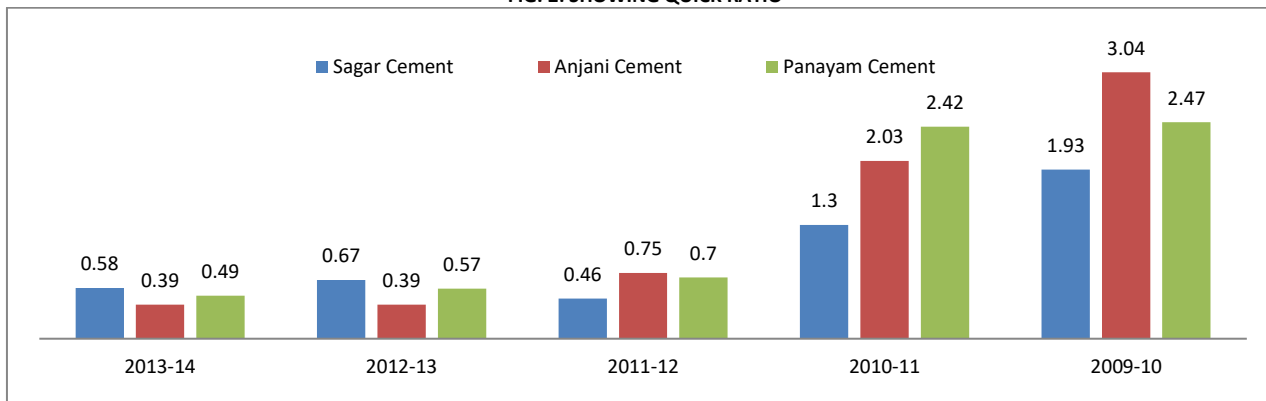


FIG. 3: SHOWING NET PROFIT RATIO

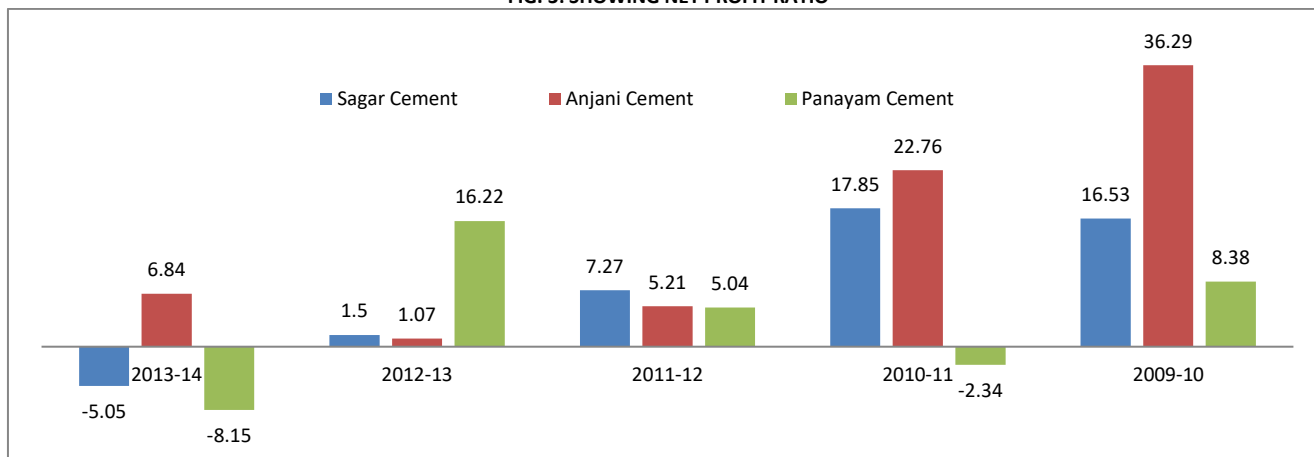


FIG 4: SHOWING RETURN ON ASSET RATIO

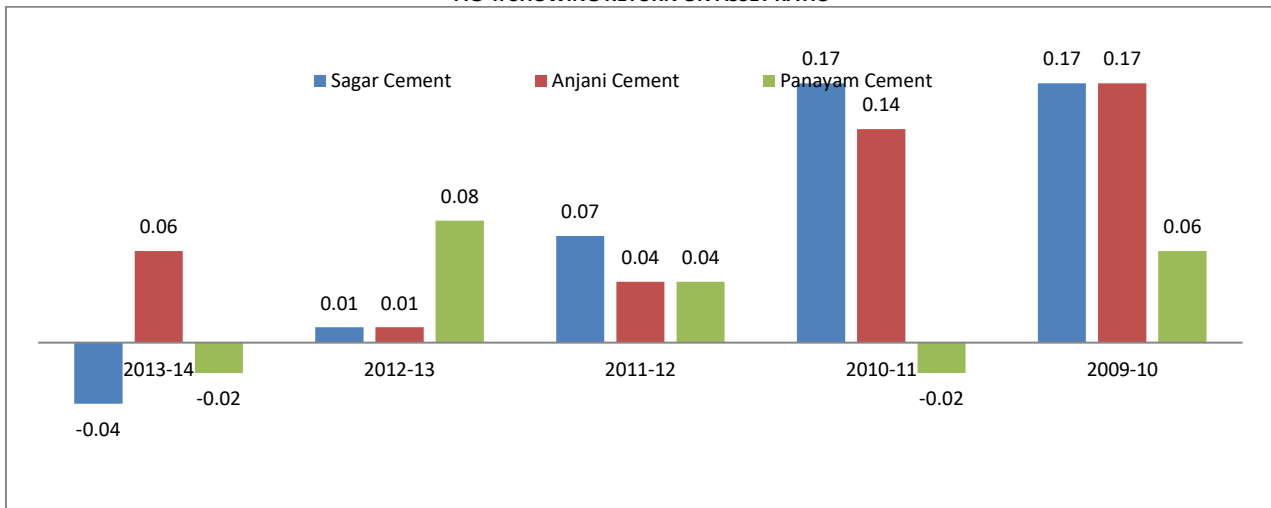


FIG 5: SHOWING RETURN ON CAPITAL EMPLOYED

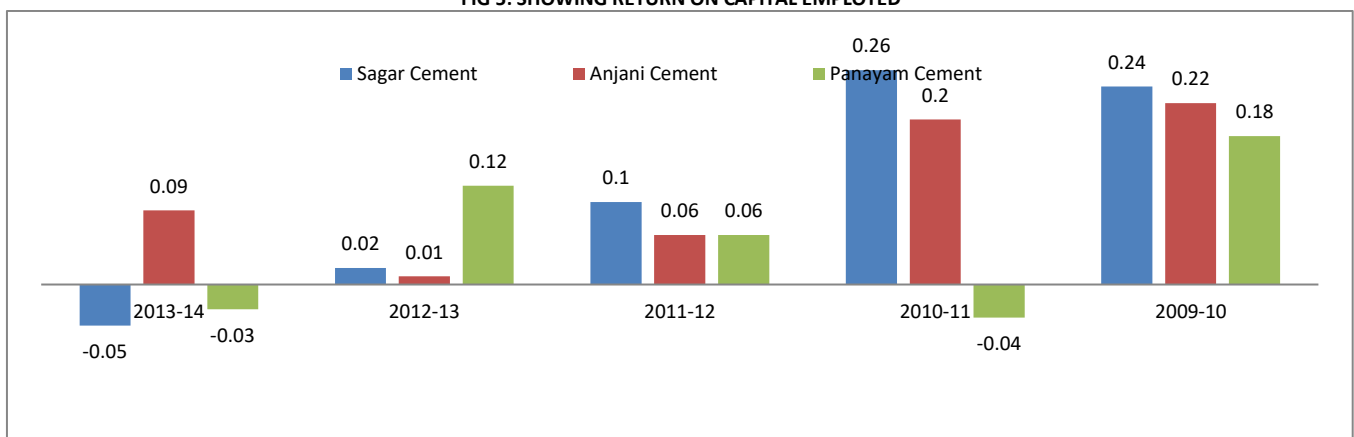
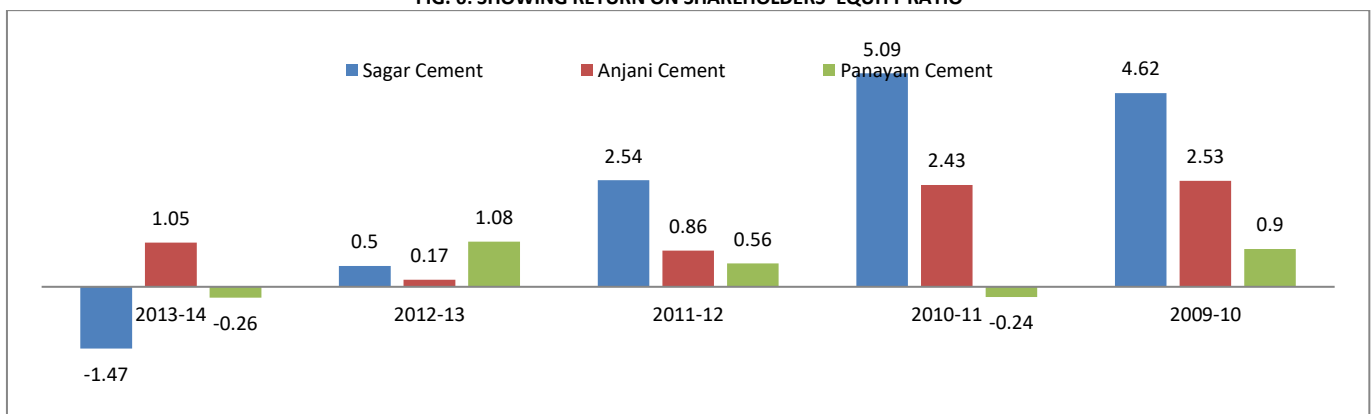


FIG. 6: SHOWING RETURN ON SHAREHOLDERS' EQUITY RATIO



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ABSTRACT

The Micro Small and Medium Enterprises (MSMEs) sector constitutes an important segment of the Indian economy in terms of its contribution to the country's industrial production, exports, employment and creation of a broad entrepreneurial base. Hence, it is rightly regarded as the backbone of the modern Indian economy. With the advent of planned economy since 1951, and the subsequent industrial policy of Government of India, both planners and the Government have earmarked a special role for small scale industries in the economy. Their significance has not waned in the wake of LPG and thereafter. They enjoy certain inherent strengths such as lower over-head costs, flexibility in production, informality in labour relations, exploitation of local and latent resources and skills, capacity to execute small orders and to offer customised services. Empirical evidence indicates that small scale enterprises can be an important vehicle for meeting the growth and equity objectives of the developing economies and also can meet the requirements of hi-tech and environment-friendly global standards. In this above mentioned situation an attempted has been made to find out the Trends and Challenges of MSMEs and their future in India.

KEYWORDS

MSME, GDP, growth rate, output, employment generation.

INTRODUCTION

M SMEs have been playing a pivotal role in the country's overall economic growth and have increased potential to grow. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socioeconomic development of the country. As per the Micro Small and Medium Enterprises Development (MSMED) Act, 2006, MSMEs are broadly classified into two categories: (a) manufacturing; and (b) those engaged in supplying services. Both categories of enterprises have been further classified into micro, small, medium and large enterprises based on their investment in plant and machinery (for manufacturing enterprises) or on equipments (in case of enterprises providing/rendering services). According to the MSMED Act, in service enterprises category, micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh; a small enterprise is one where the investment in equipment is more than Rs. 10 lakh but does not exceed Rs.2 crore; and a medium enterprise is that where the investment in equipment is more than Rs.2 crore but does not exceed Rs.5 crore. While for enterprises engaged in manufacture or production, processing or preservation of goods, a micro enterprise is one where investment in plant and machinery does not exceed Rs.25 lakh. A small enterprise is one where investment in plant and machinery can be more than Rs.25 lakh but does not exceed Rs.5 crore. In a medium enterprise, the investment in plant and machinery can be more than Rs.5 crore but should not exceed Rs. 10 crore (GoI, 2008). Before this Act, only small scale industries (SSI) were defined, and accordingly, "SSI is an industrial undertaking in which the investment in fixed assets in plant and machinery, whether held on ownership terms or on lease or by hire purchase, does not exceed Rs. 100 lakh".

The MSMEs in view of their employment potential and other intrinsic advantages -are found suitable for rural economy and have been promoted on priority. The developed countries have formulated programmes for these industries to achieve prosperity. In Japan the growth of small enterprises has provided the base for new society, and even today it exhibits industrial excellence that astonishes the world. The Japanese economy, which was totally destroyed during the War, has regained its strength to an appreciable extent due largely to the efforts of small enterprises and highest labour productivity. Countries in Europe, Asia, Africa and Latin America have formed inspiring and protecting policy frameworks for promoting small enterprises. Italy, which was once called the "sick man of Europe", has prospered in small industries, which resulted in the rapid growth of the economy and is now called the "Japan of Europe" (Hejamadi 2000).

More recently, enhancing the MSME productivity and profitability has come to be viewed as an effective way of fostering the private sector contribution to the growth and equity objectives of development. MSMEs play a key role in the industrialization of developing countries. This is because they provide immediate large scale employment and have a comparatively higher labour-capital ratio; they need a shorter gestation period and relatively smaller markets to be economic; they need lower investments; offer a method of ensuring a more equitable distribution of income and facilitate effective mobilization of the resources of capital and skill which might otherwise remain unutilized; and they stimulate the growth of industrial entrepreneurship and promote a more egalitarian pattern of ownership and location.

OBJECTIVES OF THE STUDY

The broad objective of the paper is to assess the overall growth and developments in the MSMEs sector in India. However, in the light of these facts, this paper makes an attempt to focus on the following areas:

- (a) To analyze the performance of Micro, Small and Medium Enterprises (MSMEs) in India.
- (b) To understand the problems and challenges faced by MSMEs sector.
- (c) To suggest some policy measures for the growth and improvement of MSMEs sector if necessary.

HYPOTHESIS OF THE STUDY

1. Ho: There is a tremendous growth in the development of MSMEs in India
2. Ho: There is a continuous contribution by MSME towards Gross Domestic Product.

REVIEW OF LITERATURE

For the purpose of the research work different books, journals, research papers and articles related with this topic were studied to get more knowledge and ideas to present better research work. Mali (1998) observed that small and medium enterprises (SMEs) and micro enterprises have to ready to face increasing competition in the present scenario of globalization, they have to specifically improve themselves in the fields of management, marketing, product diversification, infra-structural development, technological up gradation. Moreover, new small and medium enterprises may have to move from slow growth area to the high growth area and they have to form strategic alliance with entrepreneurs of neighboring countries. Sikka (1999) in his research paper, Technological Innovations by SME's in India, while surveying the current Indian scene has mainly focused on the need for SME's to utilize the technical facilities available at the S&T infrastructure created in the country and vice-versa. He has also highlighted the entrepreneurship capabilities which are being developed by SME's in India for producing quality products as well as undertaking ancillary and sub-contracting activities for the larger firms in India. Raju (2008) in his work on Small and Medium Enterprises (SMEs) in India: Past, Present and Future, has focused on the growth and development of the Indian small scale sector from opening of the economy in 1991 and the present scenario of SMEs and the problems they face like lending, marketing, license raj issues in detail. He also has discussed micro, small, and medium enterprises Act, 2006 in his study. Bargal et al. (2009) examined the causal relationship among the three variables GDP, SSI output and SSI exports and also have compared the performance parameters of SSIs in the pre and post liberalization era. The study found that the annual average growth rate of different parameters of SSIs have declined in the period of nineties vis-à-vis the pre-reform years. There is an absence of any leadlag causal relationship between exports and production in small-scale sector and GDP of Indian economy. Pradhan (2010) focused on R&D Strategy of Small and Medium Enterprises in India Trends and Determinants, work was to contribute to the literature on Indian R&D by analyzing the trends and patterns of R&D investment by Indian manufacturing SMEs during the period 1991–2008 and exploring various factors that determine their R&D behavior. The results show that Indian SMEs have lowest incidence of doing in-house R&D and their R&D intensities have fallen in the last decade. Venkatesh and Muthiah (2012) found that the role of small & medium enterprises (SMEs) in the industrial sector is growing rapidly and they have become a thrust area for future growth. They emphasized that nurturing SME sector is essential for the economic well-being of the nation. The above literature highlights the various aspects viz. performance, growth & problems of MSMEs in Indian economy and induces for continuous research in this field.

METHODOLOGY AND DATA SOURCES

This study was purely descriptive in nature and completely based on the secondary source of information. The period considered for the study is from 2001-2002 to 2014-2015 covering 15 years to know and stands growth and trends of MSME and understand the present scenario as well. As the study is primarily based on secondary data, information gathered from the publications of the Ministry of MSMEs and other government departments, reputed journals, books and newspapers. All financial data are compiled from Annual report of MSMEs, different books and periodicals. Further, articles and information available in different journals and magazines are also referred for compilation of this paper.

EVALUATION AND INTERPRETATION OF PERFORMANCE OF MSMEs:

MSME plays a very pivotal in the development of Indian economy. Ever since it started and came into light, the growth rate in terms of productivity, profitability and employment generation is constantly increasing till to date. MSMEs not only play pivotal role in providing large employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. There is a significant growth in terms of profitability, productivity and also in employment generation.

Enterprises registered with District Industries Centres in the State/ UTs., Khadi and Village Industries Commission/ Khadi and Village Industries Board, Coir Board as on 31.03.2007 and factories under the coverage of section 2m(i) and 2m(ii) of the Factories Act 1948 used for Annual Survey of Industries having investment in plant & machinery up to Rs.10 crore were considered to belong to registered sector. All MSME engaged in the activities of manufacturing or in providing/ rendering of services, not registered permanently or not filed Entrepreneurs Memorandum Part-II/ [EM-II] with State Directorates of Industries' District Industries Centers on or before 31-3-2007 are called unregistered MSME.

MICRO AND MACRO REGISTERED AND UNREGISTERED FIRMS IN INDIA**TABLE 1: NUMBER OF MICRO AND MACRO REGISTERED AND UNREGISTERED FIRMS IN INDIA**

Year	No of Units		Total
	Registered	Unregistered	Total
2002-03	16.3	93.46	109.49(4.1)
2003-04	17.14	96.83	113.95(4.1)
2004-05	18.24	100.35.	118.59(4.1)
2005-06	19.30	104.12	123.42(4.1)
2006-07	20.32	108.12	128.44(4.1)

Source: *Economic Survey of India 2007-08*; and Office of the Development Commissioner (MSME)

While historically, the small scale industries were related to the small man and his own resources, after Independence there has been a rapid growth of the small enterprises sector due to a number of reasons (Jayashela and Hans 2006). Thus, over the years there is a continuous growth in the number of units, production, employment and exports. According to the Ministry of MSMEs, the number of micro and small enterprises (MSEs) in India rose from 109.49 lakh in 2002-03 to 128.44 lakh in 2006-07 (Table-1). After 2006-07 data is not available with respect to registered and unregistered firms separately. Medium enterprise has been defined for the first time under the MSMED Act, 2006. Hence, no firm statistics are available with respect to medium enterprises presently. However, informal sources suggest medium enterprises in India to be between 10,000 and 15,000. Further it is estimated that they contribute about 2 per cent of GDP, over 10 per cent to manufacturing output and around 10 per cent to national exports (Gol 2008).

EM-II FILED BY ENTREPRENEURS

Subsequent to the implementation of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 with effect from October, 2006, filing of Entrepreneurs Memorandum Part-II/(EM-II) came in to vogue. Since September, 2015, the same has been replaced with Udyog Aadhar Filing System. The sector-wise i.e., Micro, Small, and Medium details of EM-II filed with the Commissionerates /Directorates of Industries during 2007-08 to 2015-16. MSME has shown consistent growth in terms of number of EM-II filed with commissionerates / Directorates across the country.

TABLE 2: DISTRIBUTION OF NUMBER OF EM-II FILED BY ENTREPRENEURS (In lakhs)

Sl. No.	Year	Micro	Small	Medium	Total	Growth Rate
1	2007-08	1,53,110	16,730	467	1,72,703	-
2	2008-09	1,70,262	18,792	702	1,93,026	11.77
3	2009-10	1,85,180	23,870	1409	2,13,206	10.45
4	2010-11	2,05,112	29,125	1263	2,38,429	11.83
5	2011-12	2,42,539	34,225	2949	2,82,428	18.45
6	2012-13	2,75,867	41,502	5449	3,22,818	14.30
7	2013-14	2,96,526	59,127	7338	3,62,991	12.44
8	2014-15	3,46,206	70,933	8219	4,25,358	17.18
	Average	234350.25	36,788	3474.5	276369.88	13.77
	CAGR	12.36	22.92	50.64	13.74	6.51

(Source: MSME Annual Reports, Government of India)

MSMEs have shown consistent growth in terms of number of Entrepreneurs Memorandum (Part II) / [EM-II] filed every year. Number shows that MSME sector registered consistent growth in terms of number of EM-II filed every year. Number of EM-II filed during 2007-08 in the DICs across the country was 1.73 lakh (approx.). CAGR is very high in the case of Medium enterprises (50.64) and in the case of Micro and Small units CAGR is 12.36 and 22.92 respectively. Upto 2011-2012 there was an increase in terms of growth rate and again declined and later there is a tremendous increase in the year 2014-2015.

The average growths of Micro, Small and Medium enterprises are 2, 34,350, 36,788 and 3475 respectively with overall average growth rate of 13.74%. The maximum growth was witnessed by medium scale enterprises i.e. 50.64%. At the year ending 2014-15, there were 3,46,206 micro enterprises with annual growth rate of 12.36%. The highest growth in recent time was recorded during 2011-12 (18%) whereas during year 2012-13 and 2013-14 growth rate has declined and was around 14% and 12%, respectively. The growth rate again shown impressive results for the year 2014-15, it increased to around 17% as shown in the above table. EM II Files entrepreneurs have been increased continuously during 2007-08 to 2014-15 periods, which shows that even in adverse environment, both internal and external, the entrepreneurs have shown their courage and had firm belief in the economic fundamentals of the economy.

STATUS OF MSME UNITS, EMPLOYMENT, INVESTMENTS AND GROSS OUTPUT

The trends and progress regard to performance of MSME sector with reference to total number of Working enterprises, Employment opportunities, Market value of fixed assets and Gross output is as below:

TABLE 3: STATUS OF MSME UNITS, EMPLOYMENT, INVESTMENTS AND GROSS OUTPUT

Sl.No.	Year	No. of Working Enterprises (in lakhs)	Employment (in lakhs)	Market value of FA (in crores)	Gross Output
1	2001-02	105.21	249.33	154349.00	282270.00
2	2002-03	109.49	263.68	162317.00	314850.00
3	2003-04	113.95	275.30	170219.00	364547.00
4	2004-05	118.59	287.55	178699.00	429796.00
5	2005-06	123.42	299.85	188113.00	497842.00
6	2006-07	361.76	805.23	868543.79	1351383.45
7	2007-08	377.37	842.00	917437.46	1435179.26
8	2008-09	393.70	880.84	971407.49	1524234.83
9	2009-10	410.82	921.79	1029331.46	1619355.53
10	2010-11	428.77	965.15	1094893.42	1721553.42
11	2011-12	447.73	1,011.69	1176939.36	1834332.05
12	2012-13	467.54	1,061.40	1268763.67	1809976.00
13	2013-14	488.46	1,114.29	1363700.54	NA
14	2014-15	510.57	1,171.32	1471912.94	NA
	Average	318.38	724.96	786901.94	1098776.63
	CAGR	12.92	12.64	18.94	18.40

(Source: MSME Annual Reports, Government of India)

Performance of Micro, Small & Medium Enterprises (MSME) sector is assessed by conduct of periodic All India Census of the Sector. The latest census conducted was Seventh All India Census of MSME. The scope and coverage of the MSME sector was broadened significantly under the MSMED Act, 2006, which recognized the concept of "enterprise" and to include both manufacturing and services sector. It is clear from the table No. 2 that number of enterprises, employment, investment in fixed assets and gross output of MSME units in India show an increasing trend over the 14 years. From FY 2001-02, figures includes activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage) for which data were extracted Economic Census 2005. Number of enterprises and employment registered upto 2014-2015 was 510.57 (lakhs) and 1,171.32 (lakhs) with an annual growth of 13% and 12.64% approx. respectively. There is continuous growth in the value of fixed assets and output from the FY 2001- 2002 to 2014-2015. 13% CAGR is recorded in the case of number of working enterprises and 12.92% in the case of employment. The trend shows that value of the fixed assets has been increased with an annual growth rate of 18.94% and output during the years also showing increase and its CAGR was recorded as 18.40%.

MSME SECTOR AND GDP

TABLE 4: CONTRIBUTION OF MSME SECTOR (OTHER THAN SERVICES) TO THE (GDP)

Sl. No.	Year	Contribution to total industrial products as %	Contribution to GDP as %
1	2001-02	39.12	5.77
2	2002-03	38.89	5.91
3	2003-04	38.74	5.79
4	2004-05	38.62	5.84
5	2005-06	38.56	5.83
6	2006-07	45.62	7.20
7	2007-08	45.24	8.00
8	2008-09	44.86	8.72
9	2009-10	39.63	7.49
10	2010-11	38.48	7.42
11	2011-12	37.52	7.28
12	2012-13	37.54	7.1
13	2013-14	42.38	7.2
14	2014-15	47.70	7.4
	Average	40.92	6.92

(Source: MSME Annual Reports, Government of India)

Table No.4 discloses the contribution of MSME sector to total industrial production and GDP over eight years. It shows an increasing trend over the period of study. During the financial year ending 2008-09, this sector contributes 45% approx. of the total industrial production and 9% approx. of the overall GDP of the country. In 2014-15 year contribution to total industrial products has been recorded as 47.70 indicating highest percentage. The average contribution to total industrial products recorded as 40.92. There is a continuous growth in terms of contribution towards GDP.

OUTSTANDING BANK CREDIT TO MSMEs

One of the factors of smooth and successful functioning of any sector is its ability to finance activities. The credit extended by the banks to any sector is an indication of its importance. Considering the various factors like ability of employment generation and contribution to GDP, Government of India formulated MSME Development Act, 2006. Since then banks have been able to extend support to MSME in a considerable manner. The Table 5 gives the position of banks credit facility extended to MSMEs for smoothing running of its activities. In the year 2006 there was a growth of 21.30 per cent seen than the previous year. Highest growth of credit was achieved in the year 2008 (67.71) percent with least growth seen in the year 2012 (7.19 percent).

TABLE 5 OUTSTANDING BANK CREDIT TO MSMEs (In Crores)

Sl.No.	Year	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks
1	2004-05	67,800	8,592	6,907	83,498
2	2005-06	82,438	10,421	8,430	1,01,285
3	2006-07	1,02,550	13,136	11,637	1,27,323
4	2007-08	1,51,137	46,912	15,489	2,13,538
5]	2008-09	1,91,408	46,656	18,063	2,56,127
6	2009-10	2,78,398	64,534	21,069	3,64,001
7	2010-11	3,76,625	87,857	21,461	4,85,943
8	2011-12	3,95,976	1,05,085	19,839	5,20,900
9	2012-13	5,02,459	1,54,732	30,020	6,87,211
10	2013-14	6,20,139	2,00,840	29,491	8,50,469
11	2014-15	7,01,571	2,32,171	30,837	9,64,570
	Average	283,936	63,785	19,386	524,034
	CAGR	26.32	39.05	16.14	27.72

(Source: MSME Annual Reports, Government of India)

The MSME sector has been accorded high priority in the industrial policy owing to its vital role in the economy. During financial year 2014-15, the total outstanding credit by banks to MSMEs in India stood at Rs. 9,64,750 crores, growing at a CAGR of 27.72% from financial year 2004-05 to 2014-15 (Table No. 5). The average credit to MSME sector stood Rs. 2,83,936 Cr, Rs. 63,785 Cr and Rs. 19,386 Cr respectively in respect to Public Sector Banks, Private Sector Banks and Foreign Banks representing 77%, 18% and 5% of the total credit. Among bank categories, public and private sector banks have registered impressive growth of 26.32% and 39.05% in MSE lending in financial year 2014-15. However, Public Sectors Banks (PSBs) account for a major share compared to private and foreign banks. Moreover, the share of MSE credit to net bank credit stood at 9.9% in 2011 against 13.4% in 2010.

The high growth witnessed during 2008 is on account of re-classification of MSEs as per MSMED Act, 2006. Firstly, the investment limit of small (manufacturing) was raised from Rs.1 crore to Rs.5 crore and small (services) was added to include enterprises with investment limit between Rs.10 lakh to Rs.2 crore. Secondly, the coverage of service enterprises were broadened to include small road and water transport operators, small business, professional and self-employed and all other service enterprises as per definition provided under MSMED Act, 2006.

CHALLENGES OF MSMEs

With increasing competition on account of Globalisation of the Indian economy, size of the enterprises and the level of technology employed by them have assumed critical significance for the context of small enterprises' global competitiveness. Small and Medium Enterprises (SMEs) play a vital role for the growth of Indian economy by contributing 45% of industrial output, 40% of exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. There are approximately 30 million MSME Units in India and 12 million persons are expected to join the workforce in the next 3 years. Several policy initiatives have been taken during the years to address the problems faced by the sector, which mainly relate to access to timely and adequate credit, technological obsolescence, and infrastructure bottlenecks, marketing constraints and overabundance of rules and regulations. Despite of the importance of the MSMEs in Indian economic growth, the sector is facing challenges and does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate Institutions which is proving to be a hurdle in the growth path of the MSMEs. The list of the problems that are faced by existing/new companies in SME sector are as under:

- Absence of adequate and timely banking finance one of the major problems.
- Limited capital is one of the major barrier and also lack sufficient knowledge
- Non-availability of suitable technology
- Low production capacity due insufficient resources.
- Ineffective marketing strategy

- Constraints on modernization & expansions
- Non availability of skilled labour at affordable cost is a major constraint.
- Follow up with various government agencies to resolve problems due to lack of man power and knowledge etc.

KEY INITIATIVES TAKEN TO STRENGTHEN MSMEs

- National Manufacturing Competitiveness Programme (NMCP)
- Cluster Development Programme (MSE-CDP)
- Credit Linked Capital Subsidy Scheme (CLCSS)
- Performance and Credit Rating scheme
- Marketing Development / Assistance
- Encourage ISO 9000 / 18000 etc. certification
- National Manufacturing Competitiveness Programme (NMCP) for MSME Sector
- Technology and Quality Upgradation Support (TEQUP)
- Energy efficient technology for msme sector
- Marketing Assistance and Technology Upgradation Scheme for MSMEs.
- Ministry of MSME has notified a simple one page form Udyog Aadhar Memorandum (UAM) on 18th September, 2015 for easy registration process.
- Frame work for revival and rehabilitation of MSMEs includes, identification of incipient stress, establishment of committees for Distressed MSMEs, prudential norms for asses classification and provisioning etc.
- A scheme for promotion and innovation, Rural Industry and Entrepreneurship (ASPIRE) is launched on 16.03.2015 to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural agricultural based industry.

SUGGESTIONS

After analyzing the growth and trends of MSME in India, the following suggestions are required to be implemented for the benefit of the stake holders in particular and economic development of the country in general:

- A cluster centric development plan for each potential clusters may be prepared for long term development.
- District Industrial Centers should be pro-active in providing help both to the entrepreneur and bankers.
- There is need for making handloom and handicraft sector more market friendly and competitive to strengthen MSME.
- Weavers need further capacity building. They have to be trained in texture design market required color combination and better technology.
- Special training and exposure visit of weavers and crafts men.
- Development of "Handloom mark" in the line of "Wool mark".
- Private sector participation may be encouraged.
- Government may establish suitable handicraft training school (NID) standard at Bhubaneswar.
- Government may nominate master craftsman to Rajya Sabha for empowerment.
- Government may like to develop suitable infrastructure at the developmental hubs.
- In order to improve the welfare of the participants, following instruments should be introduced.

(a) Issue of photo identity card (b) Extending insurance coverage to all family members (c) Providing educational scholarship to their children

CONCLUSION

MSME being the second highest employment generation sector is next only to agriculture, this sector need special attention of the all state governments and Central Government for the better implementation of various policies. This is all the more necessary and a very powerful engine realizing the twin objectives of "accelerated industrial growth" and "creation of additional productive employment potential" in rural and backward areas. MSMEs contribute significantly to social and economic development objectives such as labour absorption, income distribution, rural development, poverty eradication, regional balance and promotion of entrepreneurship. In the sixty years of India's Independence the small-scale sector has acquired a prominent place in the socio-economic development of the country. Its performance is creditable, yet proper and innovative approach alludes. The sector needs many corrective steps to succeed in the twenty-first century. The key to success for MSMEs would lie in looking at the globe as a market and succeed out there. As a result of Globalisation and liberalisation, coupled with WTO regime, Indian MSMEs have been passing through a transitional period. With the slowing down of economies of the US and the European Union on the one hand, and the ever-increasing competition from Chinese economy on the other, Indian economy is in a situation where it has to take more measured steps. According to Mr. Jawahar Sircar, Additional Secretary and Development Commissioner, Ministry of Micro, Small and Medium Enterprises (MSMEs), the government has identified three thrust areas for increasing competitiveness in this respect: technology (including quality), skills development and finance. The National Manufacturing Competitiveness Programme is being implemented with this objective (CII, op. cit).

A technologically vibrant and internationally competitive small industry should be encouraged to emerge, to make a sustainable contribution to national income, employment and exports. All the external support including policy assistance has meaning only when individual units are motivated. Industry and government agencies can play a significant role in educating small units about the changes in the business environment and the necessity of going in for technological upgradation. To play a meaningful role, it is essential for both industry associations and government agencies to change their attitudes and to instill trust and confidence in the 'small' units. And, some of them can even plan to graduate to 'medium' units.

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ROLE OF PRIMARY AGRICULTURAL CO-OPERATIVE SOCIETY (PACS) IN AGRICULTURAL DEVELOPMENT IN INDIA

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ABSTRACT

PACS are the banks which are situated in rural area and plays a very important role in rural credit system by performing their activities on co-operative principles and also these banks are worked under the District Credit Co-operative Banks. They provide short term and medium term loan to rural people to meet their financial requirements. But, the rural people still depend on unorganized sources such as money lenders in village, mandies, traders etc. So, various measures taken by Government to reduce these unorganized sources through the establishment of PACS in rural areas. In order know the role of PACS in agricultural development in India the study has been undertaken.

KEYWORDS

primary agricultural co-operative societies, agricultural development.

INTRODUCTION

The co-operative banks in India play an important role in even today in rural financing. These are registered under the Co-operative Societies Act and also regulated by the RBI. They are governed by the "Banking regulation Act-1949" and Banking Laws (Co-operative societies) Act 1965. The business of co-operative banks in urban area also have increased in recent years due to sharp increase in the number of primary co-operative banks. The co-operative movement was stated in India largely with a view to providing agriculturists funds for agricultural operations, at low rates of interest and protect them from the clutches of money lenders.

OBJECTIVES OF THE STUDY

1. To study the role and performance of PACS in respect of agricultural credit and rural development.
2. To find out reasons for poor recovery of loans in PACS
3. To offer suggestions to improve the performance of PACS

METHODOLOGY

The study is based on Secondary data. The data has been collected from books, magazines and websites.

ROLE OF PACS

A co-operative credit society, commonly known as Primary Agricultural Co-operative Society (PACS) may be stated with 10 or more persons, normally belonging to a village. The value of each share is generally nominal so as to enable even poorest farmer to become a member. PACS occupy a predominant position in the co-operative structure and form its base. A Primary Agricultural Credit Society is organized at grass-root level of a village or a group of small villages. It is the basic unit which deals with rural (agricultural) borrowers, gives those loans and collects repayments of loans given. It serves as the final link between the ultimate borrowers on the one hand and higher financial agencies, namely the RBI/ NABARD on the other hand.

At the end of June 1989 there were 87000 PACS. These societies covered about 90% of 5.8 lakh villages. Their membership of 9 crores covered about 65% of the total estimated population of about 14 crore of rural households. More than half of members of PACS are persons of small means- small farmers, agricultural labourers, rural artisans, and 25% of them belongs to SC/ST.

The working capital of the PACS derived mainly from borrowings from Central Co-operative Banks (CCBs) and the small proportion from owned funds and deposits. That the PACS have failed to attract deposits is not so much a reflection of low savings habits of the rural population as a reflection of the availability of better assets to rural savers of both rate of return and riskiness.

High net borrowings from CCBs shows that PACS act mainly as distribution channel for funds mobilized elsewhere. Only the members of a PACS are entitled to borrow from it. Most loans are for agricultural purpose and are such purpose of machinery (mostly pump sets for irrigation) and cattle are also given. But, consumption loans given mostly to landless labourers, artisans, and marginal farmers. The share of loans given going to weaker sections is usually about 40% of loans. A varying number of PACS also undertake non-credit activities such as handling the supply of farm requisites, distribution of consumer goods, among their members, constructing godowns and marketing of agricultural produce and process of it.

The management of the society is under an elected body consisting of President, Secretary and a Treasurer. The management is honorary, the only paid membership being normally, the accountant. Loans are given for short period normally for one year, for carrying out agricultural operations, and the rate of interest is low. Profits are not distributed as dividends to shareholders but are used for the construction of the well or maintenance of the village school and so on.

The PACS have stepped up their advances to the weaker sections particularly the small and marginal farmers. This progress has been quite spectacular but not accurate considering the demand for finance from farmers. However, the primary credit society has continues to remain the weakest link in the entire co-operative structure.

OBJECTIVES OF PACS

3. For the membership of co-operatives credit society members should belong to located at village of co-operative societies.
4. The work of PACS should limited to its village only.
5. The liability of PACS should be unlimited.
6. PACS is liable for to the deposits and loans on its account.
7. PACS provides loans to its members only.
8. Loans repayment schedule can be decided by the co-operative society as per the significance purpose of the loans.
9. PACS provide the loan only for medium and short term purpose.

FUNCTIONS OF PACS

1. It promotes economic interest of members in accordance with the co-operative principle.
2. It provides short term and medium term loans.
3. It promotes savings habits among members.
4. It supplies agricultural inputs like fertilizers, seeds, insecticides, and implements.
5. It provides marketing facilities for the sale of agricultural products and
6. It supplies domestic products requirements such as sugar, kerosene etc.

MANAGEMENT, MEMBERSHIP AND SHARE CAPITAL OF PACS

The general body elects a managing committee which consists of 5 to 9 members and elects a president, secretary, and treasurer to look after the day today functioning of the society. All the office bearers render honorary service. The RBI has given a directive to appoint a full time paid secretary to maintain the accounts for each society.

All agriculturists, agricultural labourers, artisans and small traders in the village can become member of the society. PACS issue ordinary shares of small value depending upon the particular society i.e. Rs.10 and Rs.50 each to their members. The ownership of shares decides the right and obligations of the holder to the society. Share capital forms an important form or part of the working capital. Members borrowing capacities were determined by the number of shares held by them. Initially, societies were form with unlimited liability. The All India Rural Credit Review Committee pointed out that unlimited liability operates as a restraints on the willingness of the society to liberalize its loan policies, to admit new members and to extend its area of operation. Besides, it hinders the society to receive contribution from the State government, whose liability inevitably has to be limited. In view of these reasons, the societies were formed with limited liability and existing societies were converted into limited liability societies.

To make all Primary Agricultural Society viable and ensure adequate and timely flow of co-operative credit to the rural areas the RBI, in collaboration with State Government's had been taking a series of steps to strengthen the PACS and to correct regional imbalances in co-operative development. These efforts are being intensified by providing larger funds to weak societies to write off their losses, bad debts and overdue.

REASONS FOR POOR RECOVERY OF LOANS IN PACS**A. INTERNAL REASONS**

1. Laxity in internal control system
2. Poor management information system
3. Low motivation and involvement of staff
4. Poor industrial relations climate
5. Improper identification of borrower
6. Under or over financing
7. Lack of post disbursement follow up
8. Lack of appraisal skills
9. Failure to ensure adequate, rapport with govt agencies
10. Perception of bank as a charity institution
11. Delay in loan sanctioning
12. Insufficient gestation or repayment period
13. Lack of borrower contact and poor understanding of rural clientele
14. No thrust on recovery
15. Personal accident, death etc.
16. Mis-utilisation of loan
17. Willful default
18. Diversion of funds
19. Shifting of place of residence or business
20. Lack of technical and management skills
21. Poor maintenance of assets

B. EXTERNAL REASONS

1. Change in policy environment
2. Inadequate market linkages
3. Change in economic conditions
4. Change in technology
5. Political interference
6. Target approach under government sponsored programmes
7. Legal process
8. Geographical factors
9. Loan waiver, write off etc.

C. EXCLUSIVE REASONS

1. Lack of transparency
2. Lack of professional management
3. Inadequacy of non-official and member education
4. Imbalance among tiers

FINDINGS

1. Rural credit is mainly focused on the agro sector and PACS plays a major role in rural finance.
2. The society provides only short-term and medium-term loan.
3. It supplies short-term credit on the personal security of the borrowers, while medium-term credit is given by charge on their immovable assets.
4. The society provides loans only relate to agricultural credit to farmers
5. Deposit mobilization in society is less. Because of lack of awareness among the people about the different schemes of the society.
6. The members deposit money for the purpose of compulsion made by banker to open account.
7. The amount of loan distributed to members were in inadequate time.
8. Use of computer is less in these societies.

SUGGESTIONS

1. The society should provide long-term loan also to farmers to meet their financial requirements.
2. As society provide loans only related to agricultural credit to farmers it is suggested that it should also provide other types of loans so that it can help the farmers and maintain good standard of living.
3. To improve the deposit mobilization, the society should conduct awareness programs from time to time. This will popularize the different schemes of the society and there by attract new customers and educating the farmers relating to different services provided by society.
4. To help farmers the society should adopt easy procedures for distributing and recovering the loan from farmers.
5. To develop self employment in the rural areas the society should provide training to the rural unemployed people.
6. The adequate amount of loan should be distributed to farmers at adequate time.
7. Political interference in lending operation should be eliminated as per as possible.
8. For early retrieval of information use of computer should also be introduced for maintaining echanized accounting system safely.
9. Society should educate the farmers relating to different services provided by society.
10. The society should provide quality necessary agricultural items at reasonable price to the farmers
11. The staff member of society should maintain good co-operative relationship with members by providing all information to farmers.

CONCLUSION

Primary Agricultural Credit Society is actually organized at the grass-roots level a village or a group of small villages. It is the basic unit which deals with rural credit to farmers for meeting their financial requirements. It provides short-term and medium-term loan to farmers which helps to meet their short-term financial requirements. It supplies agricultural inputs and provides marketing facility for the agricultural products. For the development of agricultural sector and allied activities adequate and timely finance are essential. But many financial problems are cropping up in the process of development of co-operative system they are lack of adequate and trained staff, lack of necessary funds, poor industrial relations climate, lack of professional management, political interference, change in economic conditions, over dues and limited source of income of the farmers and so on these societies are unable to provide adequate finance to the members and they are making delay in the sanctioning of loan. Therefore to increase the efficiency of the society and to serve the rural agricultural people in a better perspective the co-operative banking should be strong and efficient to face the challenges in competitive environment and it needs to take necessary measures.

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ABSTRACT

This study will aim to explore the gratifications, beliefs, attitudes, intentions and behaviors of online shopping platform users and investigate the direct and indirect factors influencing online shopping platform behaviors. This study adopts survey investigations and surveyed 539 online shopping platform users. The researcher classified the needs of online shopping user into human-interaction gratification and information-seeking gratification. This two factors, as well as perceived ease of use (PEOU), perceived usefulness (PU), and attitudes towards online shopping, intentions to online shopping were the variables for predicting the behaviors in online shopping. Research results indicated that satisfying the need for human-interaction will strengthen the beliefs of PEOU and PU. In terms of satisfying the utilitarian needs, the more the human-interaction and information-seeking needs are satisfied, the more the beliefs of online shopping will be bolstered and the more the cognitive structures of PEOU and PU will be strengthened. The stronger the beliefs are, the greater the attitudes and intentions of online shopping will be, which in turn leads to strengthened behaviors in online shopping. The study finds out that human-interaction needs and online shopping intentions are the predictors of actual use of B2C websites. For Originality/value a theoretical model incorporating Theories of Uses and Gratifications (U&G) constructs the Technology Acceptance Model (TAM) was used to investigate online shopping behavior in Taiwan. The needs of human-interaction and online shopping intentions are the significant predicting variables to behaviors in online shopping.

KEYWORDS

human-interaction needs; information-seeking needs, perceived ease of use, perceived usefulness, attitude towards media, intention towards media, online shopping media behaviors.

I. RESEARCH MOTIVATION AND QUESTIONS

When users use communication media, media migration will occur between new and old media. As different media do not have entirely similar functionalities, migration will occur between media and users may use new media to replace the old media (Lin, 2008). In recent years, internet e-commerce has grown rapidly. According to statistics from the "B2C Internet Store Operation and Investigation Report", online shops that break even or even make profits have risen from 51.6% in 2011 to 59.7% in 2013. This shows that internet e-commerce is gradually becoming a widely-used new media type, and should be researched.

In recent related research reports (Lee, 2013), the related research of the why and how users use the media has revealed that the users of the new media are not only active and purposeful audience, the users also make use of the media to satisfy their specific needs. Furthermore, how the users make use of the media to satisfy their needs, wants and interests in the interaction with the external world will become the key to research on Uses and Gratifications (U&G) (Rubin, 2009). Hence, besides the conventional approach on media content, the research on U&G will also gradually tend towards interactivity oriented uses, especially on the new media usage. The new media is relative as compared to the old media. With the recent explosive development of the new media, research on media U&G have also increased (Brener, Billy, & Grady, 2003; Satia-Abouta, Patterson, King, Stratton, Shattuck, Kirstal, & White, 2003), including research on internet and e-commerce uses (Sundar & Limperos, 2013).

Schepers & Wetzels (2007) believe that media usage is more user friendly than ever, allowing a trend towards more accessibility and less expensive prices. Based on this foundation, e-commerce has become a formidable marketing tool, and even a tool for social interaction (King & He, 2006). The understanding of consumer behaviors of new media usage will allow greater grasp of the internet and new media communication activities and to better regulate the activities.

When users come in contact with new media, the user motives include entertainment, social relationship, information and other pragmatic uses while factors influencing these motives include factors such as the social and psychological characteristics of users, societal structure characteristics, social groups and relationships characteristics and personal involvement characteristics (Rubin, 2008).

Therefore, understanding the psychological factors in new media and internet usage has become the key research factors. A recent study (Chu & Lu, 2007) indicated that motives of e-commerce consumers include convenience, broader selection, competitive pricing, easier accessibility to information and other factors (Liu & Ma, 2005). However, other academicians have proposed doubts (Rayburn, 1996) as internet users may randomly conduct searches on the internet and sometimes proceed to a website upon knowledge instead of browsing premeditated websites. Therefore, the motives of internet browsing may not necessarily be the basic psychological factors of users.

Browsing or "surfing" is a basic form of mass communication behavior and also a form of human-interaction (Huang, 2008). In the context of dissemination theories, the U&G theory and Technology Acceptance Model (TAM) are two related fields of theory. The U&G theory is originally used in the investigation of motivation and gratifications of reasoned traditional media usage. Due to the recent convergence of mass communication, the internet has become the convergence point for traditional and new media, therefore prompting academicians to adopt the U&G theory to investigate new media usage. On the other hand, the TAM explores the usage factors of new technology, and may be used as a theoretical framework for new media usage analysis.

Therefore, the motives behind the changing of media and the types of needs will become the primary objectives for research. Online shopping platforms are becoming increasingly prevalent in recent years while commercial shopping platforms have become a type of social media and offered an interactive platform for new media users (Sundar & Limperos, 2013). Hence, this study aims to explore the phenomenon of U&G of online shopping platforms to understand the gratifications, beliefs, attitudes, intentions and behaviors. The first research question is what are the relations between gratifications, beliefs, attitudes, intentions and behaviors of online shopping platform users? The second research question is to explore the direct and indirect factors influencing online shopping behaviors.

II. LITERATURE REVIEW

A. Technology Acceptance Model

Based on Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975), the TAM was proposed by Davis (1989) and used by many scholars in the research on usage behavior of new communication technology. The TRA stressed that the beliefs of the users will influence the attitudes which will in turn generate intentions before triggering behaviors. Therefore, user behavior is the result of a series of rational thoughts. From user beliefs, attitudes, intentions and behaviors, technology usage behavior explores the factors for technology acceptance and proposes a model for technology acceptance.

One key factor for usage behavior is the attitude towards technology. A positive feeling will generate a behavior that uses the technology while a negative feeling will generate a behavior that rejects the technology. The key factors affecting attitude are beliefs and cognition which includes PU and PEOU. PU is the recognition of the usefulness of the new technology to the user and the new technology will increase work effectiveness. On the other hand, PEOU is the acknowledgment of the ease of use of the new technology in usage or while learning and may be used in work.

When applied in the usage behavior of new technology and in the applications of information systems, the TAM provides an explanation for the behavioral and thought patterns of new technology within the organization, from the beliefs, attitudes, intentions and behavior aspects. The user attitude will influence intentions and the experienced and novice users will develop different intentions, leading to different usage behaviors (Taylor & Todd, 1995). Hence, the TAM theory is adapted to become the theoretical basis for research on communication behavior in the new communication technology sector so as to provide an understanding of the behavior and environment of new communication technology.

Currently, the TAM is used by the academia for research in sectors such as e-mail, e-healthcare, online taxation system, e-government, online shopping, online banking, and mobile commerce to provide an understanding of the reasoned behaviors of new communication technology users (Huang, 2008).

According to the research of Haque, Sadeghzadah, & Khatibi (2006), online shopping intention may be affected by cultural differences to have different inclinations and acceptance levels. The research investigated online shopping in Malaysia on how the use of new shopping channel information will change consumer behavior. The research also studied the influence of how consumers form their attitudes will decide the intention of online shopping. The research results indicated that the Malaysia consumer acceptance of online shopping was empirically confirmed. Online shopping in Malaysia also displayed continued growth and development for the future.

Online shopping research (King & He, 2006) also indicated that online shopping is showing continued growth and development around the world. Research on consumer belief, attitude, intention and behavior of online shopping also continues to increase. However, in regards to understanding online shopping behaviors, there is still room for supplements and research for subsequent research efforts.

B. Uses and Gratifications Research

During the rise of mass communication in the 1940s, the theoretical framework for U&G theory was developed to examine the different aspects of media behavior (Ko, Cho, & Roberts, 2005). The theory is primarily concerned about the psychological factors of media usage and includes media usage motivation, and satisfying the psychological needs of the users, therefore through the examination of the U&G theory, an understanding of the psychological characteristics of the communication audience may be provided.

Regarding the U&G research on television media, understanding the psychological factors of users watching television channels, including the switch from the television media to other alternative media, such as psychological factors for internet television and Video on Demand (VOD) which allow switching to new media, will provide understanding of motives and needs for using the new media (Lin, 2004; Sunstein, 2007). So what type of user needs will the new media satisfy, and based on what type of motivation will influence the user to choose new media?

Rubin (2008) believes that the type of user needs satisfied will depend on the form of new media. When users are indulged in a diversified media environment, users may choose a media that is suitable for their needs. Since the form of new media is related to the type of user needs, entertainment media will satisfy the entertainment needs of users while information media will satisfy the information needs of users.

New converged media do not possess single "production concepts" but instead offer a type of diversified function of constituent affordances. New media provide a type of diversified affordance for U&G, which has become the key to modern U&G research (Sundar & Limperos, 2013). As the convergence texts of new media have become the major selection criteria for uses, the convergence texts include data, graphics, audio, video and others (Lin, 2008).

As a new media tool, media texts on online media (such as internet) may circulate freely at any time and allow users to change from one type of text to another. The free circulation of texts is major characteristic of media migration. When seeking information, users may browse information websites to search for information texts such as data or graphics. When seeking entertainment, users may search for entertainment information such as video or audio.

Online media is not a media with singular tool or communication channel but a convergent media with co-existent diversified texts. Such media provide various types of functions such as interactivity, and these functions provided by online media may allow U&G of the users. User may not only use media content but also interact with other users in the community through actions (Sundar & Bellur, 2011).

The digital technology functions not only allow users to use the media for action, but also allow users to use action to construct meaning and use it to interact with other users (Sundar, 2008). Therefore, the online media has become a space constructed on the meanings of the personal users, and as different personal users have different motivation and gratifications, different meanings and spaces may be constructed.

For the users, the new media technology has created new needs and offered new gratifications (Ruggiero, 2000). For the research on U&G of new media, the research is centered on the psychological research aspects instead of media-oriented research aspects. The new research aspects will explore the four functionalities of new media, including modality, agency, interactivity and navigability, which will become the keys to subsequent research on U&G (Sundar & Limperos, 2013).

The four aforementioned research types may be classified into three types of motivation and gratifications; agency and interactivity functionalities may be classified under satisfying the event and interactivity oriented utilitarian motivations and needs; navigability functionality may be classified under satisfying the response oriented emotional motivations and needs; modality functionality may be classified under satisfying the dynamic control oriented information-seeking motivations and needs. This means that different functionalities can satisfy different motivations and needs.

The U&G research of new media, which is also the exploration of new media types, include cable television, video recording, TV/VCR remote control devices, and even new media such as e-mail, internet, World Wide Web, and wireless advertising (Huang, 2008). Currently, the U&G research application in new mass communication technology research cases are increasing which shows that the use of new mass communication technology may also be researched from perspectives of U&G.

C. Usage Motivation and Gratifications, Beliefs and Attitudes

Flanigan & Metzger (2001) believes that the types of motivation and gratifications in internet browsing include information-seeking, human-interaction, time-dispatching, entertainment-leisure time and convenience of accessibility. In regards to online shopping motivations and gratifications, information-seeking and human-interaction motivations serve greater utilitarian values while time-dispatching, entertainment-leisure time and convenience of accessibility are more entertainment or convenience oriented motivations.

Utilitarian usage motivations and gratifications are important factors for the usage behavior of new mass communication technology. Motivations and gratifications will influence the beliefs of new technology usage while primary beliefs include PU and PEOU. The PEOU is the first major challenge to be faced when users make initial contact with new mass communication technology. If the new technology is easy to learn and operate, more users will be willing to try the technology and allow it to see greater usage in the future. PU is the value that new mass communication technology offers to users, or in other words, the utilitarian and pragmatic value.

Kim, Williams, & Lee (2003) believe that online shopping may assist users in making better purchasing decisions, and hence considered as a useful tool. Bisdee (2007) also believes that online shopping may provide better services to consumers which are otherwise unable to be provided by traditional shopping channels. For example, online shopping allow comparison of different products and services within a short time, and allows inquiry of various relevant information. Therefore, the information-seeking motivations and gratifications has become the main type of online shopping and will strengthen the beliefs of online shopping users. Previous research reports (Wolfenbarger & Gilly, 2001) also indicated the gratification of information-seeking type is a goal-oriented psychological mechanism crucial to online shopping; therefore it may affect the formation of PU and lead to the formation of online shopping attitudes. As such, this leads to the following hypotheses:

H1: The greater the information-seeking gratifications in online shopping are, the stronger the belief of PU will be.

H2: The greater the information-seeking gratifications in online shopping are, the more positive the online shopping attitudes will be.

According to the concepts of TAM (Davis, 1989), PEOU is the influencing factor for acceptance of a new technology. PEOU is a physiological and psychological effect that will allow users to develop expectations of technology usage. Buton-Jones & Hubona (2005) believe that the ease of learning and skillfulness of using pervasive technology is the deciding factor for users to choose a specific shopping website. Thus, PEOU is a critical cognition factor in new technology usage, and also the core factor for formation of beliefs on technology usage.

The research of Selamat, Jaffar, & Ong (2009) indicated that if a new technology provides easier operation than an existing technology, then it will be easier for users to accept it. If a new technology is more complicated and hard to understand, then the time taken for the new technology to be accepted will be delayed. This means that PEOU will influence the difficulty for the new technology to become popular among users, so the greater the PEOU, the earlier the new technology becomes accepted by users. Conversely, the harder it is to become generally accepted.

The growth of the Internet has enabled a continued growth in online shopping while the utilitarian motivations and gratifications of online shopping have provided numerous advantages over traditional shopping channels. The human-interaction motivations and gratifications of online shopping is also a utilitarian psychological mechanism which will strengthen the utilitarian or pragmatic aims of the user. According to research reports (Ko, Cho, & Roberts, 2005), online shopping has goal-oriented and experience-oriented motivations and gratifications. The goal-oriented aspect is the information-seeking motivations and gratifications while the experience-oriented aspect is the motivations and gratifications of human-interaction in online shopping which is able to replace real human-interaction experiences. As the human-interaction gratifications are closely related to new technology usage beliefs, or PEOU and PU, therefore, this leads to the following hypotheses:

H3: The greater the gratifications of human-interaction in online shopping are, the greater the beliefs of PEOU will be.

H4: The greater the gratifications of human-interaction in online shopping are, the greater the beliefs of PU will be.

H5: The greater the gratifications of human-interaction in online shopping are, the more positive the online shopping attitudes will be.

PEOU and PU are types of cognitive beliefs which affects the attitude of users towards new mass communication technology (Yuliharsi & Daud, 2011). Related research reports (Childers, Carr, Peck, & Carson, 2001; Selamat, Jaffar, & Ong, 2009) also indicated the higher the PU of online shopping of users, the more positive the attitudes towards new technology usage will be. A higher PEOU will also lead to more positive attitudes. Therefore, this leads to the following hypotheses:

H6: The higher the PU of online shopping is, the more positive the online shopping attitudes will be.

H7: The higher the PEOU of online shopping is, the more positive the online shopping attitudes will be.

D. Technology Usage Attitude, Intention and Behavior

Flanigan & Metzger (2001) believes that in the usage needs and media functions emphasized in the U&G theory, there are four main functions, including social entertainment, task accomplishment, getting social attention and meeting new people. Social entertainment and getting social attention are leisure oriented needs while task accomplishment and meeting new people are more utilitarian based needs. Generally speaking, leisure and utilitarian needs are the main intents of users of new technology. Some may pursue these needs more actively while others will be pursue to a limited extent, so different people will have different levels of involvement (Suki & Ramayah, 2010).

The attitudes towards media usage are the main reasons for actual media engagement intentions while attitudes can be divided into two aspects of media attitude and behavior attitude. When users encounter new mass communication media, they will form personal evaluation and attitude. When users actually use the media, they will form another set of personal opinions and attitude (Fishbein & Ajzen, 1975). The two aspects of user attitudes will combine to form the overall attitude towards the media.

The research report by Al-Rafee & Cronan (2006) indicated that when using new mass communication media, attitude is the primary reason for influencing intention. The more positive the attitude is, the more active the intention to use online shopping will be. On the other hand, a negative attitude will lead to a low inclination to use online shopping. As such, this leads to the following hypothesis:

H8: The more positive the attitude towards online shopping is, the greater the intention to use online shopping will be.

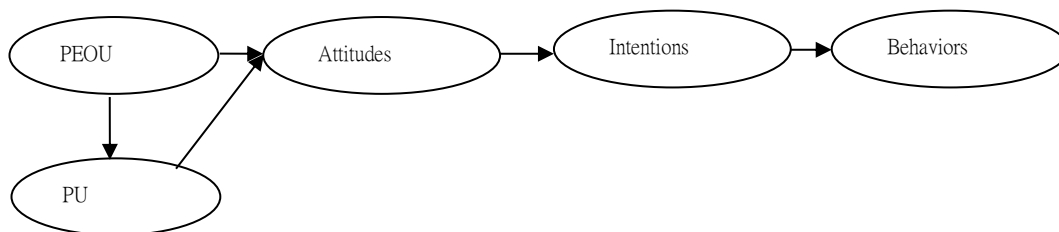
Legris, Ingham, & Collette (2003) research indicated that, from the perspectives of TRA, the PU and PEOU in TAM can be used to explain technology usage behaviors. Users with positive attitudes towards new mass communication technology will have strong media usage intentions and will engage in new technology usage behaviors. Users with negative attitudes towards new mass communication technology will not have strong media usage intentions and are less likely to engage in usage behaviors (King & He, 2006). Therefore, this leads to the following hypothesis:

H9: Users with strong online shopping intentions will be more likely to engage in online shopping usage behaviors.

E. Beliefs, Attitude, Intentions and New Media Usage Behaviors

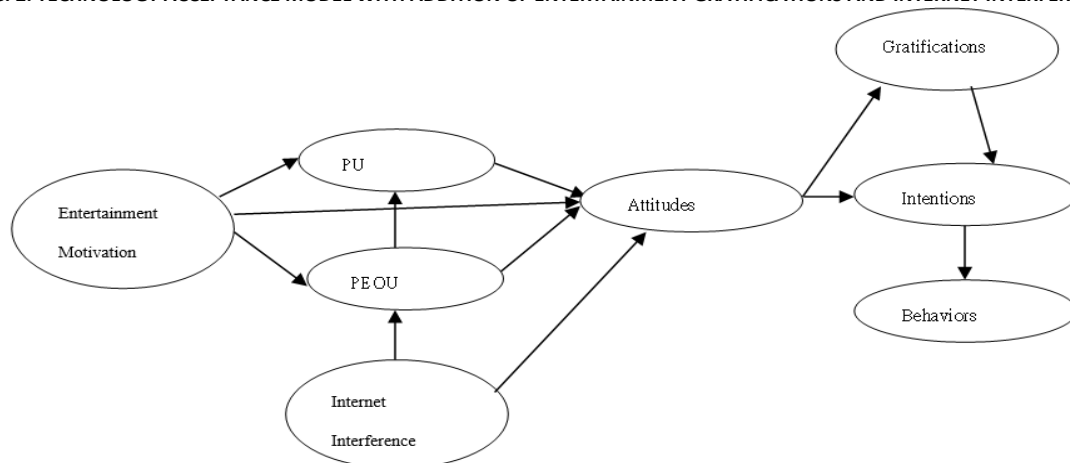
Weng & Ding (2012) research indicated that in the examination of social demographic variables, variables such as gender, age, marital status, income, occupation, academic qualifications and ethnicity are included. In addition, the PEOU and attitude towards online shopping has a positive correlation while PU and attitude towards online shopping also has a positive correlation. The attitude towards online shopping will also positively influence online shopping intentions which will in turn influence actual usage behaviors (Refer to Fig. 1).

FIG. 1: TECHNOLOGY ACCEPTANCE MODEL OF ONLINE MEDIA



The research report of Huang (2008) indicated that PEOU and PU will affect user attitudes but are also influenced by entertainment motivations and internet interference. The greater the gratifications of entertainment are, the greater the PEOU and PU will be. Conversely, lower gratifications of entertainment will lead to lower PEOU and PU. The greater the internet interference is, the weaker the PEOU and PU will be. On the contrary, weaker internet interference will lead to greater PEOU and PU (Refer to Fig. 2).

FIG. 2: TECHNOLOGY ACCEPTANCE MODEL WITH ADDITION OF ENTERTAINMENT GRATIFICATIONS AND INTERNET INTERFERENCE



Weng & Ding (2012) research report also indicated that PEOU will influence PU and both PEOU and PU will affect online shopping attitude while internet attitude will influence online shopping intentions. There are two types of utilitarian motivation, the information-seeking and the human-interaction motivations, and both will influence PEOU and PU. As such, this leads to the following hypothesis:

H10: The gratifications of information-seeking and human-interaction motivations, PEOU, PU, online shopping attitude and online shopping intentions are important variables for predicting actual usage behaviors.

III. RESEARCH METHODOLOGY

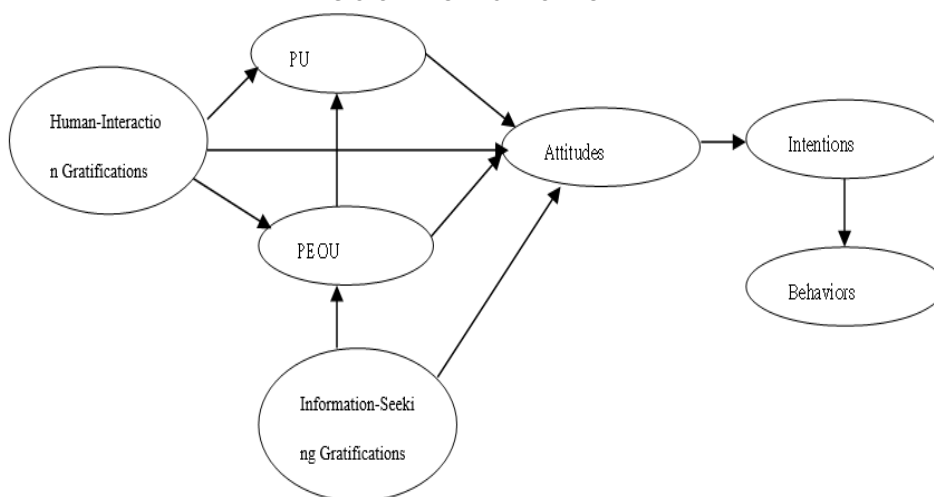
Using previous research reports as reference (ex. Huang, 2008; Weng & Ding, 2012), the actual measurement of this study is conducted through operation conceptualized surveys. Related variables include human-interaction gratifications, information-seeking gratifications, and PEOU, PU, online shopping attitudes, online shopping intentions, and actual usage behavior. The survey questions are presented in the table below.

TABLE 1: SURVEY QUESTIONS OF VARIABLES

Questions	Reference
Human-Interaction Motivation Online shopping websites allow one to start a business with friends. Online shopping websites allow one to assist friends and relatives in starting a business. Online shopping websites allow one to make friends. Online shopping websites allow the possibility of meeting new friends. Online shopping websites allow one to have time to make friends.	Sundar & Limperos (2013)
Information-Seeking Motivation Online shopping websites allow one to obtain information for smooth business management. Online shopping websites allow one to obtain desired commercial information. Online shopping websites allow one to enrich professional skills. Online shopping websites allow the possibility for another career development. Online shopping websites allow the freedom of searching for desired information.	Sundar & Limperos (2013)
Perceived Ease of Use It is easy to learn information on online shopping websites Online shopping procedures are easy and time-saving. Joining an online shopping website is very convenient. It is easy to learn how to manage online shopping website. Clients may also easily learn how to use online shopping websites. Operation guide of online shopping website is easy to understand. Linking social media and online shopping websites together is very convenient. It is easy to obtain purchasing information through online shopping websites.	Huang(2008), Buton-Jones & Hubona (2005)
Perceived Usefulness Online shopping websites are profitable. Online shopping websites offer comprehensive business plans. Online shopping websites can meet marketing demands. Online shopping websites have standard structures and management systems. Online shopping websites can provide product service. Online shopping websites can provide competitive prices. Online shopping websites can control all types of transaction information. Operation guide of online shopping websites can effectively guide users.	Huang(2008), Bruner & Kumar(2005), Ramayah & Ignatius (2005)
Attitudes towards Online Shopping I feel that online shopping websites offer a place for personal learning. I consider online shopping websites as the starting points of careers. I think online shopping websites are formidable tools for social interaction. I feel that online shopping websites are formidable tools for comprehensive marketing.	Ramayah, Rouibah, Gopi, & Rangel (2009), Kim & Forsythe(2010)
Online Shopping Intentions I will discuss the product information provided on online shopping websites. I will spend time for engaging in the online shopping business. I will join careers that engage in online shopping.	Broekhuizen & Huizingh(2009), Chiu,Chang, Cheng, & Fang (2009)
Actual Usage Behaviors Average number of days per visit to online shopping websites. Hours spent on each visit.	Ramayah, Rouibah, Gopi, & Rangel (2009), Kim & Forsythe(2010)
Demographic Variables Gender, Age, Marital Status, Academic Qualifications.	Ramayah, Rouibah, Gopi, & Rangel (2009), Kim & Forsythe (2010)

From the aforementioned discussions of literature reviews, this study proposes the following research model chart. Academicians of related studies believe that the PEOU will influence PU while the belief of PEOU is also affected by human-interaction and information-seeking motivation and gratification factors. PU is influenced by human-interaction motivation and gratification factors. Online media attitude is shaped by PEOU, PU, human-interaction, and information-seeking gratifications. Attitude towards online media in turn will determine online usage intentions which will lead to actual usage behaviors (Refer to Fig. 3).

FIG. 3: CHART OF RESEARCH MODEL



A pre-test of the survey was conducted in October 2013 and distributed 50 sets of surveys and collected 43 effective responses for survey analysis. The surveys adopted a Likert 5-point scale for measurement. Survey variables include human-interaction gratifications, information-seeking gratifications, online shopping intentions, actual usage behaviors and demographic variables.

The Cronbach’s Alpha reliability analysis was conducted on the 43 sets of pre-test responses and Alpha values were above 0.9 (Refer to Table 2). According to the results from the reliability analysis, the variable survey is suitable for use as measurement tool for need gratifications, beliefs, attitudes, intentions, and behaviors of online shopping.

TABLE 2: RELIABILITY ANALYSIS OF PRE-TEST

Variables	Alpha Values	Reliability Scope
Human-Interaction Gratifications	0.981	>.90
Information-Seeking Gratifications	0.978	>.90
Perceived Ease of Use	0.991	>.90
Perceived Usefulness	0.983	>.90
Attitudes towards Online Shopping	0.956	>.90
Online Shopping Intentions	0.914	>.90
Actual Usage Behaviors	0.903	>.90

For the validity analysis of the pre-test, this study uses KMO values to inspect the relativity of the variables. The larger the KMO values are, the more feasible the variables are for conducting factor analysis. Factor analysis is conducted on variables such as human-interaction gratifications, information-seeking gratifications, and perceived ease of use, perceived usefulness, online shopping attitudes, online shopping intentions and actual usage behaviors to allow analysis that can explain the amount of total variance (Refer to following table), and show that the variables have achieved the requirements for validity analysis.

TABLE 3: VARIABLE VALIDITY ANALYSIS

	KMO	Bartlett's Test of Sphericity	Significance	Amount of total variance
Human-Interaction Gratifications	.917	4104.940	.000	91.496
Information-Seeking Gratifications	.892	3877.291	.000	90.122
Perceived Ease of Use	.947	5470.000	.000	82.711
Perceived Usefulness	.975	6345.345	.000	87.094
Online Shopping Attitudes	.915	6532.483	.000	91.235
Online Shopping Intentions	.854	4374.872	.000	75.976
Actual Usage Behaviors	.771	4238.581	.000	76.615

The official survey was conducted in April 2014 in an annual event organized by an online shopping website in Taipei. Six surveyors were stationed in six entrances, entrances A, C, E, F, G, I, K, out of the total 11 entrances A - K. When members enter the venue, random survey investigations were conducted on the passersby. After completion of the survey forms by respondents, the interviewers checked for completeness of the forms.

There were 553 sets of collected survey forms and after verification, 539 were effective samples which is a collection rate of 97.468% (Refer to Table 4). Demographic variables in the samples include “gender”, “age”, “marital status” and “academic qualifications” and SPSS 12.0 software was used to organize the data. Amongst the samples, the gender variable numbered 255 males (47.3%) and 284 females (52.7%). In the age variable, 207 people (28.4%) were in the range of 26-35 years old, followed by 126 people (23.4%) in the 36-45 age range, 115 people (21.3%) in the 19-25 age range, 61 people (11.3%) in the 46-55 age range and the least being 3 people (0.6%) in the 66-75 age range.

In regards to marital status distribution, 271 people (50.3%) were married, followed by 251 people (46.6%) were single, 16 people (3.0%) were divorced, and 1 person (0.2%) was widowed. In academic qualifications, 321 people (59.6%) possessed university qualifications, followed by 142 people (26.3%) with senior high school qualifications, 52 (9.6%) with postgraduate qualifications, 17 (3.2%) with junior high school qualifications and 7 (1.3%) with elementary school or lower qualifications.

TABLE 4: DEMOGRAPHIC VARIABLES DISTRIBUTION TABLE

	Measurement Items	Number of people	Percentage
Gender	Male	255	47.3
	Female	284	52.7
	Total	539	100
Age	18 ears old	4	.7
	19-25 years old	115	21.3
	26-35 years old	207	28.4
	36-45 years old	126	23.4
	46-55 years old	61	11.3
	56-65 years old	23	4.3
	66-75 years old	3	.6
	Total	539	100
Marital Status	Married	271	50.3
	Single	251	46.6
	Divorced	16	3.0
	Widowed	1	.2
	Total	539	100.1
Academic Qualifications	Elementary School and below	7	1.3
	Junior High School	17	3.2
	Senior High School	142	26.3
	University	321	59.6
	Postgraduate	52	9.6
	Total	539	100

In the data analysis of aforementioned variables, reliability analysis, validity analysis, Pearson's chi-squared test, related analysis and regression analysis and path analysis will be conducted to explore the relations between the variables.

IV. DATA ANALYSIS

The reliability analysis of the main variables include conducting reliability analysis, correlation analysis of questions and correlation analysis after omission on variables of human-interaction gratifications, information-seeking gratifications, PEOU, PU, attitudes towards online shopping, online shopping intentions and actual usage behaviors. PEOU question is 3: "The threshold for joining online shopping business is very low and does not require franchise fees or royalties." The correlation coefficient for the question is .780 and will rise to .971 after omission. As the reliability value lies within acceptable range, the question for perceived ease of use will not be omitted. After inspection, other question also show reliability values within correlation coefficient ranges, so the survey on the whole has high reliability values (Refer to Table 5). Therefore, the survey will remain unchanged and the questions can be added as variables to the total.

TABLE 5: CORRELATION COEFFICIENT OF RELIABILITY VALUES OF QUESTIONS

Questions	Correlation Coefficient	Values After Omission	Reliability Values
Human-Interaction 1	.944	.969	.977
Human-Interaction 2	.925	.972	
Human-Interaction 3	.944	.969	
Human-Interaction 4	.902	.975	
Human-Interaction 5	.942	.969	
Information-Seeking 1	.925	.965	.972
Information-Seeking 2	.922	.965	
Information-Seeking 3	.915	.967	
Information-Seeking 4	.932	.964	
Information-Seeking 5	.906	.968	
Perceived Ease of Use 1	.900	.964	.969
Perceived Ease of Use 2	.915	.963	
Perceived Ease of Use 3	.780	.971	
Perceived Ease of Use 4	.903	.964	
Perceived Ease of Use 5	.884	.965	
Perceived Ease of Use 6	.904	.964	
Perceived Ease of Use 7	.886	.965	
Perceived Ease of Use 8	.866	.966	
Perceived Usefulness 1	.903	.976	.979
Perceived Usefulness 2	.889	.977	
Perceived Usefulness 3	.916	.976	
Perceived Usefulness 4	.931	.975	
Perceived Usefulness 5	.930	.975	
Perceived Usefulness 6	.915	.976	
Perceived Usefulness 7	.917	.976	
Perceived Usefulness 8	.895	.977	
Online Shopping Attitudes 1	.902	.958	.965
Online Shopping Attitudes 2	.904	.957	
Online Shopping Attitudes 3	.936	.948	
Online Shopping Attitudes 4	.913	.754	
Online Shopping Intentions 1	.673	.696	.704
Online Shopping Intentions 2	.606	.673	
Online Shopping Intentions 3	.621	.659	
Actual Usage Behaviors 1	.665		.787
Actual Usage Behaviors 2	.643		

Related analysis results (Refer to Table 6). H1: The greater the information-seeking gratifications in online shopping are, the stronger the belief of PU will be. Correlation coefficient is 0.865 (P<.001), therefore H1 is proven.

H2: The greater the information-seeking gratifications in online shopping are, the more positive the online shopping attitudes will be. Correlation coefficient is 0.869 (P <.001), therefore H2 is proven.

H3: The greater the gratifications of human-interaction in online shopping are, the greater the beliefs of PEOU will be. Correlation coefficient is 0.872 (P <.001), therefore H3 is proven.

H4: The greater the gratifications of human-interaction in online shopping are, the greater the beliefs of PU will be. Correlation coefficient is 0.830 (P <.001), therefore H4 is proven.

H5: The greater the gratifications of human-interaction in online shopping are, the more positive the online shopping attitudes will be. Correlation coefficient is 0.843 (P <.001), therefore H5 is proven.

H6: The higher the PU of online shopping is, the more positive the online shopping attitudes will be. Correlation coefficient is 0.929 (P <.001), therefore H6 is proven.

H7: The higher the PEOU of online shopping is, the more positive the online shopping attitudes will be. Correlation coefficient is 0.842 (P <.001), therefore H7 is proven.

H8: The more positive the attitude towards online shopping is, the greater the intention to use online shopping will be. Correlation coefficient is 0.317 (P <.001), therefore H8 is proven.

H9: Users with strong online shopping intentions will be more likely to engage in online shopping usage behaviors. Correlation coefficient is 0.402 (P <.001), therefore H9 is proven.

TABLE 6: CORRELATION COEFFICIENT BETWEEN VARIABLES

	Information-Seeking	Human- Interaction	Perceived Ease of Use	Perceived Usefulness	Online Shopping Attitudes	Online Shopping Intentions	Actual Usage Behaviors
Information- Seeking	1						
Human- Interaction	0.916***	1					
Perceived Ease of Use	0.865***	0.872***	1				
Perceived Usefulness	0.865***	0.830***	0.836***	1			
Online Shopping Attitudes	0.869***	0.843***	0.842***	0.929***	1		
Online Shopping Intentions	0.350***	0.339***	0.339***	0.339***	0.317***	1	
Actual Usage Behaviors	0.296***	0.306***	0.307***	0.289***	0.274***	0.402***	1

In regression analysis (Refer to Table 7, Table 8), demographic variables of “gender”, “age”, “marital status”, “academic qualifications” and human-interaction gratification, information-seeking gratification, PEOU, PU, online shopping attitude, and online shopping intention variables are input into SPSS12.0 software to conduct regression analysis based on the variable actual usage behavior. The variables of the needs of human-interaction and online shopping intentions are proved to have predictive powers for the actual online shopping behavior, therefore H10 is partial proven.

TABLE 7: REGRESSION ANALYSIS OF VARIABLES

Predicted Variables	Model 1	Model 2
Constant	4.340	3.691
Human-Interaction	.076	.074
Information-Seeking	-.020	-.032
Perceived Ease of Use	.010	.010
Perceived Usefulness	.006	.033
Online Shopping Attitudes		-.063
Online Shopping Intentions		.215
Adjusted R square	.071	.142
Significance	.000	.000

TABLE 8: DIVERSIFIED REGRESSION ANALYSIS

Predicted Variables	Normalization coefficient	t values	Significance
Constant		11.868	.000
Human-Interaction	.257	2.183	.030
Information-Seeking	-.109	-.840	.401
Perceived Ease of Use	.053	.542	.588
Perceived Usefulness	.167	1.192	.234
Online Shopping Attitudes	-.164	-1.140	.255
Online Shopping Intentions	.276	6.514	.000
Adjusted R square	.142		
Significance	.000		

CONCLUSION

The first research question proposed in this study is what is the relation between uses and gratifications, beliefs, attitudes, intentions and behaviors of online shopping platform users? From the proving of H1 to H9, it may be observed that the stronger the information-seeking gratification of online shopping is, the stronger the beliefs of PU will be. The stronger the information-seeking gratification of online shopping is, the more positive the attitude towards online shopping will be. When there is a stronger human-interaction gratification, the PEOU will also be greater. A strong human-interaction gratification will also influence a strong belief of PU. When there is a stronger human-interaction gratification, attitude toward online shopping will also be more positive. The higher the PU, the more positive the attitude towards online shopping will be. The higher the PEOU, the more positive the attitude towards online shopping will be. When online shopping users have positive attitudes, the online shopping intentions will also be higher. The higher online shopping intentions will then lead to easier generation of online shopping usage behaviors.

The second research question explores the direct and indirect variables influencing online shopping platform usage behaviors. According to the regression analysis results of H10, this study discovered that human-interaction gratification and online shopping intentions will affect actual online shopping behaviors. Based on different levels of previous experiences, beliefs, attitudes, and behaviors, the previous experiences of the user will influence the user’s online shopping beliefs. In regards to gratification of utilitarian needs, the greater the human-interaction and information-seeking gratifications, the more online shopping beliefs will be supported and enhancing cognitive structures will give rise to stronger PEOU and PU. A stronger belief will influence a more positive online shopping attitude and greater online shopping intention which will lead to augmented usage behaviors.

Based on the above findings, we can know that when online shopping users seek gratification for utilitarian needs, the main types are human-interaction and information-seeking gratifications, and are based on the theories of TAM for online behavior. Related research (Ex. Weng & Ding, 2012) indicate, through the

verification of theories and practices of the TAM, the relations between the various variables are clear. But, are there different types of gratifications for utilitarian needs? What is the relation between different types and new mass communication technology usage?

Huang (2008) believes that the media usage behavior of online shopping users is based on personal gratification and attitude towards online shopping which also means that the user attitude originates from the cognition and beliefs of media usage, including PEOU and PU. This study differentiates utilitarian needs into human-interaction gratification and information-seeking gratification. Information-seeking gratification has a direct influence on PEOU while human-interaction gratification has a direct influence on both PEOU and PU. Such media usage behaviors illustrate when online shopping users are engaged in media usage behaviors, previous experiences will influence the user beliefs, and then influence user attitudes before influencing user behaviors. The previous experiences refer to gratification of utilitarian needs, or the experiences of media usage in human-interaction and information-seeking needs. Such experiences will influence online shopping beliefs, or the PEOU and PU of online shopping. The previous experiences will also influence online shopping attitudes and even determine online shopping intentions which will further decide online shopping behaviors.

The analysis results indicate that when online shopping users are engaged in online activities in pursuit of need gratification, besides entertainment needs, gratification of utilitarian needs is also an important function. The utilitarian behaviors taken by users in the pursuit of real world replacements include two alternative online behaviors of human-interaction and information-seeking. These online behaviors have become the main type of needs for online shopping users. If the human-interaction and information-seeking needs may be satisfied, the user will develop positive online shopping attitudes and intentions and therefore be encouraged to engage in online shopping behaviors.

The U&G theory also indicate that media usage behavior and gratification after media usage is closely related. Therefore, the previous experiences of media usage will influence media usage behaviors of future online shopping. Users will not use media based on gratification of entertainment needs. For gratification of utilitarian needs, media usage can also achieve the objectives of gratification.

This study discovered that the designs of modern online shopping websites have deviated from entertainment directions and no longer attract leisure users or provide sensory stimulus for browsing. In place, the gratifications for utilitarian needs have become the primary attraction for user browsing. This is especially so as the internet provides information-seeking conveniences and online social media convenience, and thus becoming the main media for human-interaction and information-seeking gratifications. To the users of online shopping, browsing the internet allows gratification of utilitarian needs which is the principal intention and also encourages media usage behaviors.

The needs of online shopping users include providing user-friendly functions, specific features of websites, quality information, good combinations of products and services and competitive pricing strategies. These factors are the possible factors for attracting online users. This study discovers that human-interaction and information-seeking functions, or the finding people and finding information functions are the primary factors for attracting online shopping users. Therefore, online shopping websites should possess strong social media functions and integrated database system functions to further attract website users.

This study believes that attracting users to online shopping websites or other new media websites does not necessarily require a website appearance or primary entertainment function that fulfills the entertainment needs. This means that even if users are attracted to visit the website, if the website cannot meet the human-interaction and information-seeking needs valued by users in modern online shopping, users will not necessarily continue using the media, and may even develop negative attitudes and intentions. Hence, online shopping website administrators should enrich the human-interaction and information-seeking functions of the website to facilitate usage of website functions to satisfy basic needs.

Further research can explore the use of new business media platforms. The researcher can understand the use of different needs and understand the use of motivation and demand. Further research may explore the site design or entertainment needs to increase the use of relevant new business users Media platform.

NOTE

The 2014 "B2C Online Shop Management and Investigation Report" published by Institute for Information Industry showed that the percentage of online shops that break even or made profits have increased from 51.6% in 2011 to 59.7% in 2013. The investigation was based on surveys conducted on Taiwan online shops between June and August and collected 516 effective responses. Information Source: <https://tw.news.yahoo.com/2013%E5%B9%B4%E8%B3%BA%E9%8C%A2%E7%B6%B2%E5%95%86-%E8%BF%91%E6%88%90-215038774--finance.html>

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FALLING LABOUR'S SHARE OF INCOME

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ABSTRACT

The labor income share is a key determinant of relevant macroeconomic variables, such as competitiveness, inflation, human capital accumulation, demand and income distribution. Simple economic models predict that the labor income share will fluctuate around a long-run value, thus implying a balanced growth path. However, for over three decades, the share of national income going to labor, in most countries, has been declining. Conversely, capital's share of national income has increased. However this trend of declining labor's share of income has been less noticeable as national income is continually rising. This decline has been secular, other than a small recent temporary reversal in some countries for which various reasons have been given by many economists and institutions. Thus, this paper will examine the trends in this decline in many countries, its causes, and the implications for economic development and the consequences of this shift on economies and societies with few measures which needs to be taken to control it.

KEYWORDS

labour's income, economic development.

1. INTRODUCTION

By Globalization we mean elimination of barriers to trade, cultural exchange and of communication. According to IMF globalization is "the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, freer international capital flows, and more rapid and widespread diffusion of technology". Globalization has initially started with World War I and then collapsing with the crisis of the gold standard in the late 1920's and early 1930's. Countries involved in this basically prospered due to the immense inequality among them as globalization enables the free flow of goods, capital and labor among them. Globalization in the era since World War II has been driven by trade negotiation rounds like GATT, Uruguay round, bilateral trade agreements like Maastricht treaty and North American free trade agreement etc. In short, Globalization includes greater international movement of commodities, money, information, and people; and the development of technology, organizations, legal systems, and infrastructures to allow this movement. Globalization has different aspects which affects the world economies in several different ways like financially, industrially, economically, politically, culturally, socially, technically, ethically etc. Globalization brings countries closer and improves the quality of life and standard of living. With globalization, the world economies are expanding rapidly day by day and it's not only affecting them positively but also having some harmful effects on some section of the society. It has been seen that over the past 3 decades the share of labor's income from the entire national income is decreasing thoroughly due to various reasons. This is not affecting adversely on the productivity of the labors but also affecting the aggregate demand of the labor in the labor market globally. Although globalization of labor is good for some economies but it proves bad for other economies. In this paper an attempt has been made to explain the various reasons and its effects of the falling share of labor income along with the instances of some other comparative studies.

2. SHRINKING LABOR'S SHARE FROM THE ENTIRE GDP PIE

A striking feature of the current expanding economy is the unusually low share of national income which is earned by labor. According to recent Bureau of Labor Statistics data, labor's share of national income is as low as of post World War II. According to some other study done by the Organization for Economic Co-operation and Development (OECD), labor captured just 62% of all income in the 2000s, down from over 66% in the early 1990s whereas in America, wages used to make up almost 70% of GDP which is 64% now. Some of the biggest declines have been in the egalitarian societies such as Norway (where labor's share has fallen from 64% in 1980 to 55% now) and Sweden (down from 74% in 1980 to 65% now). A drop has also occurred in many emerging markets, particularly in Asia.

FIG. 1

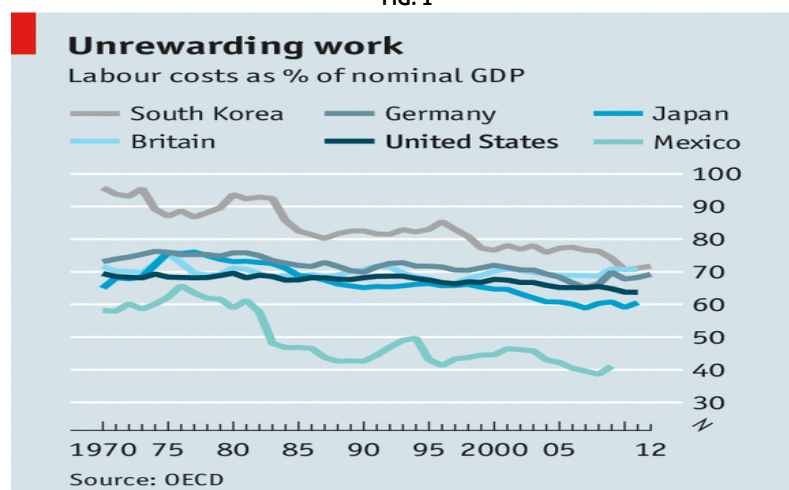
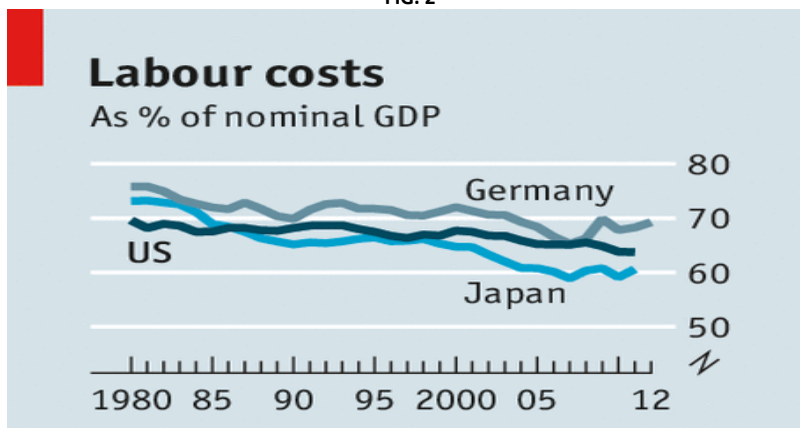
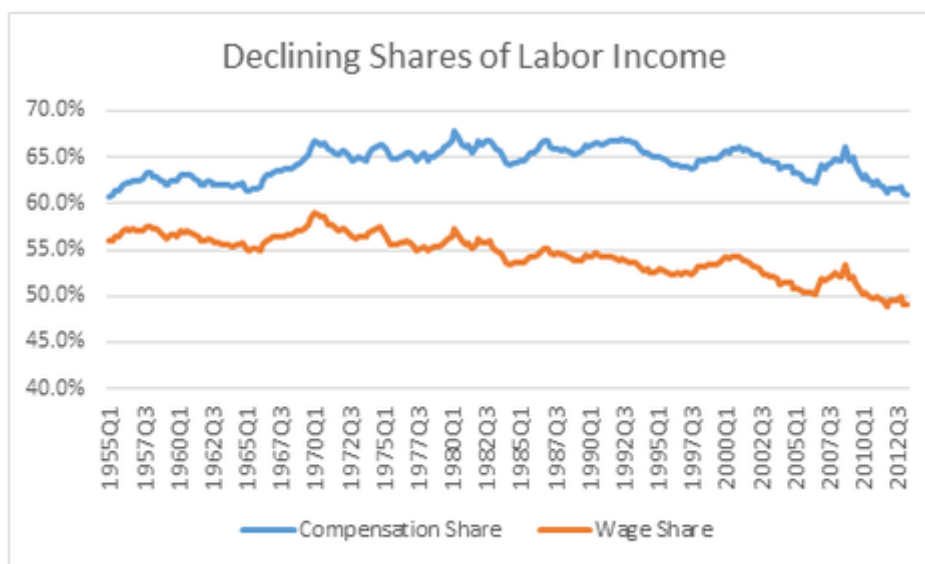


FIG. 2



In terms of the total compensation share of national income, along with the wage share (excluding what employers pay for workers' pensions, health coverage and social insurance), the following chart shows that the wage share has been coming down faster than the overall compensation share, initially because more workers were getting more of their pay in non wage benefits, but now it is happening because employers have been shedding health and pension benefits (the share of the population with employer-provided health coverage has declined over the last decade from about 73 percent to 63 percent).

FIG. 3



Source: Bureau of Economic Analysis, National Income and Product Accounts Table 1.12 (national income shares of compensation and wages)

2.1 CAUSES OF THIS TREND

The main reason for this declining share is obviously the rising share of capital which is taking over the share of labor; we can also say that today's productivity growth is largely accrued to capital, not to labor. As a result, growth in real hourly compensation (or real unit labor costs) has lagged behind productivity growth. However, as per some economists the big firms and the weakened workers' union are responsible for this declining share whereas according to some others the main fault lies with government policies and high taxes.

Let's look this from an economic model angle. Suppose that some capital is a substitute of labor, rather than a complementary good. If we call this "labor-like" capital "M", the production function goes from $L^a * K^{(1-a)}$ to $(L+M)^a * K^{(1-a)}$, and the labor share will fall from a to $a * L / (L+M)$, while capital's share will increase from $(1-a)$ to $(1-a) + a * M / (L+M)$.

Moreover, in macroeconomics we have an equation that explained the wage share and assumed Cobb Douglas production functions (Diminishing marginal returns on production factors). In this model, the wage share was dependent on two things: the level of companies' market power (ability to set instead of accepts prices) and the importance of capital in production (the exponents in the Cobb-Douglas function). This model shows that both these factors are negatively related to the wage share (A high level of market power will increase the price of sales and increase the profits which will go to the owners of the capital in the form of dividends rather than going to the labor, whereas, if a higher importance is given to the capital in production then the companies will spend more on capital than on labor).

Workers in America blame the availability of cheap labor (increasing population in the developing countries lead to an increase in the labor force which further reduces their wage rates) in the developing economies for this trend. According to a research done by Michael Elsby of the University of Edinburgh, Bart Hobijn of the Federal Reserve Bank of San Francisco and Aysegul Sahin of the Federal Reserve Bank of New York, the labor's share in many industries in America is falling due to the exposed competition of these industries to imports, which is also leading to a growing wage disparity.

But the main culprit for this is the technology. According to OECD estimates, technology accounts for roughly 80% of the drop in the labor share among its member countries. Day to day improving technology not only provides an advanced way of production and improves the rate of production but also it provides powerful equipments which help the firms to automate an ever larger array of tasks. It also proves cheaper for the firms to take up new technology as against employing more labor for production. Moreover, in recent decade's jobs requiring middling skills have declined sharply as a share of total employment, while employment in high- and low-skill occupations has increased.

Furthermore, trade and technology's toll on wages has been abetted by the changes in employment laws. For instance, during late 1970s European workers enjoyed high labor share because of stiff labor-market regulation. But due to privatization and labor and product market liberalization labor share tumbled; this also leads to high unemployment in some countries too. Though, accelerating technological change and rising productivity create the potential for rapid improvements in living standards but if the resulting income gains prove elusive to wage and salary workers, then that promise may not be realized.

One of the reasons for falling wage rate is migration. Since low wage workers are increasingly migrating to the high wage countries thus leading to an increase in the supply of labor and reduction in the wage rate.

It has also been seen from the European spread that especially burdensome insider/outsider labor regulation & payroll taxation (e.g. Spain, Italy, Greece, Romania) reduces labor's share of GDP.

Hence, the usual suspects for this declining trend of labor's income are globalization, technological change, financialization (the growth of the finance sector), and declining workers' bargaining power.

2.2 CONSEQUENCES OF THIS TREND

This trend has very ugly consequences, both politically and economically. It, in turns, worsens inequality as capital tends to be owned by richer households and a rising share of national income is going to capital. For instance, in America, the share of national income going to the bottom 99% of workers has fallen from 60% before the 1980s to 50%. When growth is sluggish, as it is now, these shifts would mean that most workers are getting a smaller morsel of a smaller slice of a slow-growing pie. Within the labor share, the relative incomes of those with education and position rose. The main impact of the decline in the labor share on the economy is reduced demand which in turns adversely affects the economic growth. Thus, inequality is impacting on growth, on social mobility, engendering disillusionment with politics and may affect democracy.

This falling share would also means higher unemployment in the long run. However, According to the report by ILO, this pattern, in many countries, have seems to involve rising dividend payments.

Such trends may force the governments to adopt new protections for workers as a means to support the labor share. But such regulation might lead to more unemployment or to an even faster shift to automation. Moreover, trade's impact could become gentler in future as emerging-market wages rise, but that too could simply hasten automation.

2.3 WHAT NEEDS TO BE DONE

Many economists says that there are few remedies to this trend as it's a natural process where the market determines the resource allocation and policy making are not so important but since the standing pillars of a good market system is the policies, therefore, it becomes very important to have good policies for improving this trend.

There are many remedies which can be undertaken by the nation whereas may remedies needs international cooperation. The main areas of policy for reform are:-

1. Rebalance labor market institutions,
2. Address taxation progressively, evasion and avoidance,
3. Radical reform of corporate governance and company laws,
4. Improve labor market activation, social welfare and education.

However, much could be done to improve the position of labor without damaging economic efficiency or corporate wellbeing; governments could restore some balance by developing efficient collective bargaining structures which would allow trade unions greater countervailing roles in governance of business, as in Germany with Co-determination. All employers should be licensed in all countries and should adhere to basic human rights and social standards of each country, within ILO parameters.

On the other hand, the international agencies should act on labor standards, on the basis of decent work, promoting respect for human and workers' rights. And for emerging economies, they should insist on:

- freedom of association and the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of all forms of forced or compulsory labor;
- the effective abolition of child labor, especially in its worst forms.

Furthermore, progressive income taxation policies should be used to reduce inequality which is partly due to "an unprecedented rise in top incomes."

The current reforms to curb international tax evasion with action against tax havens, with strengthened International tax agreements are a start. The EU should move against all the tax havens and pursue coordination of corporate tax.

Moreover, corporate governance should become a priority because it was at the heart of the Crash of 2008. There should be far greater financial disclosure, reform of the professions, of company law, of executive pay and of boards. Progress is being made in the regulation of banking.

3. CONCLUSION AND SUGGESTIONS

Since this is a global phenomenon, occurring in most of the countries, labor's share is falling in different places with different politics and different trade policies. It is declining in both trade surplus and trade deficit countries, with high and low unionization rates and varying levels of capital intensiveness.

However, on one hand, there really isn't evidence for the idea that technology is eroding the labor share of GDP. Indeed, if nominal interest rates continue to fall, we are more likely to see capital's share of GDP to fall further (and wages rising) amidst rising investment and increasing capital saturation. But at the other hand, as per the study by Bureau of Labor Statistics, "a fall in labor's share does not necessarily imply a rise in capital's share; indirect taxes and subsidies constitute a wedge between these two series. Consequently, a fall in labor's share *could* be associated with a rise in capital's share, but it *could* also be due to a rise in the share of indirect taxes less subsidies."

Moreover a cyclical pattern to labor's share has been seen over the period i.e., it rises during recessions and falls during expansions and the recent fall in labor's share can be due to the early part of a business cycle expansion. But whether these movements in labor's share have implications for monetary policy or not; that is a bigger question to look upon. The need of the hour for the policymakers is to focus on improving the prospects of low paid and low skilled labor and to spread the capital gains more widely. More work means a stronger labor market, which would bid up employees' slice, as it did in America in the 1990s when unemployment was at record lows. Moreover a greater emphasis should be given on rebooting the current education and training system, more technical subjects should be introduced so that instead of replacing workers by machines, labor would be required to design and operate machines.

Since the current economic and political system has become a system of extraction rather than production, thus it is the need of the hour to favor new economic and resource management models. As more people are no longer needed in the workforce, the only solution is to redistribute and for this taxing the companies on the basis of profit per employee is the fairest way to achieve this redistribution.

An economist has given his thought of providing incentives to the companies that pay higher wages by the government. According to him a company can deduct a larger share of expenses from its tax liabilities if those expenses are due to wages paid to employees and thus help in improving the payment to the factor of production.

However for the past four decades, US payrolls as a portion of GDP are falling while the earnings portion is at record highs. This is because of the reduction in the domestic labor content of goods and services by the rapid and continuing evolution of computer, communication and transportation technology which has enabled automation and outsourcing. Through this all of the labor "savings" have been diverted to the wealthy for short-term earnings improvements. But this has not resulted in lower prices for goods and services because there has also been a concurrent a formation of monopolies through the acquisition of competing firms; since in US, monopolies have cost advantages over smaller competitors with regard to effective tax rate, sales tax, shipping, procurement, per capita healthcare, access and cost of capital and even special municipal subsidies.

Since this deterioration of payrolls is ongoing thus it can only be corrected by the federal intervention by adopting traditional approaches like by strengthening unions and redistributing the taxes. For this government can also impose a punitive excess earnings tax (EET), which will enable the corporations to take the needed internal corrective actions to avoid its burden.

Hence, the economic future is bright only for those who have good technology knowledge and have high skills to augment their productivity and their respective income share. Since we have a global crisis of demand due to increased inequality, it has become very important for any country to emphasize on increasing its

exports and imposing national wealth tax for the richer over and above the income tax and then redistribute this by some other mode like by increasing the salaries of the employees or by structure unemployment insurance so that it smoothes income for all workers, including part-timers and the self-employed. Government can also tax less to labor, by cutting Social Security and Medicare taxes and making up the difference by increasing capital gains taxes because it has been seen that the biggest single inequality creating distortion in the tax code is the preferential treatment for capital gains over income.

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TRENDS OF FDI IN INDIAN RETAIL SECTOR

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ABSTRACT

The study finds out that the retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. Retail has emerged as one of the most profitable sector worldwide and it is dominating the economies of many countries. Retail sector in India is one of the pillars of economy; it contributes 15% of GDP and 8% of the employment of the total workforce. It is estimated to be US\$ 450 and one of the top five retail markets in the world by economic value. After the reform policy of FDI in retail sector, it is seen that increased FDI inflow has into economy as well as FDI flow in retail sector, also India's share in world FDI has increased. Finally, I have concluded and suggested that such a massive FDI is needed by India in order to achieve the objective of its post economic reform and to growing & maintain the growth rate of the economy.

KEYWORDS

FDI, Indian retail sector.

INTRODUCTION

Foreign direct investment (FDI) plays a very important role in the growth of any economy. The developing countries as like India suffer from low level of income and capital accumulation. However, despite this shortage of capital for Industrialization and economic development. The country depends of foreign capital to achieve the objective of expected economic growth rate economy. Due to these FDI, flow needed such massive. 'FDI an investment made to acquire lasting or long-term interest in enterprises operating outside of the economy of the investor.' Today retailing has emerged as one of the most profitable sectors worldwide and it is dominating the economies of many countries. Indian retail sector contributes 14% to 15% its GDP and absorbs about 8% our labour force. The great Indian retail sector is changing day by day. The various global players are trying to enter into the highly opportunistic Indian retail sector. The global interest grew on release of a press Note-3, in Feb. 2006, which permitted although on a very selective basis. Foreign direct investment (FDI) up to 51% in single brand retail sector. In November 2011 Govt. of India announced retail reform for both single bran and multi brand retail sector.

RESEARCH METHODOLOGY

The researcher has adopted analytical, descriptive and comparative methodology for this paper reliance has been placed on books, Journals, various reports, newspapers and online databases. This study focused on the analysis of emerging trends in Indian retail sector. FDI policy regard to retail sector in India finally certain suggestion are stated.

RETAIL SECTOR IN INDIA

In India, the retail sector is the second largest employer after agriculture. Retail sector in India is highly fragmented and consists predominantly of small independent and owner managed shops. There are some 12 million retail outlets in India. Besides the country is also dotted with low cost. India's retail sector is globally recognized as the sunrise industry. Retailing in India is one of the pillars of its economy and accounts for 14% to 15% it's GDP and absorbs about 8% our Labour force. The Indian retail market is estimated to be US\$450 billion and one of top five retail markets in the world by economic value. India is one of fastest growing retail markets in the world, with 1.2 billion people. India's retailing industry is essentially owner manned small shops account for more than 90% in 2010, larger format convenience stores and supermarkets accounted for about 4% of the industry, and these were present only in large urban centers. India has moved in to 21st Century and is showing marked changes to push the organized retail development.

The Indian retail sector is generally divided in to organized and unorganized retailing.

ORGANIZED RETAILING: Organized retailing refers to trading activities undertaken by licensed retailers, these who have registered for sale tax, income tax etc. These include corporate- backed hypermarkets and retail chains, and also privately- owned large retail business. Hence, organized retail which now constitutes a small four percent of total retail sector is growing at a much faster pace of 45% to 50% per annum and quadruples its share in total retail trade to 16% by 2012.

UNORGANIZED RETAILING: Unorganized retailing refers to the traditional form of low cost retailing, for example local kirana shop, owner- operated general stores, paan/beedi shop, convenience stores, hand cart and street vendors etc. The un organized retail sector is growing at about 10% per annum with sales rising from US\$390 billion in 2006-07 to US\$496 billion in 2012. Its share in total retail to 84%.

TABLE NO. 1: INDIA'S ORGANIZED AND UNORGANIZED RETAIL SECTOR (Rs. Billion)

Years	Organized Retailing	Unorganized Retailing	Total Retail
2003 - 04	350 (3.3)	10241 (96.7)	10591 (100)
2004 - 05	408 (3.6)	10900 (96.4)	11308 (100)
2005 - 06	479 (4.0)	11554 (96.0)	12033 (100)
2006 - 07	598 (4.1)	13976 (95.9)	14574 (100)
2007 - 08	837 (5.0)	18913 (95.0)	19750 (100)
2008 - 09	1214 (5.5)	20769 (94.48)	21983 (100)
2009 - 10	1778 (7.24)	22804 (92.76)	24582 (100)
2010 - 11	2640 (9.29)	24900 (90.41)	27540 (100)
2011 - 12	3946 (12.72)	27079 (87.28)	31025 (100)

Source: www.cci.in A brief report on retail sector in India, August, 2012.

NEED FOR FDI IN RETAIL SECTOR

FDI is a boon for developing countries. It has many benefits, it is increasingly seen as a source of funds. FDI can make an economic growth by bringing new skills in workers and integrating economy.

- i) India is second largest country in view of population. Percentage of educated unemployment is more than any other country. So with the help of FDI in retail sectors we can create more employment opportunity.
- ii) India needs FDI for growth of knowledge and new technology. New technology will lead India to the top most rank.
- iii) Agriculture sector contributes more to Indian economy. FDI plays an important role to circulate Agriculture product in the market with more benefit for farmers.
- iv) for keeping food and commodity process under control, FDI in food restaurant help to some extent.

FDI POLICY WITH REGARD TO RETAIL SECTOR IN INDIA

As part of the economic liberalization process set in place by Industrial policy of 1991, India in 1997 allowed foreign direct investment in cash and carry wholesale. Then, it required government approval. Requirement was released and automatic permission was granted in 2006. The Indian government has opened the retail sector to FDI slowly through a series of steps.

- 1995 WTO general agreement on trade in services, which include both wholesale and retailing services, come into effect.
- 1997- 100% FDI being permitted in cash and carry wholesale trading under the government approval route.
- 2006- FDI permitted in cash carry wholesale trading comes under the automatic route. Up to 51% investment in single- brand retail out let permitted.
- 2010- DIPP (Department of Industrial policy and promotion) had put up a discussion paper proposing FDI in Multi-Brand retail.
- 2011- Union cabinets approved 100% FDI in single brand and 51% FDI in multi-brand retail.

FDI TRENDS IN INDIA'S RETAIL SECTOR

- FDI inflow in Indian has increased due to adoption of more liberal foreign policy. The Govt. of India most effects to attract FDI in order to achieve the objective of economic development. Although India's share in world FDI inflows has increased from 0.3% to 1.6 % from 2001 to 2013. Through, this is not an attractive share when it is compared with china, Brazil etc.
- FDI inflows in India show positive trend during the study period. Gross inflows of FDI include 63% share of direct investment in equity and 37% share of portfolio investment. It is found that service sector tops in attracting highest FDI in equity inflows, followed by manufacturing sector.
- In between period 2000-2013, Indian retail sector attracted about US\$ 1.9 Billion in foreign direct investment representing a very small 1.5 of total FDI flow in India. After reform of FDI policy we have shown that FDI inflow in India has increased from Rs. 10368 crores to Rs. 165146 crores, its growth rate 25.5% and also India's share in GDP has increased from 0.50 to 3.64. (table No.2)

TABLE NO. 2: INDIA'S FDI INFLOWS IN RETAIL SECTOR AND ITS PERCENTAGE OF TOTAL FDI AND GDP

Years	FDI Flow in				FDI in retail sector	
	Amounts in US\$. Million	Growth rate (%)	FDI % age GDP at Factor cost	Share of India in World FDI	Amounts in US\$. Million	FDI in retail sector % age total FDI
2000 - 01	4029	-	0.56	0.2	-	-
2001 - 02	6130	52	0.94	0.5	-	-
2002 - 03	5035	-18	0.67	0.5	-	-
2003 - 04	4222	-14	0.53	0.7	157	3.64
2004 - 05	6051	40	0.61	0.8	179	2.96
2005 - 06	8961	48	0.91	0.8	298	3.34
2006 - 07	22826	146	2.46	1.4	450	1.98
2007 - 08	34843	53	3.15	1.3	392	1.13
2008 - 09	41873	20	3.68	1.6	420	1.0
2009 - 10	37745	-10	3.72	1.7	536	1.42
2010 - 11	34847	08	2.02	1.4	391	1.12
2011 - 12	46556	34	3.78	1.8	567	1.21
2012-13	36860	-21	3.64	1.6	551	1.49
Dec.2013	11709					

2000-2013 FDI in retail sector 1.16

Source: i) various issues of SIA Bulletin
 ii) Compiled from the various issues of WIR, UNCTAD, World Bank
 iii) RBI's Bulletin 2013, dt. 10-09-2013

CONCLUSION

- The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. Retail has emerged as one of the most profitable sector worldwide and its is dominating the economies of many countries.
- Retail sector in India is one of the pillars of economy, its contributes 15% of GDP and 8% Of the employment of the total workforce. It is estimated to be US\$ 450 and one of the top five retail markets in the world by economic value.
- After the reform policy of FDI in retail sector, we have see that increased FDI inflow has into economy as well as FDI flow in retail sector, also India's share in world FDI has increased.
- Finally I have concluded and suggested that such a massive FDI is needed by India in order to achieve the objective of its post economic reform and to growing & maintain the growth rate of the economy.

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A STUDY ON THE BANKING OMBUDSMAN SCHEME**SHITAL GANESH KENE****ASST. PROFESSOR****DR. AMBEDKAR INSTITUTE OF MANAGEMENT STUDIES & RESEARCH****DIKSHBHUMI****ABSTRACT**

Indian banking is far away from previous traditional banking. From the nationalization to the entry of foreign and private banks in Indian market, today's banking customer is more demanding and challenging with developed technology in banking industry. As RBI is the monitoring authority in financial inclusion, there was a need to introduce such a scheme, which deals with the customer complaints against banks and vice versa. The Banking Ombudsman Scheme was introduced with the same motive. It is a quasi-judicial authority functioning under India's Banking Ombudsman Scheme 2006. The Banking Ombudsman Scheme is introduced under section 35A of the Banking Regulation Act, 1949 by RBI with effect from 1995 revised in 2002. The current scheme is operative w.e.f. 01 January 2006. The complainant has to give a written complaint to the Bank, after not receiving any satisfactory reply within one month related to providing certain banking facilities other than loans and advances promised in writing by a bank or its direct selling agents he may approach The Banking Ombudsman without any fee for filing the complaint. The Banking Ombudsman depending upon the situation can accept or reject the application. On accepting the application, it allows both the parties to prove their claim. After the investigation, The Banking Ombudsman reports to the Reserve Bank of India the non-compliance by any bank of an Award, which has become binding on it. On receipt of such report from the Banking Ombudsman, the Review Authority passes necessary order. If one not satisfied with the decision passed by The Banking Ombudsman, one can approach the appellate authority against the banking Ombudsman's decision. Appellate authority is vested with a Deputy Governor of RBI. Bank may file review application before the review authority if the award passed against it is based on wrong appreciation of facts, law, banking practice, or general directions if any issued by the RBI. RBI provides for an institutional and legal framework for resolution of complaints relating to banking services and other matters as specified under the scheme.

KEYWORDS

RBI, banking ombudsman, customer relations, fair practices code

INTRODUCTION**THE BANKING OMBUDSMAN SCHEME**

Banking ombudsman is a quasi-judicial authority functioning under India's Banking Ombudsman Scheme 2006. It was created pursuant to a decision made by Government of India to resolve complaints of bank customers related to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under section 35A of the Banking Regulation Act, 1949 by RBI with effect from 1995 revised in 2002. The current scheme is operative w.e.f. 01 January 2006. It was replaced and superseded the Banking Ombudsman Scheme 2002. Around 36,000 complaints were dealt in this duration. The Banking Ombudsman is a senior official appointed by the RBI to redress the customer complaints against deficiency in certain banking services. As on date 15 Banking Ombudsman have been appointed with their offices located mostly in state capitals. All scheduled Commercial Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

NEED OF BANKING OMBUDSMAN SCHEME

Banking in India has come a long way from traditional banking. Apart from criss crossed nationalization, competition with foreign and private banks, addition of new services and technology the modern customer is more demanding and his demands are more challenging. Modern technology has made banking customers dependent on a third party which unbiased for him as well as banker. Banks have reached to the remote areas where banks were in the newspapers only. RBI is the monitoring authority in the financial inclusion initiatives of each bank. With the increasing diversity of bank customers in terms of education, financial soundness and knowledge of financial product Monitoring role of RBI is becoming very important. With this motive Banking Ombudsman scheme is launched whose role is statutory along with punitive powers. The banking Ombudsman scheme offers resolution of bank customer's complaints, against the bank, in respect of such services of the bank which are stipulated under the scheme. And resolution of claim of the bank against the customers by banking ombudsman as an arbitrator provided that the value of claim in such dispute does not exceed Rs. 10 lacks.

CONDITIONS FOR FILING A COMPLAINT IN BANKING OMBUDSMAN

- For filing a complaint before banking ombudsman it is essential for a complainant to first attempt to find a satisfactory solution directly with his bank. For this purpose he should make a written representation to the bank named in the complaint and should wait for receipt of reply from the bank.
- If he does not get reply from the bank within 1 month, after the bank concerned received his representation or the bank has rejected his representation or the complainant is not satisfied with the reply given to him by the bank in such event the complainant can file his complaint before the Banking Ombudsman.
- The complaint should be filed before the period of 1 year after the cause of action has arisen as per aforesaid response of the bank.
- The complainant should ensure that the complaint is not in respect of the same subject matter which was settled through the office of the Banking Ombudsman in any previous proceedings before a banking ombudsman.
- The complainant should ensure that the complaint does not pertain to the same subject matter for which any proceedings before any court, tribunal or arbitrator or forum or a decree or award or a final order has already been passed by any such competent court, tribunal, arbitrator or forum. And the last but not least the complaint should not be frivolous or vexatious in nature.

NOTE: BANKING OMBUDSMAN WILL NOT CONSIDER ONE'S COMPLAINT IF;

- One has not approached his bank for redressal of his grievance first.
- One has not made the complaint within one year from the date one has received the reply of the bank or if no reply is received if it is more than one year and one month from the date of representation to the bank.
- The subject matter of the complaint is pending for disposal or has already been dealt with any other forum like court of law, consumer court etc.
- Frivolous or vexatious.
- The institution complained against is not covered under the scheme.
- The subject matter of the complaint is not within the ambit of the Banking Ombudsman.
- If the complaint is for the same subject matter that was settled through office of the Banking Ombudsman in any previous proceedings.

TYPES OF COMPLAINTS RESOLVED BY BANKING OMBUDSMAN SCHEME

- Non Payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.
- Non –acceptance of coins and notes without sufficient cause and charging commission for the same service.
- Non-payment or delay in payment of inward remittances

- Failure of issuance or delay in issuance of demand drafts, pay orders or bankers cheques
- Non-adherence to prescribed working hours.
- Failure of honoring bank guarantee or letter of credit commitments.
- Failure or delay in providing banking services other than loans and advances promised in writing by bank or its direct selling agents.
- Delays or non credit to customers accounts, non payment of deposits as per RBI directives if any applicable to rate of interest on deposits in any account maintained in bank.
- Delays in receipt of export proceeds, handling of export bills, collection of bills etc for exporters provided the said complaints pertain to the bank's operations in India.
- Refusal to open deposit accounts without any valid reason for refusal.
- Levying of charges without adequate prior notice to the customer
- Non-adherence by bank or it's subsidiaries to the instructions of RBI on ATM's, debit card and credit card operations.
- Non disbursement or delay in disbursement of pension to the extent the grievance can be attributed to the action on the part of the bank concerned, and not with regard to it's employees
- Refusal to accept or delay in acceptance payments towards taxes as per instructed or required by RBI or government.
- Refusal or delay to issue or failure or delay in servicing or redemption of government securities.
- Forced closure of deposit accounts without prior notice to the customer or without valid reason.
- Closure of accounts without concern of customer.
- Refusal or delay in closing accounts after application by customers
- Non-adherence to the fair practices codes adopted by the bank
- Financial loss incurred by the customers due to wrong information given by bank officials
- Any other matter related to the violation of the directives issued by RBI in relation to the banking or other services.
- Complaints by non-resident Indians having accounts in India related to their remittances from abroad, deposits and other bank related matters.

Note: Vide circular no. CSD.BOS.4638/13.01.01/2006-07 dated 24 May 2007, the RBI has amended their banking Ombudsman scheme 2006 and the scheme shall be operative with amended effect

STEPS OF FILING COMPLAINT TO THE BANKING OMBUDSMAN SCHEME

- One can file a complaint with the Banking Ombudsman simply by writing on a plain paper. One can also do it online at "click here to go to the Banking Ombudsman scheme" or by sending an email to the Banking Ombudsman. There is a form along with details of the scheme on the website. However, it is not necessary to use this format.
- One may lodge his /her complaint at the office of the Banking Ombudsman under whose jurisdiction; the bank branch complained against is situated. For complaints relating to the credit cards and other types of services with centralized operations, complaints may be filed before the Banking Ombudsman within whose territorial jurisdiction the billing address of the customer is located.
- The complaint can be filed by one's authorized representative other than an advocate.
- The complaint should have the name and address of the complainant, the name and address of the branch or the office of the bank against which the complaint is made, facts giving rise to the complaint supported by the documents, if any, the nature and extent of the loss caused to the complainant, the relief sought from the Banking Ombudsman and declaration about the compliance of the conditions which are required to be complied with the complainant.

NOTE

- The Banking Ombudsman does not charge any fee for filing and resolving customers' complaints.
- The amount, if any to be paid by the bank to the complainant by way of compensation for any loss suffered by the complainant is limited to the amount arising directly out of the act or omission of the bank or Rs. 10 lacks, whichever is lower.
- The banking Ombudsman may award compensation not exceeding Rs. 1 lack to the complainant only in the case of complaints relating to the credit card operations for mental agony and harassment. The Banking Ombudsman will take into account the loss of the complainant's time, expenses incurred by the complainant, harassment and mental anguish suffered by the complainant while passing such award.

ACTIONS TAKEN BY THE BANKING OMBUDSMAN AFTER RECEIVING COMPLAINT FROM THE COMPLAINANT

- The banking Ombudsman Endeavour's to promote, through conciliation or mediation, a settlement of the complaint by agreement between the complainant and the bank named in the complaint. If the terms of settlement offered by the bank are acceptable to one in full and final settlement of one's complaint, the Banking Ombudsman will pass an order as per the terms of the settlement which becomes binding on the bank and the complainant.
- The banking ombudsman may reject a complaint at any stage if it appears to him that complaint made to him is:
 - 1) Not on the grounds of the complaint referred to above
 - 2) Compensation sought from the banking Ombudsman is beyond Rs. 10 lakhs.
 - 3) Requires consideration of elaborate documentary and oral evidence and the proceedings before the banking ombudsman are not appropriate for the adjudication of such complaint without sufficient cause that is not pursued by the complainant with reasonable diligence.
 - 4) In the opinion of the banking ombudsman there is no loss or damage or inconvenience caused to the complainant.
- If the complaint not settled by an agreement within a period of one month, The Banking Ombudsman proceeds further to pass an award. Before passing an award, The Banking Ombudsman provides reasonable opportunity to the complainant to accept the award in full and final settlement of your complaint or to reject it.
- There is a time limit of six months, from the date of first hearing, for passing of an award. The banking Ombudsman, if need to be, on his own initiative or at the instance of the parties may extend such time, if it is necessary so to do in the interest of justice.

IMPLEMENTATION OF AWARD

- The Banking Ombudsman reports to the Reserve Bank of India the non-compliance by any bank of an Award which has become binding on it.
- On receipt of such report from the Banking Ombudsman, the Review Authority passes necessary order.
- On receipt of a letter of acceptance, from the complainant of the Award in full and final settlement of his claim in the matter, the bank has two alternate options depending upon the fact as to whether or not the award is acceptable to the bank.
- If the bank is satisfied with the Award, within a period of one month from the date of receipt of letter of acceptance from the complainant of the Award in full and final settlement of his claim in the matter, the bank is required to comply with the Award and intimate the compliance to the Banking Ombudsman.
- If the Award is not acceptable to the bank, it has an option to file review application before The Review Authority under the Scheme.
- If the complainant has rejected the award passed by the Banking Ombudsman, no further recourse is available to him under the scheme.
- If a complaint is not settled by an agreement within a period of one month from the date of receipt of a complaint or within such extended period as the Banking Ombudsman may consider necessary, he proceeds further for passing an Award.
- Before passing an Award the Banking Ombudsman provides reasonable opportunity to the complainant and the bank to present their case.
- For passing an Award the Banking Ombudsman is guided by ;

- 1) The documentary evidence placed before him by the parties; the principles of banking law and practice
- 2) Directions, instructions and guidelines issued by the Reserve Bank Of India
- 3) Such other factors which in his opinion are necessary in the interest of justice.

REVIEW AUTHORITY

The bank should first intimate to the Banking Ombudsman within one month from the date of receipt of the copy of the award of its decision to file review petition. Bank may file review application before the review authority if the award passed against it is based on wrong appreciation of facts, law, banking practice, or general directions if any issued by the RBI.

The implementation of the award is likely to create a bad precedent for the bank or banking companies or banking systems in general. The chairman of the bank and in his absence the Managing Director or Chief Executive Officer or any other officer of equal rank, of the bank, as the case may be, has approved filing of the review application by the bank. The review application has to be filed within one month from the date of receipt of the copy of the award or within such further time as may be allowed by the Review Authority in the special circumstances of the case where bank justifies the reason for not being able to file application within the prescribed time.

On the receipt of the application, the review authority serves a copy thereof to the other party and calls upon for submission of a reply to a review application within a period of two weeks or such further time as the review authority may allow. The review authority may also call for the comments of the Banking Ombudsman if he feels that such comment is necessary in the exigencies of the case.

If on consideration of the review application the Review Authority is satisfied that the Award requires review by the Banking Ombudsman, he remands the matter to the Banking Ombudsman for reviewing the Award in the light of his observation. If on consideration of review application the Review Authority is satisfied that there is no ground for the review of the Award, he issues appropriate direction to the bank for implementation of the Award, within six weeks from the date of submission of the review application or within such reasonable time as the review authority may consider necessary. The scheme does not permit submission of additional or new material in evidence from any party, before review authority.

APPELLATE AUTHORITY

- If one not satisfied with the decision passed by The Banking Ombudsman, one can approach the appellate authority against the banking Ombudsman's decision.
- Appellate authority is vested with a Deputy Governor of RBI.
- One can also explore any other recourse and/or remedies available to him/her as per law. Bank also has the option to file an appeal before the appellate authority under the scheme.
- If one is aggrieved by the decision, one may within 30 days of the date of receipt of the award, appeal against the award before the appellate authority. The appellate authority may, if he/she are satisfied that the applicant had sufficient cause of not making an application for appeal within time, also allow a further period not exceeding 30 days.
- The appellate authority may:
 - 1) Dismiss the appeal
 - 2) Allow the appeal and set aside the award
 - 3) Send the matter to The Banking Ombudsman for fresh disposal in accordance with such directions as the appellate authority may consider necessary or proper
 - 4) Modify the award and pass such directions as may be necessary to give effect to the modified award; or
 - 5) Pass any other order as it may deem fit

ROLE OF RESERVE BANK OF INDIA IN RELATION TO THE SCHEME

The scheme was formulated by RBI to provide expeditious redressal grievance mechanism to customers of banks covered under the scheme. It provides for an institutional and legal framework for resolution of complaints relating to banking services and other matters as specified under the scheme.

ADVANTAGES AND DISADVANTAGES OF USING THE OMBUDSMAN

ADVANTAGES

- No cost
- Independent from government
- Reports may be published as to systematic issues arising within an agency or with delivery of a government program
- State Ombudsman can offer conciliation as well as investigation

DISADVANTAGES

- cannot provide a quick solution to complex problems
- complainant has no control over the investigation i.e. the Ombudsman does not act for the complainant specifically and they can refuse to deal with a specific matter
- decisions are not binding
- **commonwealth Ombudsman can offer investigation only i.e. no conciliation** complaint

Thus the Banking Ombudsman is eligible enough to deliver the bank customer complaints at the earliest yet the Consumer Redressal Forum/Commission is being taken resort of by most of the bank customers for their redressal of grievances with the bank.

Definitely the Scheme needs popularity in the society for its more suitability and usefulness so that the distressed bank customer with the services of the bank prefers to knock the door of the banking ombudsman for redressal. The scheme should provide more powers and levy more duties on the banking ombudsman so that they can easily be approachable by the distressed bank customer.

CONCLUSION

Indian banking is far away from previous traditional banking. From the nationalization to the entry of foreign and private banks in Indian market, today's banking customer is more demanding and challenging with developed technology in banking industry. As RBI is the monitoring authority in financial inclusion, there was a need to introduce such a scheme, which deals with the customer complaints against banks and vice versa. The Banking Ombudsman Scheme was introduced with the same motive. It is a quasi-judicial authority functioning under India's Banking Ombudsman Scheme 2006. The Banking Ombudsman Scheme is introduced under section 35A of the Banking Regulation Act, 1949 by RBI with effect from 1995 revised in 2002. The current scheme is operative w.e.f. 01 January 2006. The complainant has to give a written complaint to the Bank, after not receiving any satisfactory reply within one month related to providing certain banking facilities other than loans and advances promised in writing by a bank or its direct selling agents he may approach The Banking Ombudsman without any fee for filing the complaint. The Banking Ombudsman depending upon the situation can accept or reject the application. On accepting the application, it allows both the parties to prove their claim. After the investigation, The Banking Ombudsman reports to the Reserve Bank of India the non-compliance by any bank of an Award, which has become binding on it. On receipt of such report from the Banking Ombudsman, the Review Authority passes necessary order. If one not satisfied with the decision passed by The Banking Ombudsman, one can approach the appellate authority against the banking Ombudsman's decision. Appellate authority is vested with a Deputy Governor of RBI. Bank may file review application before the review authority if the award passed against it is based on wrong appreciation of facts, law,

banking practice, or general directions if any issued by the RBI. RBI provides for an institutional and legal framework for resolution of complaints relating to banking services and other matters as specified under the scheme.

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TESTING TECHNICAL INDICATORS: A STUDY WITH SPECIAL REFERENCE TO CNX IT

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ABSTRACT

There are numerous technical tools available to predict future trend of index prices. All tools may not be effective for all the companies and at all times. The purpose of this study is to find out the performance of technical tools in predicting the index price movement. The research is based on secondary data collected from various websites. The data is collected for two different time periods representing the bullish and bearish seasons. The technical indicators taken for the study are Relative Strength Index (RSI), Money Flow Index (MFI) and On Balance Volume (OBV). From the study it is found that Relative Strength Index, Money Flow Index and On Bonus Volume are effective in predicting the index movement of CNX IT during the Bullish period and during the Bearish period, Stochastic Oscillator is deemed effective.

KEYWORDS

MFI, RSI, OBV, technical analysis, technical indicators.

1. INTRODUCTION

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value; instead they look at stock charts for patterns and indicators that will determine a stock's future performance. Technical analysis has become increasingly popular over the past several years, as more and more people believe that the historical performance of a stock is a strong indication of future performance.

The use of past performance should come as no surprise. People using fundamental analysis have always looked at the past performance of companies by comparing fiscal data from previous quarters and years to determine future growth. The difference lies in the technical analyst's belief that securities move according to very predictable trends and patterns. These trends continue until something happens to change the trend, and until this change occurs, price levels are predictable.

There are many instances of investors successfully trading a security using only their knowledge of the security's chart, without even understanding what the company does. However, although technical analysis is a terrific tool, most agree it is much more effective when used in combination with fundamental analysis. The methods used to analyze and predict the performance of a company's stock fall into two broad categories: fundamental and technical analysis.

Those who use technical analysis look for peaks, bottoms, trends, patterns and other factors affecting a stock's price movement and then make buy/sell decisions based on those factors. It is a technique many people attempt, but few are truly successful at it. The world of technical analysis is huge today. There are literally hundreds of different patterns and indicators that investors claim to have success with. We have tried to keep this tutorial as short as possible. Our goal is to introduce you to the different types of stock charts and the various technical analysis tools available to investors.

1.1 HISTORY OF THE STOCK EXCHANGE

The working of Stock Exchanges in India started in 1875. BSE is the oldest stock market in India. The history of Indian stock trading starts with 318 persons taking membership in Native Share and Stock Brokers Association, which we now know by the name Bombay Stock Exchange or BSE in short. In 1965, BSE got permanent recognition from the Government of India.

1.2 INDEX PARAMETERS

The 30 stock Sensitive Index or SENSEX was first compiled in 1986. The SENSEX is compiled based on the performance of the stocks of 30 financially sound benchmark companies. The NIFTY is compiled based on the performance of the stock of 50 financially sound benchmark companies.

2. STATEMENT OF THE PROBLEM

Several investors have gained as well as lost in the stock market. One way to determine the stock price is fundamental analysis, which in turn is composed of economy, industry and company. The other way is technical analysis, which says that the past trends will repeat in the future.

The question that arises here is how market index moving whether towards efficient or inefficient. So that losses and gains can be estimated with the movement of the market index.

3. OBJECTIVES OF THE STUDY

1. To gain knowledge of the equity market and the instruments being traded in Indian stock market.
2. To analysis the index price movement of CNX IT.
3. To find out at which a suitable level to entry is and exit the trade in CNX IT index.

4. SOURCES OF DATA

The data employed in the study consists of Monthly indices CNX IT, Nifty Future Index for the period January 2012 to December 2016. The prices used are Monthly Open, High and Close prices. These data will be collected from National Stock Exchange website.

5. DATA PERIOD

The period of data is from January 2012 To December 2016 - (For the past 05 Years).

6. LIMITATIONS OF THE STUDY

The results may not give accurate picture as there could be many other factors Influence the Market Index.

7. TOOLS USED FOR ANALYSIS

The following tools were used to analyze the data

- a) Relative Strength Index (RSI)
- b) Money Flow Index (MFI)
- c) On Balance Volume (OBV)

a) RELATIVE STRENGTH INDEX (RSI)

The RSI (Relative Strength Index) is one of the most popular momentum oscillators in Technical Analysis use today. It was introduced in a 1978 book by J. Welles Wilder. RSI helps to signal overbought and oversold conditions in a security. The indicator is plotted in a range between zero and 100. A reading above 70 is used to suggest that a security is overbought, while a reading below 30 is used to suggest that it is oversold. This indicator helps traders to identify whether a security's price has been unreasonably pushed to current levels and whether a reversal may be on the way.

The standard calculation for RSI uses 14 trading days as the basis, which can be adjusted to meet the needs of the user. If the trading period is adjusted to use fewer days, the RSI will be more volatile and will be used for shorter term trades.

FORMULA

$$RSI = \frac{100}{1 + RS}$$

$$Average\ Gain = \frac{Total\ Gains}{n}$$

$$Average\ Loss = \frac{Total\ Loss}{n}$$

$$First\ RS = \frac{Average\ Gain}{Average\ Loss}$$

(n=number of periods taken)

When the average gain is greater than the average loss, the RSI rises because RS will be greater than 1. Conversely, when the average loss is greater than average gain, the RSI declines because RS will be less than 1. Note: if the average loss ever becomes zero, RSI become 100 by definition.

OVER BOUGHT / OVER SOLD ZONES

Wilder recommended using 70 and 30 and overbought and over sold levels respectively. If the RSI rises above 30 it is considered bullish for the underlying stock. If the RSI falls below 70 it is a bearish signal. Basically, the RSI is a measure of the strength of a recent trend:

- RSI is considered strongly bullish if the 14-day RSI exceeds 70 this means the security has trended up strongly over the past 14 days.
- Some would consider the security to be overbought at these levels, and a potential selling point might thus be reached when the RSI exceeds 70;
- If the 14-day RSI is between 50 and 70, the security has moved up over the past 14 days; however, the uptrend has not been very pronounced;
- If the 14-day RSI is between 30 and 50, the security has moved down over the past 14 days; however, the downtrend has not been very strong;
- If the 14-day RSI is below 30, the security has trended strongly lower over the past 14 days and the RSI is considered strongly bearish. Some would consider the security to be oversold at these levels, and an RSI reading below 30 might thus mark a potential buying point.

b) MONEY FLOW INDEX (MFI)

Money flow index was discovered by Created by Gene Quong and Avrum Soudack. Money flow is positive when the typical price rises. This is due to buying pressure. A ratio of positive and negative money flow is then plugged into an RSI formula to create an oscillator that moves between zero and one hundred. As a momentum oscillator tied to volume the money flow index (MFI) is best suited to identify reversals and price extremes with a variety of signals.

FORMULA

$$Money\ Flow\ Index = 100 - (100 / (1 + Money\ Ratio))$$

c) ON BALANCE VOLUME (OBV)

On Balance Volume (OBV) measures buying and selling pressure as a cumulative indicator that adds volume on up days and subtracts volume on down days. OBV was developed by Joe Granville and introduced in his 1963 book, Granville's New Key to Stock Market Profits. It was one of the first indicators to measure positive and negative volume flow. Chartists can look for divergences between OBV and price to predict price movements or use OBV to confirm price trends.

FORMULA

If the closing price is above the prior close price then:

$$Current\ OBV = Previous\ OBV + Current\ Volume$$

If the closing price is below the prior close price then:

$$Current\ OBV = Previous\ OBV - Current\ Volume$$

If the closing prices equals the prior close price then:

$$Current\ OBV = Previous\ OBV\ (no\ change)$$

8. ANALYSIS AND INTERPRETATION

TABLE 1

Date	Open	High	Low	Close	MFI	RSI	OBV
1/3/2012	5597.5	5626.95	5517.95	5535	14 Days MFI	14 Days RSI	12055
2/1/2012	5301.75	5347.75	5066.65	5129.6			33835
3/1/2012	5195.3	5218.45	5155.7	5180.7			24665
4/2/2012	5276.05	5429.55	5275.15	5418.4			37675
5/1/2012	5193.85	5257	5193.85	5218.35			54534
6/1/2012	5169.5	5203.1	5165.85	5192.3			40906
7/2/2012	5083.85	5094.25	5015.45	5086.7			32063
8/1/2012	4775.55	4820.1	4768.2	4813.2			23747
9/4/2012	4790.65	4882.85	4769.45	4804.2			37254
10/1/2012	4828.35	4833.25	4759.45	4793.65			58105
11/1/2012	4303.3	4452.4	4303.3	4431.15			46013
12/3/2012	4833.1	4860.95	4778.95	4812.6			37263
1/2/2013	3850.45	3914.9	3776.75	3838.15	57679		
2/1/2013	4055.25	4060.4	3932.65	3984.5	50163		
3/1/2013	3808.65	3855.3	3650.8	3704.95	47.76814	97.84366	63073
4/1/2013	4330.35	4414.45	4284.5	4357.65	48.49776	95.52681	86057
5/1/2013	4592.4	4704.35	4543.15	4688.35	54.32169	94.72053	68735
6/3/2013	4016.75	4067.15	3977.75	3999.4	47.26411	96.44708	56640
7/1/2013	3819.25	3819.25	3732.45	3752.85	48.20649	96.50064	76224
8/1/2013	3827	3931.6	3827	3926.8	46.8955	96.08052	64590
9/3/2013	2974.5	3192.25	2902.1	3107.05	52.68257	96.82001	86260
10/1/2013	2585.7	2802.25	2585.7	2686.95	52.25253	96.93858	64613
11/1/2013	2322.2	2466.9	2322.2	2449.95	47.59206	97.10638	45507
12/2/2013	2215.6	2222.65	2170	2187	54.31414	97.27191	108890
1/2/2014	2187.35	2233.8	2167.8	2225.75	49.99398	96.96144	84857
2/3/2014	2104.8	2105.6	2042.25	2094.1	49.47044	97.69322	67125
3/3/2014	2296	2335.6	2280.25	2318.7	47.02449	96.50041	88878
4/1/2014	2650.2	2781.6	2650.2	2770.85	58.10048	95.84585	128481
5/1/2014	3138.6	3217.55	3121.5	3206.2	57.32987	94.45218	91459
6/2/2014	3515.05	3552.05	3480.5	3497.65	48.73239	95.27946	66224
7/1/2014	4334.7	4374.55	4284.25	4330.05	63.645	94.1344	121581
8/1/2014	4644.05	4649.95	4602.75	4618.35	59.40369	91.54974	85655
9/2/2014	5043.9	5141.55	5043.9	5122.1	58.66704	88.99256	50338
10/1/2014	5112.25	5192.3	4978.15	5048.8	63.97176	89.87646	93710
11/3/2014	5315.8	5397.5	5309.6	5364.2	51.68352	82.32216	76696
12/1/2014	5797.15	5843.2	5797.15	5818.4	53.90732	72.00756	96786
1/2/2015	5554.85	5619.45	5423.45	5594.15	56.41774	71.63816	122825
2/2/2015	5787.3	5832	5724.8	5766.7	48.49711	59.98183	102392
3/2/2015	5947.6	5967.55	5842.3	5855.95	53.31748	59.68098	86208
4/1/2015	5947.85	6021.75	5914.7	5985.8	55.03691	49.85907	102913
5/1/2015	5852.35	5852.35	5704.2	5761.95	54.48987	64.80325	121220
6/1/2015	5877.8	5949.6	5837	5928.3	47.31266	66.49026	108234
7/1/2015	6139.25	6144.25	6045.6	6086.85	45.69129	68.21004	97216
8/3/2015	5936.5	5987.8	5908.7	5974.9	47.62237	74.02964	86851
9/1/2015	6583.75	6645.55	6532.15	6613.4	39.53223	75.2478	107673
10/1/2015	6666.45	6666.45	6554.4	6613.25	39.41648	77.13918	98630
11/2/2015	6645	6745.65	6602.95	6703.6	48.00793	80.01624	122187
12/1/2015	7484.8	7511.05	7436.15	7491.1	39.93218	72.3152	108568
1/4/2016	6990.75	6995.1	6884.9	6971.25	50.53283	84.91054	122392
2/1/2016	6688.55	6918.7	6628.05	6666.3	49.56581	89.67345	139159
3/1/2016	7021.45	7192.35	7021.45	7148.1	49.99468	85.68589	159432
4/1/2016	6722.8	6752.1	6680.65	6718.35	47.01354	89.75318	146204
5/2/2016	6533.45	6604.4	6525.1	6538.5	48.71936	90.9945	133507
6/1/2016	6579.05	6640.5	6558.95	6624.7	59.04396	91.14056	164744
7/1/2016	6293.65	6356.5	6264.75	6335.1	53.73563	91.43062	140491
8/1/2016	5407.65	5474.85	5325.45	5451.25	51.76985	94.43756	122017
9/1/2016	5709	5771.3	5658.75	5678.9	51.99527	94.276	105643
10/3/2016	6271.2	6333.85	6261.25	6278.7	51.94205	92.61411	91761
11/1/2016	5814.9	5924.15	5803.45	5893.25	51.13757	94.85465	117658
12/1/2016	6126.55	6171.55	6115.85	6139	50.13163	94.32969	107221

CHART 1: SHOWING RSI OF CNX IT

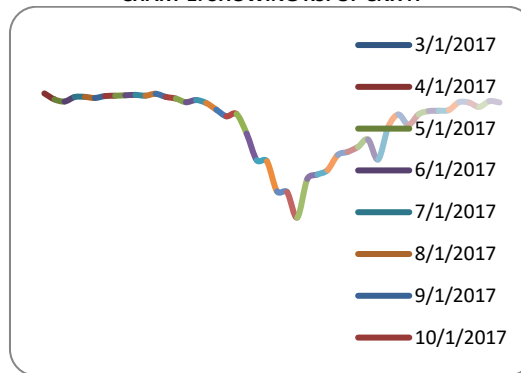


CHART 2: SHOWING MFI OF CNX IT

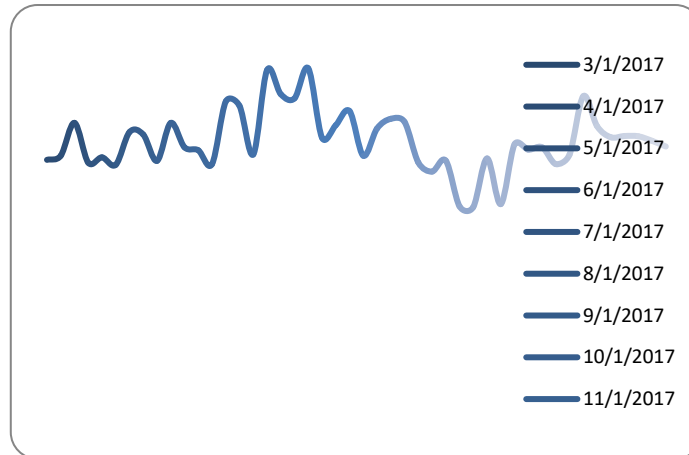
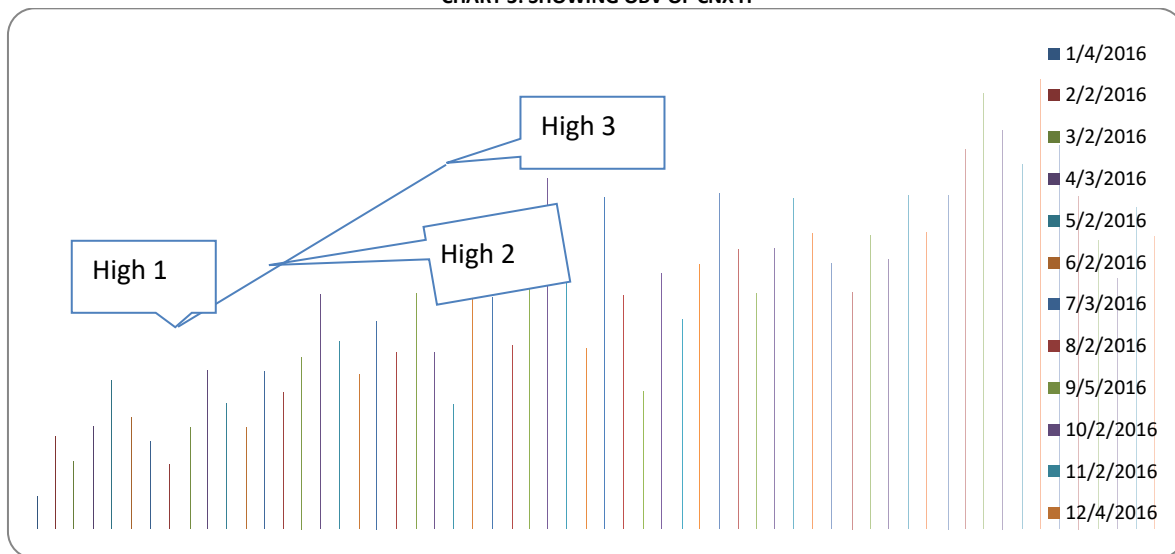


CHART 3: SHOWING OBV OF CNX IT



INTERPRETATION

- RSI is considered strongly bullish in this study because it exceeds 70 mark levels in maximum cases. This means the security has trended up strongly over the past 14 days. RSI is between 50 and 70 indicates that the security has not been hold uptrend.
- MFI is considered that the security moves with normal ups and downs in 14 days MFI because the researcher could not able to find overbought zones and oversold zones too.
- A rising OBV reflects positive volume pressure that can lead to higher prices. That can be explain through high 1, high 2 (higher high), high 3 (higher high) and More buying pressure will increase the volume that will automatically leads to increase the OBV. This is also applicable for lower lows.

9. FINDINGS

- RSI shown maximum bullish in this research due to buying pressure.
- RSI is below 30, the security has trended strongly lower over the past 14 days and the RSI is considered strongly bearish. But in this research the researcher could not able to find oversold zones.
- MFI is clearly shown that there is normal buying pressures because the research could not able to find overbought zones.
- The higher highs depicted bullish signals. OBI is also holding more highs and higher highs.
- This bearish difference warned stock traders that the recent price increases were lacking strong commitment by buyers.

10. CONCLUSION

This study concentrated on tools such as RSI, MFI, and OBV used to find the bullish and bearish signals. This study is to focus the forecasting of future price movements based on an examination of past price movements. Based on the finding from this study, researcher would say that CNX IT indices having more bullish signals compare with bearish signals. The Investors having an option to do trading in CNX IT and It would provide opportunities to test bullish growth. But Technical Analysis does not give absolute predictions about the future. Instead it can be used as an anticipatory tool.

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GREEN HRM – A NEW PERSPECTIVE TO PROMOTE ENVIRONMENT MANAGEMENT SYSTEM INITIATIVES**AMRITA P. TAIDE****ASST. PROFESSOR****DR. AMBEDKAR INSTITUTE OF MANAGEMENT STUDIES & RESEARCH****NAGPUR****ABSTRACT**

HRM practices are the human resource programs, processes and techniques that are implemented in the organization. Thus, Green HRM practices are the Green Human resource programs, processes and techniques that are implemented in the organization to reduce the negative environmental impacts and enhance the positive ones'. However, the greening of various functions of human resource management such as job description and analysis, recruitment, selection, training, performance appraisal and rewards is defined as green HRM. Green HRM primarily on improving the Organization's sustainable environmental performance. This article aims to explore and explain the various Green HRM practices under the 12 major functions of HRM such as - job design, job analysis, human resource planning, recruitment, selection, induction, performance evaluation, training and development, reward management, discipline management, health and safety management and employee relations, that can help the organizations to achieve a sustainable environmental performance. The article also tries to extend the scope and depth of Green HRM in materializing the sustainable environmental performance of the organizations.

KEYWORDS

green HRM, sustainable environmental performance.

INTRODUCTION

Let us be good stewards of the Earth we inherited. All of us have to share the Earth's fragile ecosystems and precious resources, and each of us has a role to play in preserving them. If we are to go on living together on this earth, we must all be responsible for it.

Kofi Annan

Today there is a tremendous increase in the adoption of environment management systems by the corporate sector. The corporate today are focusing on framing and developing human resource policies for promoting environment management initiatives. Earlier firms use to completely depend on the promotion of economic values for their success. However it was realized that organizations need to focus on social and environmental factors along with economical and financial factors for their success in the corporate sector thereby enabling the shareholders to earn profits.

It has been observed that there is a tremendous increase in the implementation of polices by government and private sectors with the objective of reducing the rapid destruction of the non – renewable resources which is mainly due to the increase in the level of environment pollution and waste emerging from industries. This has enhanced the adoption of environment management systems by the corporate sectors and led to the emergence of new strategic maneuver called “Green Management”. According to Lee (2009), Green Management is defined as the strategy which is adapted by an organization in order to organize the environmental management strategies for protecting and measuring environmental aspects.

However even today there is no clarity on how green management principles can be implemented successfully in the organizations leading to improved sustainability.

This article thus tries to identify how corporations today can develop human resource polices by practicing “Green HRM” policies to promote Environment Management System initiatives.

This Article tries to explain the meaning and interpretation of Green HRM. According to Renwick et al, (2008), the integration of corporate environmental management into human resource management is termed as green HRM. They have clearly explained that specific policies in the field of recruitment, performance management and appraisal, training and development, employment relations and pay and reward are considered as powerful tools for aligning employees with an organization's environmental strategy. Thus, in simple words Green HRM includes all those activities directed towards the development, implementation and continuous maintenance of Human Resource Management with respect to functional and competitive dimensions of HRM. Green HRM aims at transforming normal employees into Green Employees to achieve the environmental goals of the organization and finally contribute to environment sustainability. It can be thus said that Green HRM aims at reducing the negative environmental impacts and improve the organization's sustainable environmental performance.

Traditionally there are several functions of HRM and Green HRM can be practiced under each function. Thus this Article tries to summarizes the existing and new Green HRM Practices under each function of HRM

GREEN JOB DESIGN AND ANALYSIS

It is a valuable initiative and practice to protect the environment. Companies practicing Green HRM can incorporate social and environmental task, duties and responsibilities in each of the jobs to protect the environment. Companies can make sure that each job description consists of one duty and responsibility related to environmental protection.

Companies can use Teamwork and cross – functional teams as job design techniques to manage the environmental issues of the organization successfully. Moreover organizations can specially have environment concerned new jobs and positions specifically focusing on the environmental issues of the organization. Green competencies can be included as a special component in job specification.

GREEN HUMAN RESOURCE PLANNING

Today many organizations today are engaged in forecasting the number and types of employees required to implement corporate environmental management activities and programmes. Moreover many organizations are framing strategies to meet the forecasted demand for environmental works internally and externally.

GREEN RECRUITMENT

In order to materialize the established environmental policies, environment concerned organizations need to focus on environmentally oriented workforce. However for this organization can focus on Green Recruitment and providing the existing workforce environmental protection related awareness, education training and development.

On the other hand today even the potential employees like to work with the environmental concerned organizations. They judge the companies on the basis of its environmental performance and reputation.

Thus now-a- days companies are realizing that achieving a reputation as a Green Employer is also one of the effective ways to attract new talent. Practicing Green HRM which will also help the employer for branding and building an environmental Oriented Image of the company.

Hence today we can see that in order to attract environmentally concerned people for job vacancies, advertisements of some companies expressing certain environmental values as well as also expressing their preference of recruiting candidates have competency and attitude to participate in corporate environmental management initiatives.

GREEN SELECTION

Companies can give preference to environment friendly candidates while practicing Green Selection. While interviewing and evaluating candidates certain environmental related questions can be asked which would thereby reflect their interest and concern for environment,

GREEN INDUCTION

Organizations practicing Green HRM should ensure that their new employees understand and approach the Organization's corporate environmental culture seriously. It is very important that companies adopt two approaches of Green Induction – Green Induction and Job specific Green Induction. Companies practicing General Green Induction can provide basic information about the corporate environmental management policy, system and practices. Moreover, companies practicing Specific Green Induction can thereby induct their new employees about environmental orientation programs specific to their jobs. In both the cases organizations should make sure that their new recruits understand their environmental responsibilities, become familiar with health and safety arrangements, appreciate the corporate environmental culture, adopt the company's environmental policy and practices, and know given relevant contact persons within the organization.

GREEN PERFORMANCE EVALUATION

One of the key functions of Green HRM is measuring the employee's Green Performance. Evaluation of Green performance of the employees must be considered as an essential part of the performance evaluation system of the organization. The Environmental Management Information Systems (EMIS) and environmental audits will help to sustain a good environmental performance. Managers should set Green targets, goals and responsibilities for each employee or group (team) or department or division to achieve in a given period of time and evaluate the extent to which environmental targets are achieved. Moreover, the supervisors as well as the managers should give regular feedback to the employees or teams to achieve environmental goals or improve their environmental performance.

GREEN TRAINING AND DEVELOPMENT

The organizations practicing Green HRM should focus on providing environmental training to the employees so that they develop the required skills and knowledge and which in turn will help to develop a culture, change attitude and behavior, wherein there will be always a concern for the environment among the employees. The employees should be made aware about the environment by conducting seminars and workshops at the organizational level. Training should be provided aiming to encourage recycling and waste management, support flexible schedules and telecommuting, reducing long-distance business travel which in turn will aim to reduce the negative environmental impacts of the organizations. Organizations should make sure so that each and every staff member goes through the eco – awareness training programme. The managers must also train the sales force on the green aspects of its product and supplies. Organizations can take an initiative of celebrating "Annual Environmental Day" and organizing and conducting competitive programs for non-managerial employees, managers and children of employees which good practice to inculcate certain key eco-values among the workforce as well as their family members. Nowadays, some companies seriously analyze and identify environmental training needs of employees in order to make them more environmental concerned workforce

GREEN REWARD MANAGEMENT

Rewarding employees is also a key function of HRM. Companies following Green HRM thus cannot neglect this important function of HRM. Green Reward Management helps to maintain the sustainability of the organization's environmental performance. Organization can use financial and non – financial reward systems for both its managerial and non – managerial employees for their good environmental performance. Financial rewards can include – incentives, bonuses, cash rewards etc. non – financial rewards can include – awards, special recognitions, honors/prizes etc. However if the organization is facing the scarcity of financial rewards even a small recognition can have a great impact. How the environmental excellence of good green performers is communicated is also having a major role to make it impactful. Thus, it can be communicated in important meetings, events, functions etc. which will help keep the employees motivated. Organizations should try to find creative and innovative ways to encourage the employees to improve their Green performance. Organizations can develop awards that recognize achievements in innovations of waste reduction, re-use and recycling. Moreover they can provide incentives to encourage recycling and waste management, supporting flexible schedules and telecommuting, and reducing long-distance business travel

GREEN HEALTH AND SAFETY MANAGEMENT

Green Health and safety is totally beyond the scope of the traditional health and safety management functions of HRM. It not only includes the traditional health and safety management aspects but also includes some more and different aspects of environment management of an organization. Organizations practicing green HRM should also ensure a green workplace for all that means a workplace that is environmentally sensitive, resource efficient and socially responsible. Thus, organizations should make every effort to reduce employee stress and occupational diseases caused by hazardous work environment. Organizations should realize that the cost they need to bear for various environmental related initiatives is not a cost rather it is an investment which may lead to improvements in the health of employees and local communities and help in enhancing the image of the company as a desirable employer and corporate citizen.

GREEN EMPLOYEE DISCIPLINE MANAGEMENT

Green discipline management needs to be considered as pre – requisite by the organizations practicing Green HRM, as it will help the organization to achieve its environmental management objectives and strategies. In order to ensure Green employee behavior in workplace, organizations need Green Discipline management. The organization need to develop and communicate the clear set of rules and regulations to the employees which imposes employees to be concerned with the environmental protection in line with environmental policy of the organization. Thus, if any employee violates certain rules and regulations then disciplinary action like warning, fines, suspension etc can be taken against him/ her. The disciplinary actions can progress from least severe to most severe depending upon the severity of violation of rules.

GREEN EMPLOYEE RELATIONS

The evolution of Green HRM have also embraced the employee relations and union management activities of the organization and which in turn will seriously prove to be important for implementing corporate environmental management initiatives and programs. Certain suggestions for Green employee relations and support can include involving employees in Green decision making and seeking their green suggestions, setting the employees free to form and experiment green ideas, practicing joint consultations in solving environmental issues of the organisation, introducing green whistle-blowing and help-lines, providing training to the union representatives in environmental management. The most important measure that needs to be taken to gain support from the union is to recognize union as a key stakeholder in environmental management and provide them with the opportunities to negotiate with management about green workplace agreement. Right from designing of the job to the function of maintaining employee relations, HRM has a great potential in Greening of the organization and its operations. Transforming the organizations as Green entities is the major challenge in front of HR professionals and for this it is necessary to understand the scope and depth of Green HRM. HR professional should first realize the importance of greening the HR functions which will help reduce the negative environmental impacts of the organization and transforming them into positive impacts. Secondly, HR professional should also realize that without proper Green HRM practices it is difficult to create and maintain sustainable environmental performance. Thus to maintain sustainable environmental performance green performance, green behaviors, green attitude, and green competencies of human resources needs to be shaped and reshaped through adaption of Green HRM practices.

The major change that organizations need to make in order to achieve the environmental excellence is to embed the environmental concerns into culture of the organization which will definitely help to maintain a sustainable environmental performance.

Each and every organization must thus try to practice what Jack Welch have rightly said.....

“Whatever steps you would take under the worst possible circumstances, take them now. Change before you have to.”

- Jack Welch

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LENDING PRACTICES OF PRIVATE AND PUBLIC BANKS OF TAKHATPUR: A COMPARATIVE STUDY**SWATI PANDEY****M. Phil. RESEARCH SCHOLAR****DR. C.V. RAMAN UNIVERSITY****KOTA****DR. ARCHANA AGRAWAL****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****DR. C.V. RAMAN UNIVERSITY****KOTA****ABSTRACT**

Banking sector is backbone of economy in the country. The finance collected from this sector works in economy as blood works in the body. The banking sector is characterized by various services such as account facility, ATM facility, loan facility, mutual fund facility and many other financial services. These services help a citizen to facilitate his/her work life and private life in many ways. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses. But the present study is focusing on the domestic banks and tries to study the lending practices of domestic banks to present the picture before the masses by comparing the public and private sector banks so that the bankers, customers and government can see the insight of domestic banks to make the relation with these banks in future.

KEYWORDS

banking business, domestic banks, lending practices.

1. INTRODUCTION

In Takhatpur few public and few private sector banks were operating since conceptualization of this sector but now they have to face severe competition from the foreign banks to sustain in the market and consequently many amendments were made by these domestic players to attract customers. For this purpose one private bank i.e. HDFC and one public sector bank i.e. SBI have been taken to study the lending practices on the basis of ratio analysis. As SBI is one of the leading public sector banks in India and HDFC is the second largest and leading bank of private sector in India.

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. As of 2016-17, it had assets of 30.72 trillion (US\$460 billion) and more than 14,000 branches, including 191 foreign offices spread across 36 countries, making it the largest banking and financial services company in India by assets. The company is ranked 232nd on the *Fortune Global 500* list of the world's biggest corporations as of 2016.

The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding, in 1806, of the Bank of Calcutta, making it the oldest commercial bank in the Indian subcontinent. Bank of Madras merged into the other two "presidency banks" in British India, Bank of Calcutta and Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India (India's Central Bank) taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

State Bank of India is a banking behemoth and has 20% market share in deposits and loans among Indian commercial banks.

HDFC Bank (Housing Development Finance Corporation) is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It has 90,421 employees and has a presence in Bahrain, Hong Kong and Dubai. HDFC Bank is India's second-largest private sector lender by assets. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in 2016 BrandZ™ Top 100 Most Valuable Global Brands

In 1994 HDFC Bank was incorporated, with its registered office in Mumbai, India. Its first corporate office and a full service branch at Sandoz House, Worli was inaugurated by the then Union Finance Minister, Manmohan Singh.

As of December 31, 2016, the Bank's distribution network was at 4,555 branches and 12,087 ATMs across 2,597 cities / towns.

PRODUCTS AND SERVICES

Market leader in e-commerce, HDFC Bank 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.

HDFC Bank provides a number of products and services which includes Wholesale banking, Retail banking, Treasury, Auto (car) Loans, Two Wheeler Loans, Personal loans, Loan Against Property and Credit Cards.

The latest entry in the league is 'Project AI', under which HDFC Bank, over the next few weeks, would deploy robots at select bank branches. These robots will offer options such as cash withdrawal or deposit, forex, fixed deposits and demat services displaying on the screen to persons coming into the branch.

LENDING PRACTICES

In finance, a **loan** is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an entity (organization or individual) to another entity at an interest rate, and evidenced by a promissory note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging, and date of repayment. A loan entails the reallocation of the subject asset(s) for a period of time, between the lender and the borrower.

In a loan, the borrower initially receives or *borrow*s an amount of money, called the *principal*, from the lender, and is obligated to *pay back* or *repay* an equal amount of money to the lender at a later time.

The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Although this article focuses on monetary loans, in practice any material object might be lent.

Acting as a provider of loans is one of the principal tasks for financial institutions such as banks and credit card companies. For other institutions, issuing of debt contracts such as bonds is a typical source of funding.

2. OBJECTIVES OF THE STUDY

1. To know lending practices of SBI bank and HDFC bank in takhatpur town
2. To measure and compare the efficiency of SBI and HDFC bank in tkp
3. To know different type of loan preferred by different category of customer
4. To know the satisfaction level of customer from lending practices

5. To suggest appropriate measure to improve loan falities of both bank in tkp
6. To find the percentage of debtors turns in to NPA (Bad debts)

3. REVIEW OF THE LITERATURE

The banking system in India comprises of the Reserve Bank of India, Commercial banks and cooperative banks and credit societies. The commercial banks are the premier institutional structure of the banking system. The principal function of these institutions is to satisfy simultaneously the portfolio preferences of the borrowers on one side and the lenders on the other. They mobilise resources from the savers in the form of deposits and extend credit facilities to borrowers in the form of loans, advances and securities. Loans and advances provided by these institutions can be categorised into short-term funds and long-term funds. The latter are advanced for purchase of plant and machinery while the former are provided for purchase of raw materials, stores, spare parts and the like. However following the traditional British banking practice, commercial banks provide more short term funds to the investors in industry and trade than long term loans. The pattern of credit disbursement has undergone substantial changes since 1950.

Commercial banks extended credit to commerce and trade to a larger extent than to manufacturing industry until 1958. Since the commencement of the second five Year Plan, which laid emphasis on rapid industrialisation, the pattern of credit flow took a new turn in favour of medium and large industry. As a result, the share of industry, in public and private sectors in total bank credit increased from 34.8% to 67.5% during the period 1954 to 1968. Since nationalisation of 14 major commercial banks in July 1969, the Government of India assigned new priorities to commercial banks with regard to the flow of credit to hitherto neglected sectors, called "priority sectors." The emphasis thus shifted from industry to the priority sectors. Further the supply of credit was controlled through statutory regulations and monetary regulations.

On the other hand the demand for bank credit has also undergone substantial increase. Factors such as, large growth in the number of industrial units, diversification of existing units, increase in industrial and agricultural production, increasing needs of short and long-term funds to maintain the increased levels of production, pushed up the demand for bank credit.

Gupta' and Ambegeokar observed that the use of funds from banks by the private corporate sector had exceeded its inventory formation. Gupta, has argued that a small portion of such finance should have gone to meet fixed investment. Further, he found the growth rate of physical assets to be more directly and closely related to security issues than bank credit. Hence, he argued that the fast growing firms relied heavily on security issues than the use of bank credit. Arnbegeokar found that the rate of rise in bank credit exceeded that of inventory, sales and output. Further he observed that its dependence on banks for working capital had increased, accompanied by a decline in reliance on other financial institutions.

Shetty assessed the dimensional changes in credit deployment during the first five years of nationalisation in relation to changes in output and prices. The rationale for his analysis was the fact that, in any accepted model of demand for money, one common variable is the gross national product or some other variant of it in real terms. Consequently, he hypothesised that credit for any sector or industry over a period has to have some relationship with its performance in real terms, particularly output. He observed a declining trend in the credit extended by banks to industries since nationalisation, though it was higher than other sectors. On finding that the share of manufacturing sector in bank credit is higher than its share in Net Domestic Product (NDP) he concludes that increase in bank credit has occurred far in excess of increase in output during the years 1968-1973.

4. RESEARCH METHODOLOGY

4.1 TYPE OF RESEARCH

Descriptive research is used in this study in order to identify the lending practices of bank and determining customer's level of satisfaction.

4.2 COLLECTION OF DATA

4.2.1 PRIMARY DATA

- a. Observation Method
- b. Structured Questionnaire

4.2.2 SECONDARY DATA

- a. Manual of instructions on loans and advances
- b. Books
- c. Articles and Research Papers
- d. Internet

4.3 SAMPLING UNIT

The Study population includes the borrowers of bank and Sampling Unit for Study is Individual borrowers.

SAMPLING SIZE: 50 - 50 Respondents of SBI bank and HDFC bank

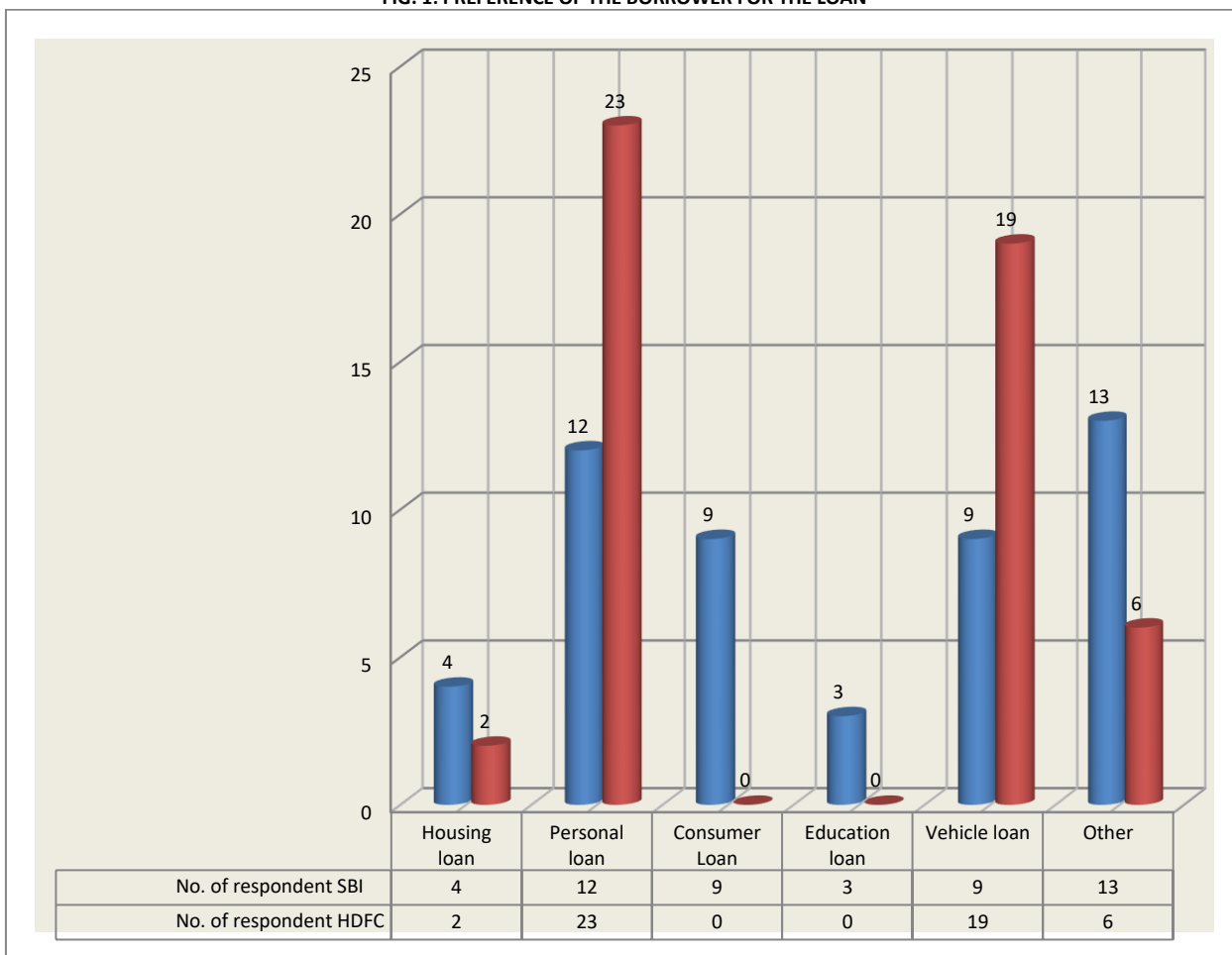
RESEARCH INSTRUMENT: The method used is questionnaire.

5. DATA ANALYSIS AND INTERPRETATION

TABLE 1: PREFERENCE OF THE CUSTOMER FOR THE LOAN

Kind of loan	No. of respondent	
	SBI	HDFC
Housing loan	4	2
Personal loan	12	23
Consuming loan	9	0
Education loan	3	0
Vehicle loan	9	19
Other	13	6

FIG. 1: PREFERENCE OF THE BORROWER FOR THE LOAN



INTERPRETATION

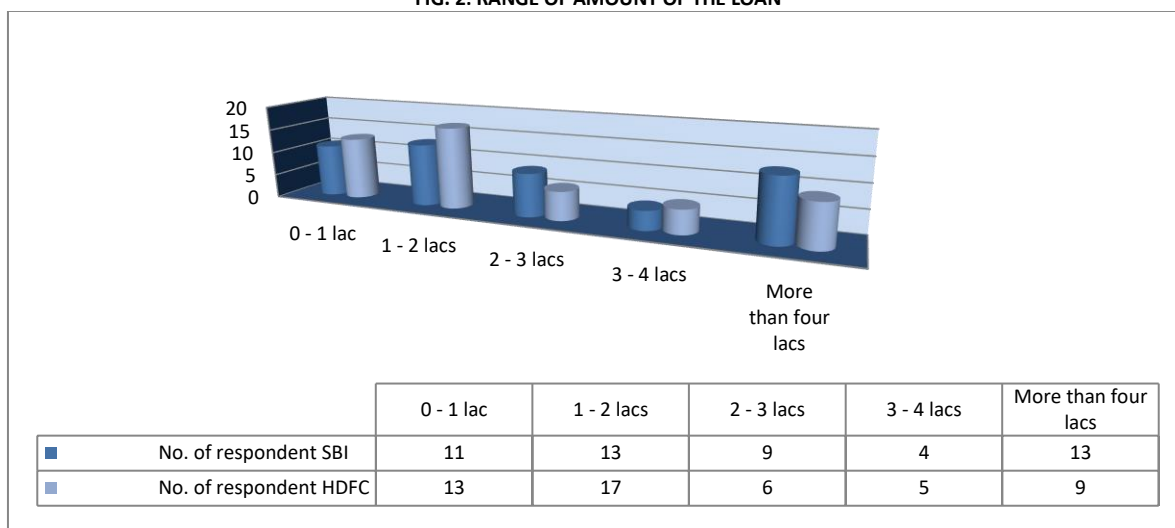
In Takhatpur town for SBI bank 8% of population of area borrowing for housing loan, 24% of population of area borrowing for personal loan, 18% of population of area borrowing for consuming loan, 6% of population of area borrowing for education loan, 18% of population of area borrowing for vehicle loan, 13% of population of area borrowing for others loan.

In Thakhatpur town for HDFC bank 4% of population of area borrowing for housing loan, 46% of population of area borrowing for personal loan, 0% of population of area borrowing for consuming loan and education loan, 38% of population of area borrowing for vehicle loan, 12% of population of area borrowing for others loan

TABLE 2: RANGE OF THE AMOUNT OF THE LOAN

Range of amount	No. of respondent	
	SBI	HDFC
Less than one lac	11	13
1 – 2 lacs	13	17
2 – 3 lacs	9	6
3 – 4 lacs	4	5
More than four lacs	13	9

FIG. 2: RANGE OF AMOUNT OF THE LOAN



INTERPRETATION

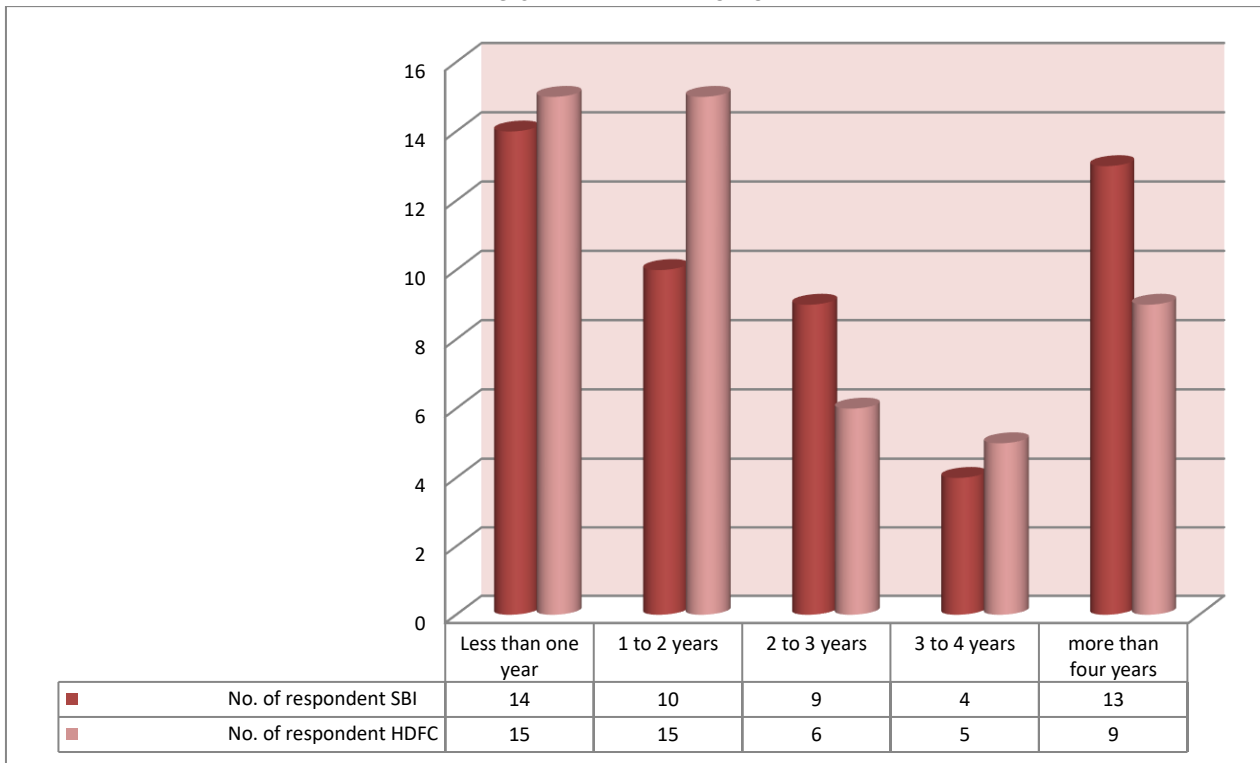
Present Study reveals that for SBI bank 22 % people prefer loan less than 100,000, 26 % respondents prefer 1 lac to 2 lacs, 18 % respondents prefer 2 lacs to 3 lacs, 8 % respondents prefer 3 lacs to 4 lacs, 26 % respondents prefer more than 4 lacs.

Present Study reveals that for HDFC bank 26 % people prefer loan less than 100,000, 34 % respondents prefer 1 lac to 2 lacs, 12 % respondents prefer 2 lacs to 3 lacs, 10 % respondents prefer 3 lacs to 4 lacs, 18 % respondents prefer more than 4 lacs.

TABLE 3: PREFERABLE TERM OF LOAN

Term of loan	No. of respondent	
	SBI	HDFC
Less than one year	14	15
1 – 2 years	10	15
2 – 3 years	9	6
3 – 4 years	4	5
More than four years	13	9

FIG. 3: PREFERABLE TERM OF LOAN



INTERPRETATION

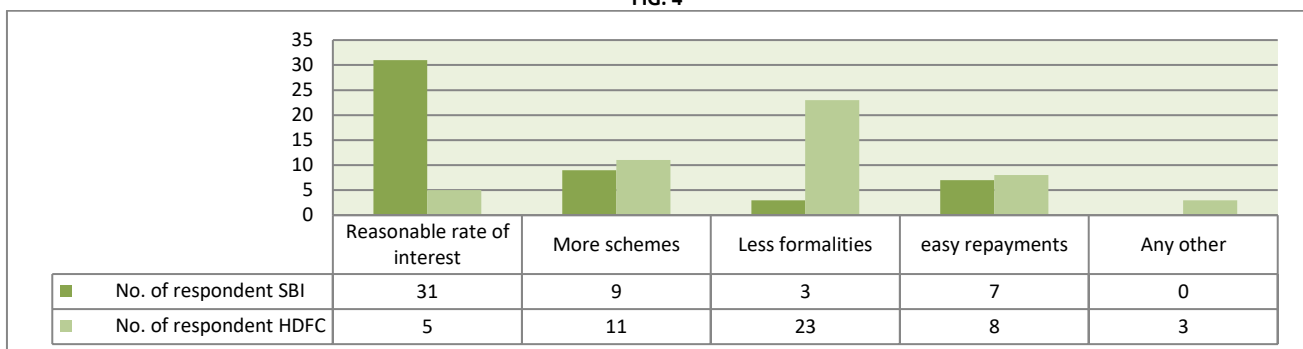
Present Study reveals that for SBI bank 28 % people prefer loan less than 1 year, 20 % respondents prefer 1 to 2 years, 18 % respondents prefer 2 to 3 years, 8 % respondents prefer 3 to 4 years, 26 % respondents prefer more than 4 years.

Present Study reveals that for HDFC bank 30 % people prefer loan less than 1 year, 30 % respondents prefer 1 to 2 years, 12 % respondents prefer 2 to 3 years, 10 % respondents prefer 3 to 4 years, 18 % respondents prefer more than 4 years.

TABLE 4: WHAT PROMPTED THE BORROWER TO TAKE LOAN FROM BANK

Reason for taking loan	No. of respondents	
	SBI	HDFC
Reasonable rate of interest	31	5
More schemes	9	11
Less formalities	3	23
Easy repayments	7	8
other	0	3

FIG. 4



INTERPRETATION

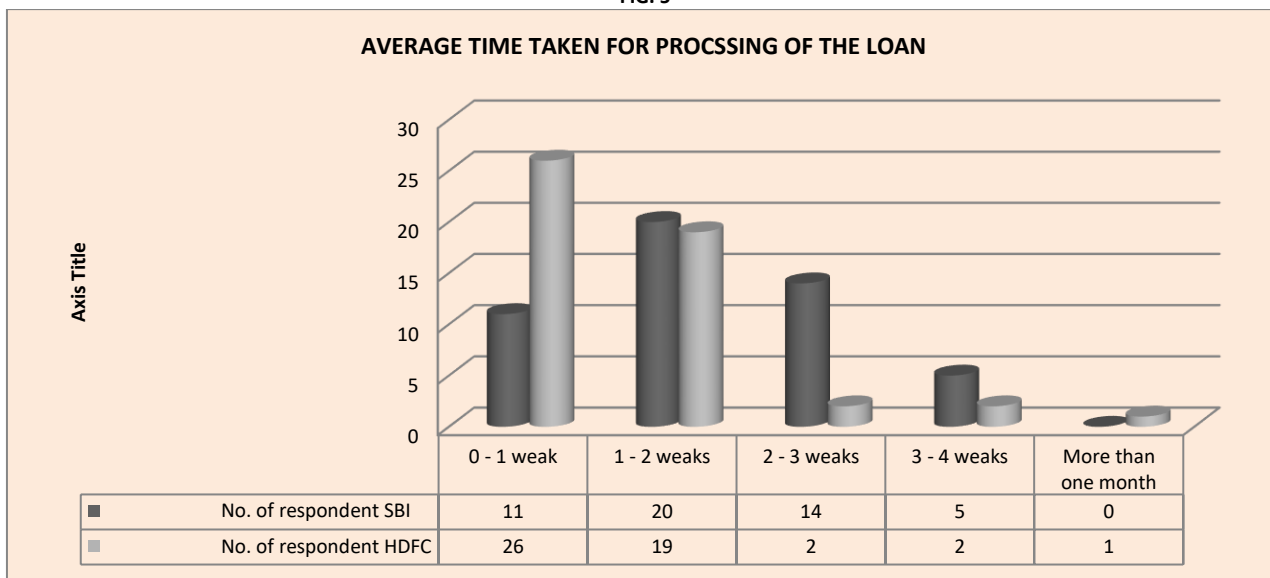
Study reveals for SBI 14 % take loan because banks provide easy payment, 6% take loans because of less formalities and 62 % respondents take loan because of reasonable rate of interest, 18 % respondents take loan because of more schemes.

Study reveals for HDFC 16 % take loan because banks provide easy payment, 46% take loans because of less formalities and 10 % respondents take loan because of reasonable rate of interest, 22 % respondents take loan because of more scheme, 6 % respondents take loan because of any other scheme.

TABLE 5: AVERAGE TIME TAKEN FOR THE PROCESSING OF THE LOAN

Average time for processing of loan	No. of respondent	
	SBI	HDFC
Less than one weak	11	26
1 – 2 weeks	20	19
2 – 3 weeks	14	2
3 -4 weeks	5	2
More than one month	0	1

FIG. 5



INTERPRETATION

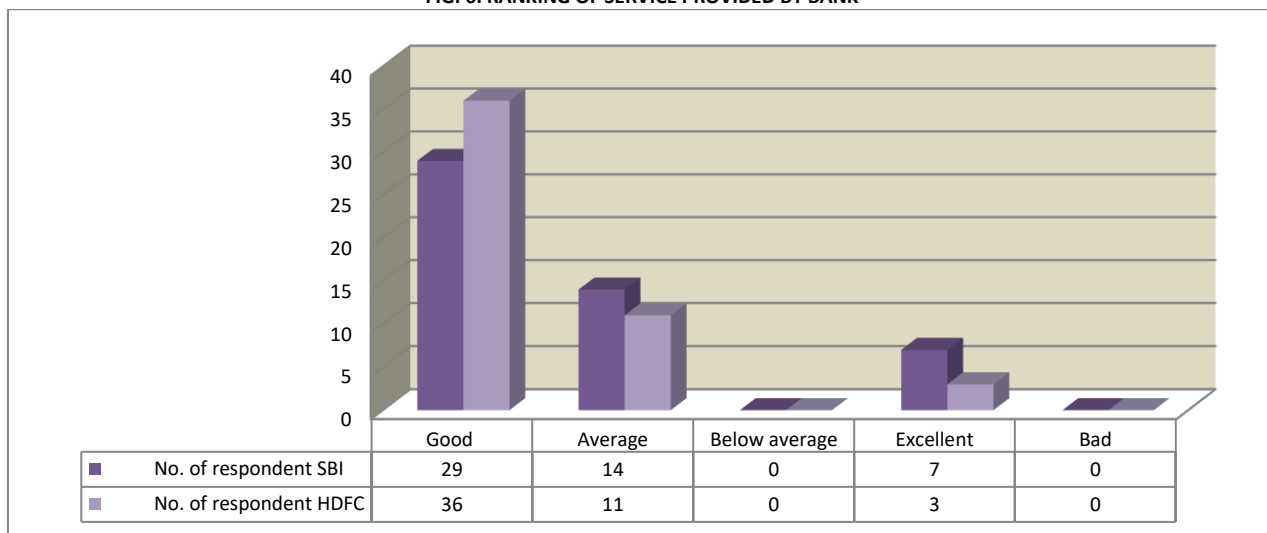
Study reveals for SBI BANK 22% respondents says that average time taken for processing of the loan is less than one weak, 40% says that it takes 1 – 2 weeks and 28 % says that it takes 2 – 3 weeks, 10% says that it takes 3 – 4 weeks.

Study reveals for HDFC BANK 52% respondents says that average time taken for processing of the loan is less than one weak, 38% says that it takes 1 – 2 weeks and 4 % says that it takes 2 – 3 weeks, 4% says that it takes 3 – 4 weeks, and 2% says that it takes more than one month.

TABLE 6: RANKING OF THE SERVICE PROVIDED BY BORROWER

Ranking of the service	No. of respondents	
	SBI	HDFC
Good	29	36
Average	14	11
Below average	0	0
Excellent	7	3
bad	0	0

FIG. 6: RANKING OF SERVICE PROVIDED BY BANK



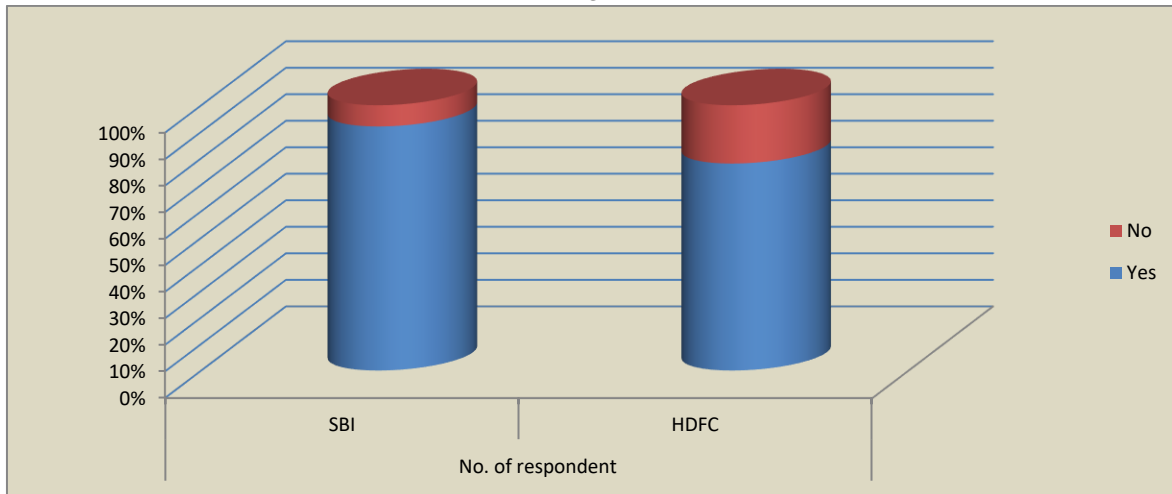
INTERPRETATION

Study shows for SBI 58% of the respondent says that facility provided by the bank are GOOD, 28% say that its average and 14% says that it's excellent. Study shows for HDFC 72% of the respondent says that facility provided by the bank are GOOD, 22% say that its average and 6% says that it is excellent

TABLE 7: BORROWER SATISFIED WITH THE RATE OF INTEREST AND EMI

Borrower satisfied	No. of respondent	
	SBI	HDFC
Yes	46	39
No	4	11

FIG. 7



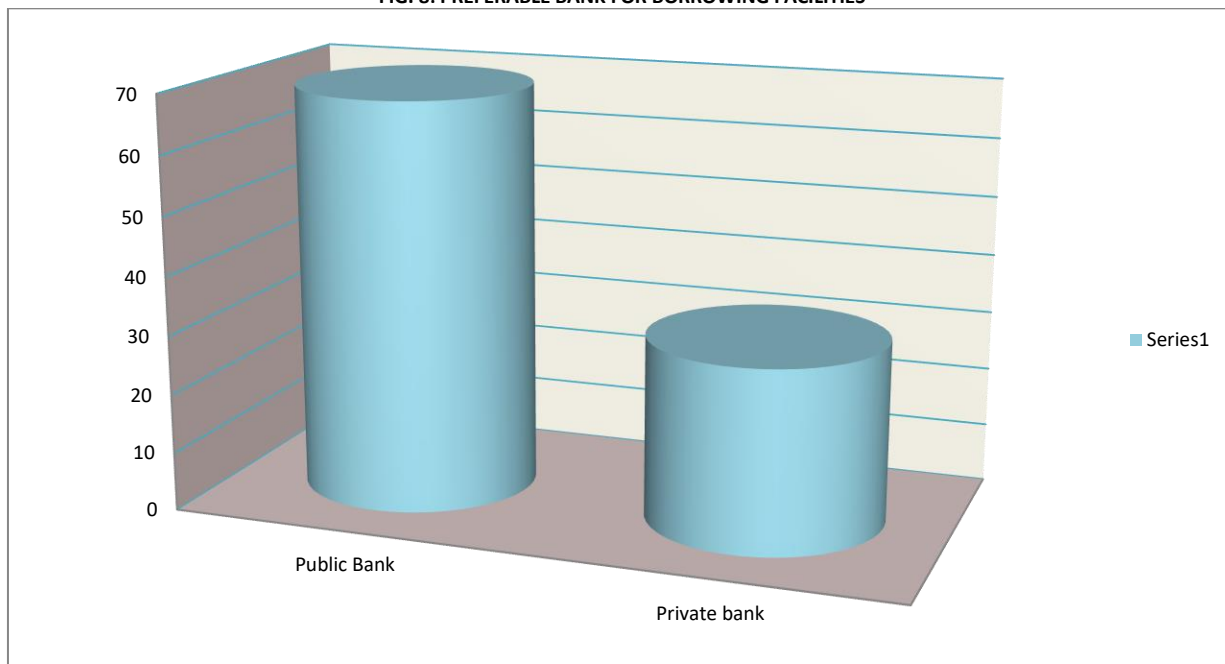
INTERPRETATION

Study reveals that for SBI BANK 92% are satisfied with the amount and period of installment, 8 % are not satisfied. Study reveals that for HDFC BANK 78% are satisfied with the amount and period of installment, 22% are not satisfied.

TABLE 8: PREFERABLE BANK FOR BORROWING FACILITIES

Preferable bank	No. of respondents	Percentage
Public bank	69	69%
Private bank	31	31%

FIG. 8: PREFERABLE BANK FOR BORROWING FACILITIES



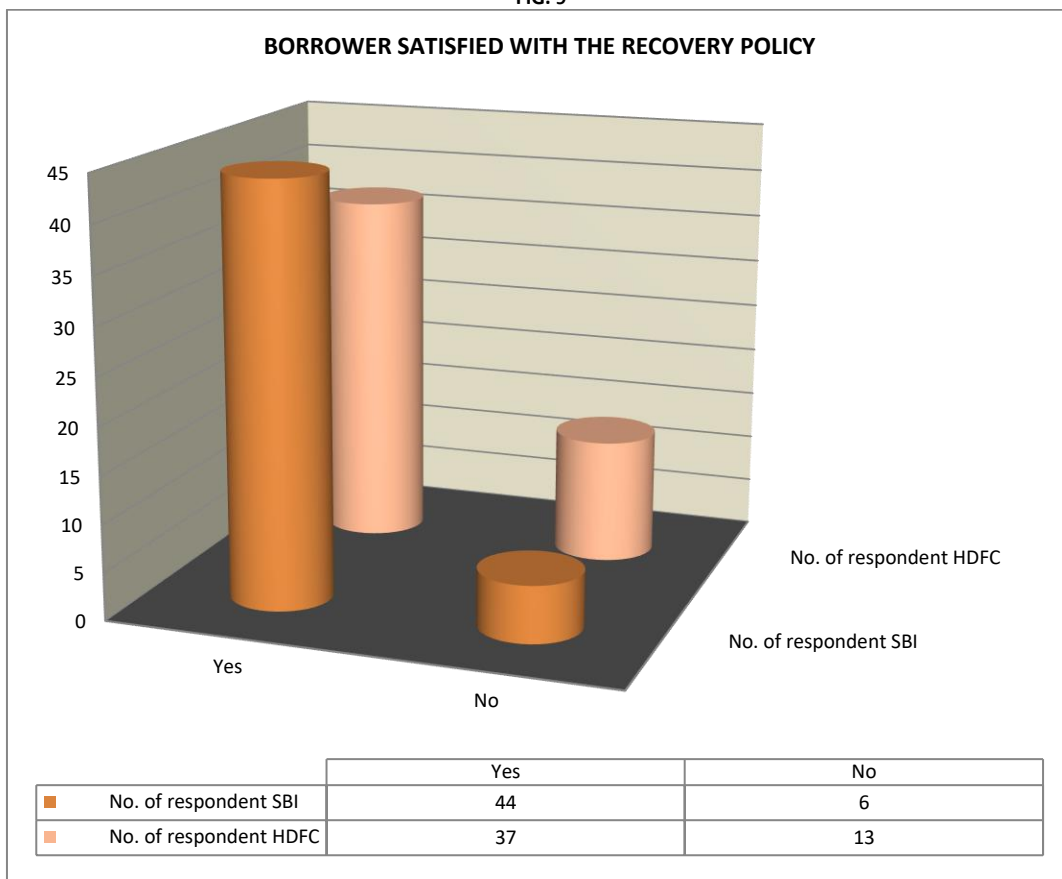
INTERPRETATION

Study shows that 69 % of the respondents will prefer loans from PUBLIC BANK, 31% from the PRIVATE BANK

TABLE 9: BORROWER SATISFIED WITH THE RECOVERY POLICY

Borrower satisfied	No. of respondent	
	SBI	HDFC
Yes	44	37
No	6	13

FIG. 9



INTERPRETATION

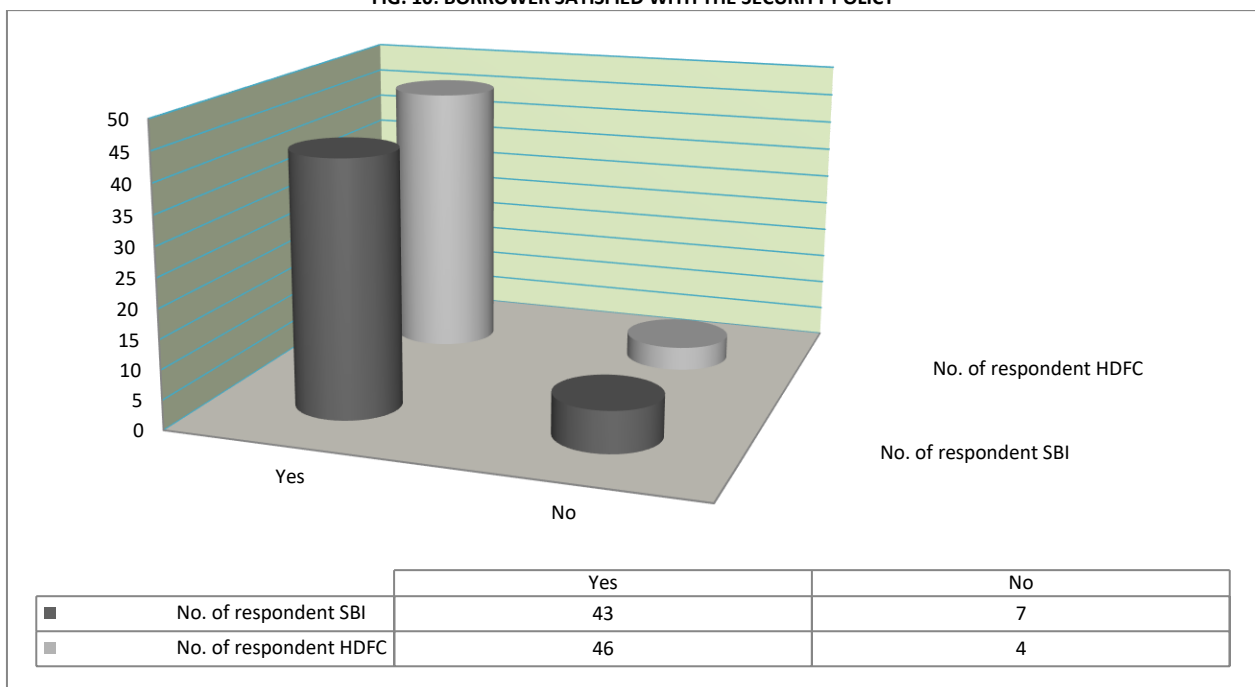
Study reveals that for SBI BANK 88% are satisfied with the recovery policy, 12% are not satisfied.

Study reveals that for HDFC BANK 74% are satisfied with the recovery policy, 26% are not satisfied.

TABLE 10: BORROWER SATISFIED WITH THE SECURITY POLICY FOR LOAN

Borrower satisfied	No. of respondent	
	SBI	HDFC
Yes	43	46
No	7	4

FIG. 10: BORROWER SATISFIED WITH THE SECURITY POLICY



INTERPRETATION

Study reveals that for SBI BANK 86% are satisfied with the security policy, 14% are not satisfied.

Study reveals that for HDFC BANK 92% are satisfied with the security policy, 8% are not satisfied.

6. FACT AND FINDING

1. 69% borrowers are prefer the SBI bank when taking loan and only 31% borrowers prefer HDFC bank.
2. Family member are creating more effect on decisions regarding loan.
3. Interest rate is main factor consider by borrowers when using taking loan.
4. Most of the borrower prefer the repayment of loan in higher duration.
5. Most of the borrower consider the policy of bank regarding loan.
6. 58% borrower's give the higher rating to SBI bank.
7. In HDFC bank 72% borrowers give the higher rating to HDFC bank.
8. More governments employees are prefer the SBI bank.
9. Similarly self employed and business men's are prefer the HDFC bank.
10. Low income class people face difficulty to taking loan.

7. LIMITATIONS

1. The study is based on the data of past two years only.
2. The data for study mainly based on two banks.
3. As majority of the borrowers are employees of the HDFC bank, they might be biased in giving the information
4. The time period of the research is limit.
5. The study is limit only Takhatpur city hence finding may be differ from other part of country.

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IDENTIFICATION OF SIGNIFICANT FINANCIAL RATIOS FOR DIAGNOSIS OF FINANCIAL DISTRESS IN INDIAN POWER INDUSTRIES BY PARALLEL ANALYSIS USING MONTE CARLO SIMULATION

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ABSTRACT

The main aim of the research paper is to identify the most impactful ratios in financial distress diagnosis with reference to Indian power industries. Parallel Analysis is used to drag these ratios from the bulk of financial ratios present in financial statements. By the usage of 30 financial ratios from the respective industry this paper has tried to explore the most significant ratios which have reliable characteristics in Screening the financial distress in Indian power sectors. With the base concept of Monte Carlo Simulation the analysis has been conducted by 1000 to 10000 iteration in the analysis. Parallel Analysis used this simulation considering two cases such as for normally distributed raw data set and for permutation of raw data set.

KEYWORDS

parallel analysis, monte carlo simulation, financial distress, normally distributed data set.

INTRODUCTION

 Energy sector is one of the most delightful sectors for the economic growth and welfare of nations. The growth of Indian economy is directly dependent on this sector. The power sector is the biggest contributor to Indian GDP. The diversification of this sector through the globe is noticeable. This sector is playing a vital role in creating thousands of job in the country.

The scenario of power generation in India along with installation rate in a year is in imbalance position. The installation capacity has been increasing drastically from 2007 to 2016 as well as the power generation. But surprisingly the Compound Annual Growth Rate (CAGR) says the opposite things. It says since 2007 to 2016 the rate of increment in capacity installation is more than rate of increment of power generation rate. The CAGR of power generation 2010-2016 was 6.21% where the capacity installation rate is 8.7%.

In a healthy condition the growth rate of former one should be more than the later one. But the research says the opposite things. This made the researcher thing about the restriction causing factors in generating sufficient power and energy as per requirement. It drags my attention to study and research on this particular sector for identifying the level of sickness and bad health along with the meaning instrument for it.

RESEARCH OBJECTIVES

In this research paper the main objective is to diagnosis the most significant financial ratios those can able to identify the distress in registered power industries in India.

Hence, the respective objectives of the paper are,

1. To identify the most significant financial ratios which have noticeable impact on distress diagnosis.
2. To identify the impactful financial ratios by parallel analysis on basis of montecarlo simulation.

DATA SOURCE

All the data used in the research work have been collected from BSE and NSE websites and BFIR online portal. As the total data set contains 50 companies (sample size), all belongs to power industry of India. Among these data set 35 companies are healthy companies whose financial data have been taken from BSE and NSE sites as all are registered companies and rest of 15 companies are financially distressed industry as they are registered in BFIR for restructuring.

LITERATURE REVIEW

Anderson (1963) has expressed in his work that factor analysis is studied to determine the most informative ratios. We can delete or void those ratios having less loading factors in comparison to others and having quite similar characteristics with rest ratios. A smaller set of variable can be formed by this tool to make the analysis process easier and make the decision making process and investigation process easier.

Beaver (1966) studied by using the financial ratios, by collecting the ratios from respective company's financial statement to predict failure. The main aim and objective was to develop the predictive ability of financial statement in providing empirical proof to the health of the particular industry.

Coak (2005) told the sample size for a factor analysis should be 100. But afterwards it can be considered more than 30 data or variables for effectiveness of factor analysis.

Chen and Shimerda (1981), Laurent, (1979) and Pohlman and Hollinger (1981) had used component analysis and or canonical correlation analysis to separate more impactful ratios from the ratios having very less impact. This causes limitation to multi co linearity among the selected financial ratios for the selection of most useful ratios in financial distress prediction.

Laitinen & Kankaanpaa (1999) used Discriminant Analysis instead of Logistic Analysis for a better efficient result in prediction of accuracy in terms of classifying healthy and unhealthy industries with their respective predicting variables.

Zaygren (1985) had expressed the information theory, probability estimates generated by financial ratio analysis are messages from an information system and the amount of information in each message is computed by its ability to reduce uncertainty.

METHODOLOGY

In this research Indian registered power industries are considered in which 35 healthy and 15 unhealthy industries are included. The data set covers 10 years of data. In case of independent variables 30 financial ratios have been considered. Parallel Analysis is done for estimate the most significant ratios by their Eigen

values having the influence of Mean of the data set and Percentile (95%).The base concept of this analysis is Monte Carlo simulation having more than 1000 times iteration.

For analysis of the data set IBM SPSS has been used. All experiment results in this report are done by using IBM SPSS Statistics 20.0 and Microsoft Excel. The analytical method is as follows:

PARALLEL ANALYSIS (MONTE CARLO SIMULATION)

Parallel analysis is a method for determining the number of components or factors to be retained from Factor Analysis. Most essentially the program works by creating a random dataset with the same types of observations and variables. The parallel analysis is conducted by taking two conditions such as For Normally Distributed Random Data Generation and for Permutations of the Raw Data Set. The former method wants the normally distributed data set where the later one wants the raw data set. The maximum iteration scope can make this analysis so effective in its output and its efficiency. In both the cases the analysis has considered 50th percentile and 95th percentile for Eigen value consideration and comparison of it with raw data Eigen value.

THE ANALYSIS: PARALLEL ANALYSIS AND INTERPRETATION

TABLE 1: FOR NORMALLY DISTRIBUTED RANDOM DATA GENERATION PARALLEL ANALYSIS

Variables	Raw Data	Means	Percentile
EPS	8.939	2.823	3.119
BVPS	5.633	2.515	2.724
RenPS	4.736	2.287	2.453
PBDITPS	2.513	2.100	2.246
PBITPS	2.053	1.935	2.064
PBTPS	1.280	1.787	1.908
NPPS	1.079	1.652	1.630
DPS	0.946	1.527	1.631
RNPE	0.742	1.409	1.506
RCE	0.694	1.300	1.394
ROA	0.476	1.198	1.285
DER	0.351	1.102	1.187
ATR	0.183	1.012	1.093
CR	0.130	0.927	1.005
QR	0.103	0.845	0.920
ITR	0.047	0.768	0.840
DPR	0.037	0.696	0.764
EVPOR	0.021	0.628	0.695
EVPEBITD	0.012	0.564	0.626
MCPOR	0.008	0.503	0.562
RR	0.003	0.446	0.502
PPBV	0.002	0.392	0.445
PPNR	0.001	0.342	0.393
BVPSexR	0.000	0.295	0.342
PBDITM	0.000	0.250	0.295
PBITM	0.000	0.209	0.250
PBTM	0.000	0.171	0.208
NPM	0.000	0.135	0.170
ERR	0.000	0.101	0.133
CERR	0.000	0.067	0.096

GRAPH 1

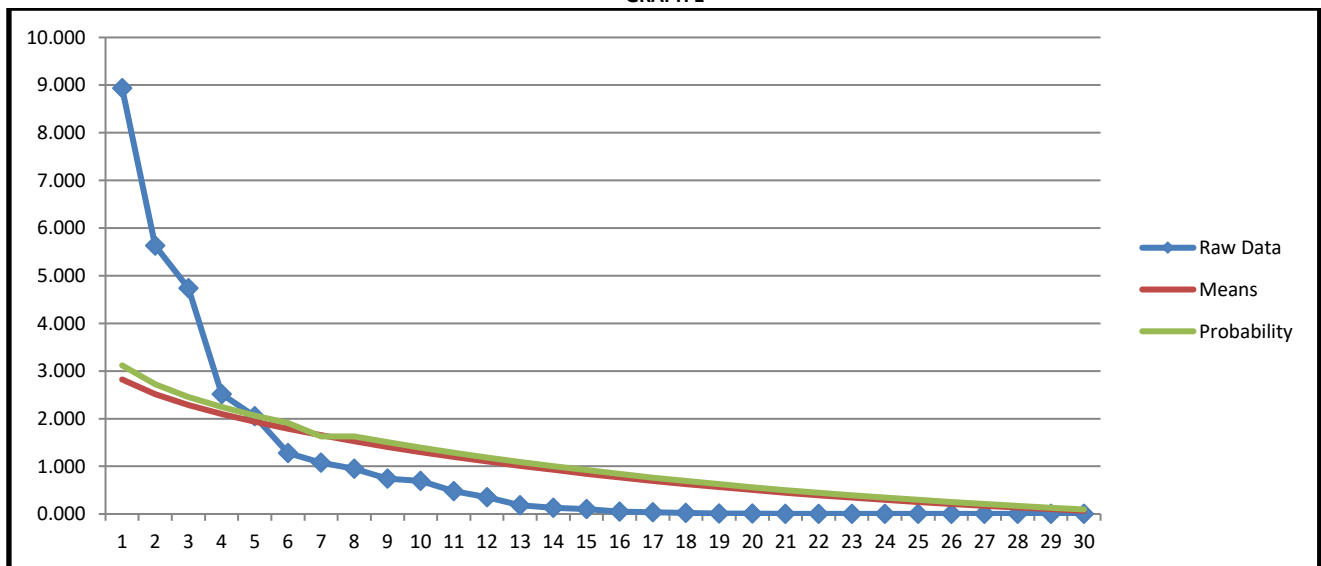
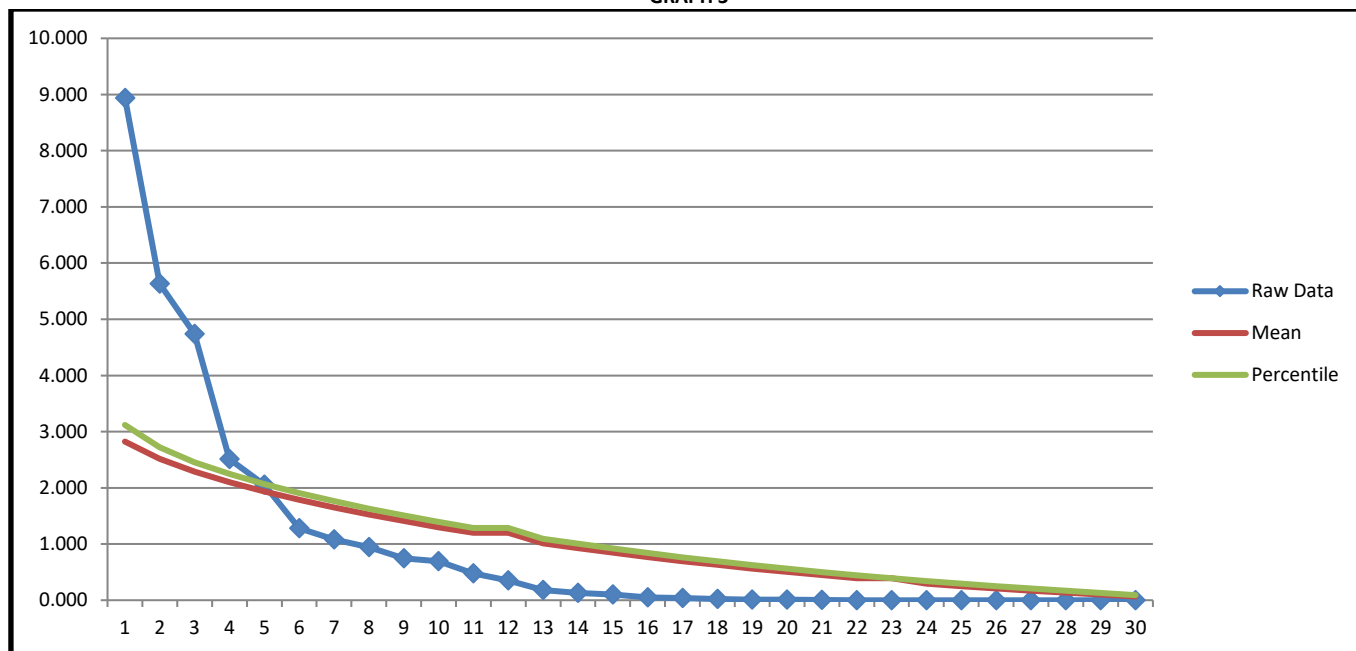


TABLE 2: FOR PERMUTATIONS OF THE RAW DATA SET

Variables	Raw Data	Mean	Percentile
EPS	8.939	2.823	3.119
BVPS	5.633	2.515	2.724
RenPS	4.736	2.287	2.453
PBDITPS	2.513	2.100	2.246
PBITPS	2.053	1.935	2.064
PBTPS	1.280	1.787	1.908
NPPS	1.079	1.652	1.763
DPS	0.946	1.527	1.630
RNPE	0.742	1.409	1.506
RCE	0.694	1.300	1.394
ROA	0.476	1.198	1.285
DER	0.351	1.198	1.285
ATR	0.183	1.012	1.093
CR	0.130	0.927	1.005
QR	0.103	0.845	0.920
ITR	0.047	0.768	0.840
DPR	0.037	0.696	0.764
EVPOR	0.021	0.628	0.695
EVPEBITD	0.012	0.564	0.626
MCPOR	0.008	0.503	0.562
RR	0.003	0.446	0.502
PPBV	0.001	0.392	0.445
PPNR	0.001	0.392	0.393
BVPSEXR	0.000	0.295	0.342
PBDITM	0.000	0.250	0.295
PBITM	0.000	0.209	0.250
PBTM	0.000	0.171	0.208
NPM	0.000	0.135	0.170
ERR	0.000	0.101	0.132
CERR	0.000	0.067	0.090

GRAPH 3



Parallel analysis is done to estimate the most significant ratios for analysis by estimating Principal component analysis having two statistical conditions by simulation under Monte Carlo simulation. The raw data in the table 1 and table 2 are the Eigen value from the real data co relation matrix calculated in PCA in IBM SPSS. The mean contains the Eigen value associated with the Monte Carlo Simulations in case of first variable is 2.823 in parallel analysis. The percentile column in case of first variable has the value of 3.119. It has been considered that Mean is 50th percentile and percentile is 95th percentile. So as per the standardized valuation the 95th percentile Eigen Value is always be greater than 50th percentile value. Here in case of first variable i.e. 3.119 is greater than 2.823.

If the Raw data column having the Eigen value will be more than the 95th percentile Eigen value i.e. Percentile column Eigen value then we can say it is statistically significant Eigen value. So similarly in case of first case 8.939 is greater than 3.119.

After the parallel analysis in case of first 4 variables the raw data Eigen value is greater than 95th percentile Eigen value that signifies these variables have a significant impact on the depended variables. That means these financial ratios can have the ability in predicting the dependent variable status. Those variables are Earning Per Share, Book Value Per Share, Revenue From Operation Per Share and Profit Before Depreciation Interest Tax Per Share.

From the 5th to 30th ratios or variables the Eigen value of Raw data is less than the Eigen value of 95th percentile i.e. percentile so these ratios does not have noticeable impact on the dependent variables.

We will find the syntax will produce a Scree plot having two more lines intersecting the Scree plot. The Scree plot is the line connecting the real data Eigen value from correlation matrix. Above the intersection point the Eigen values and the respective variables are the most considerable variables for decision making. The lower intersecting line is the 50th percentile line and the higher line is the 95th percentile line.

This parallel analysis can be done in two approaches first one Table 1 is the output of first method i.e. For Normally Distributed Random Data Generation Parallel Analysis and the Table 2 contains the output of second approaches i.e. For Permutations of the Raw Data Set. Both the approaches give the very similar output with same syntax representation as Scree plot. But the difference is the later one is the lengthy and time taking traditional approach where the former one is modern approaches. In the both the cases the output is very reliable and effective just because of the output is generated by 1000 simulation to 10000 simulations as per the number of data and variables this research has.

CONCLUSION

The statistical simulation process instead of traditional data reduction techniques can have the ability to give best result in terms of independent variables selection which are the most significant enough for decision making. The above statistical analysis included maximum 10000 iteration process for finding the best output. As a result, the power industry in India can easily estimate their financial health by considering only 4 variables instead of going all the 30 ratios. As the analysis has mathematical proof with it we can rely on it. Ultimately after the estimation of financial status we can go for proper restructuring and revival measure can be taken to prevent financial distress and bankruptcy scope from Indian power and energy sectors.

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IMPACT OF NABARD IN JAMMU AND KASHMIR ECONOMY THE STUDY OF CREDIT FACILITIES AND CREDIT ISSUES IN BARAMULLA DISTRICT

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ABSTRACT

The researcher studied about what NABARD is, the major activities are done by NABARD. The researcher also focused on the credit facilities offered by the NABARD. The researcher collected the data from the employees of NABARD by interviewing them for finding out the most important credit issue faced by NABARD. The researcher found the major issues faced by NABARD, these issues are: Insufficiency of Credit, Limitations on timely availability of credit, High Interest Rates, Neglect of Small and Marginal Farmer and Continues Presence of Informal Markets. The researcher also found the relationship between the locations of Baramulla from where the primary data is collected. The relationship between the locations is based on the responses of the respondents concerning the major issues of credit faced by NABARD.

KEYWORDS

NABARD, RIDF, credit facilities, credit issues.

INTRODUCTION

 NABARD is set up as an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas. In discharging its role as a facilitator for rural prosperity NABARD is entrusted with

- Providing refinance to lending institutions in rural areas.
- Bringing about or promoting institutional development and
- Evaluating, monitoring and inspecting the client banks Besides this pivotal role, NABARD also:
- Acts as a coordinator in the operations of rural credit institutions
- Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development
- Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development
- Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development
- Acts as regulator for cooperative banks and RRBs

MAJOR ACTIVITIES

- Preparing of Potential Linked Credit Plans for identification of exploitable potentials under agriculture and other activities available for development through bank credit.
- Refinancing banks for extending loans for investment and production purpose in rural areas. • Providing loans to State Government/Non-Government Organizations (NGOs)/Panchayati Raj Institutions (PRIs) for developing rural infrastructure.
- Supporting credit innovations of Non-Government Organizations (NGOs) and other non-formal agencies.
- Extending formal banking services to the unreached rural poor by evolving a supplementary credit delivery strategy in a cost effective manner by promoting Self Help Groups (SHGs)
- Promoting participatory watershed development for enhancing productivity and profitability of rain fed agriculture in a sustainable manner.
- On-site inspection of cooperative banks and Regional Rural Banks (RRBs) and off-site surveillance over health of cooperatives and RRBs.(www.nabard.org)

CREDIT FACILITIES OFFERED BY NABARD

NABARD also offers various credit facilities like:

- **Short-term/ Medium term/ Long-term refinance** for various types of production/marketing/ procurement activities at attractive interest rates to various organizations, societies, Govts etc.
- **Investment Credit** (Medium and Long Term) Refinance with a mission of Accelerating Private Capital Formation to Promote Sustainable and Equitable Agriculture and Rural Prosperity with Refinance as Lever
- **Rural Infrastructure Development Fund (RIDF) RIDF** is a fund to promote the investment in infrastructure for agriculture. State Governments as well as Panchayat Raj Institutions (PRIs), Non- Governmental Organisations, Self-Help Groups, etc. are eligible to borrow out of RIDF for their schemes like ongoing Irrigation, Flood Protection, Watershed Management projects, rural Road & Bridge projects, Primary and Secondary Schools, Primary Health Centers, Village Huts, Joint Forest Management, Terminal and Rural Market/Godowns, Rain Water Harvesting, Watershed development, flood protection, drainage, Cold Storage, Riverine Fisheries, Fishing Harbor & Jetties, Mini/Small Hydel Projects in Power Sector, Rural Drinking Water Supply Schemes, Citizen Information Centre's, Modern abattoir, Seed/Agri./Hori. Farms, etc.
- **Refinance for Rural Housing Facilities scheme RRHFS** provides Credit to the Individuals, Cooperative Housing Societies, Public Bodies, Housing Boards/ Housing Development Researcherities/ Improvement, Trusts, Local Bodies, Voluntary agencies and NGOs, Housing Finance Companies registered, with NHB for finance extended by them to housing projects in the 'rural' areas only. The finance is provides for Construction of New Houses as well as Repairs/Renovation of existing houses in rural areas/ Rainwater Harvesting Structures/ Sanitary Latrines, etc.
- **Micro Credit Innovation scheme**, Under the **MCIS** NABARD facilitates sustained access to financial services for the unreached poor in rural areas through various micro Finance innovations in a cost effective and sustainable manner
- NABARD has been designated the Implementing Agency for implementing the Revival Package in all the states. **The Department for Cooperative Revival and Reforms (DCRR)** has been constituted in NABARD for this purpose. NABARD is providing dedicated manpower at the national, state and district levels for implementing the Package.
- **Loans to State Governments** for funding equity of Co-operative Credit Institutions.
- NABARD has formulated a Model scheme for issue of **Kisan Credit Cards** to farmers, on the basis of their land holdings, for uniform adoption by banks, so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and also draw cash for their production needs. Farmers have to get in touch with Researcherised banks to use this facility.
- **A Research and Development Fund** has been established by the bank with the objective of acquiring new insights into the problems of agricultural and rural development through in-depth studies and applied research and trying out innovative approaches backed up by technical and economic studies. It includes

facilities for training, dissemination of information and promotion of research by undertaking studies techno-economic and other surveys in the fields of agriculture, rural banking and rural development. The eligible Institutes for the fund are Approved research institutions, organisations and other agencies which are engaged in action-oriented, applied research, Individuals or groups of individuals would also be extended assistance provided they are sponsored by suitable organisations which would certify the proper use and accounting of funds, Private and commercial organisations are not normally eligible for assistance under the this fund.

- **Swarojgar Credit Card Scheme** aims at providing adequate and timely credit ie, Working capital or block capital or both to small artisans, handloom weavers, service sector, fishermen, self-employed persons, rickshaw owners, other micro entrepreneurs, SHGs, etc from the banking system in a flexible, hassle free and cost effective manner. Borrowers in urban areas can be covered under SCC Scheme. Small business covered under priority sector is also eligible under SCC Scheme. Any scheme/project that is income generating/ employment generating may be covered under the scheme. The facility may also include a reasonable component for consumption needs. Farm sector activities like fisheries, dairy, etc. can also be covered under the scheme. Generally such of the self-employment activities which have regular turn over/income stream on short-interval basis can be covered under SCC scheme. SCC is a credit delivery mode and not a purpose. Coverage of SCC will not make a unit ineligible for subsidy. Banks can issue SCCs to target borrowers of SCC scheme for disbursing credit under any schemes whether they are covered under subsidy or not.
- **Farmers' Club Programme** is a grass root level informal forum. Such Clubs are organized by rural branches of banks with the support and financial assistance of NABARD for the mutual benefit of the banks concerned and rural people. The broad functions being to coordinate with banks to ensure credit flow among its members and forge better bank borrower relationship, interface with subject matter specialists in the various fields of agriculture and allied activities etc., extension personnel of Agriculture Universities, Development Departments and other related agencies for technical knowhow up gradation. Liaison with Corporate input suppliers to purchase bulk inputs on behalf of members, organise/facilitate joint activities like value addition, processing, collective farm produce marketing, etc.; for the benefit of members. They can also sponsor / organise SHGs, undertake socio-economic developmental activities like community works, education, health, environment and natural resource management etc.
- **NABARD Consultancy Services (Nabcons)** is engaged in providing consultancy in all spheres of agriculture, rural development and allied areas. Nabcons leverages on the core competence of the NABARD in the areas of agricultural and rural development, especially multidisciplinary projects, banking, institutional development, infrastructure, training, etc., internalized for more than two decades.
- **Crafts Mart** scheme was initiated with the objective of providing the rural artisans and entrepreneurs access to urban and upcountry markets, products of few artisans supported by NABARD under its various promotional programmes are displayed along with the contact addresses
- **Rural Innovation Fund (RIF)** is a fund designed to support innovative, risk friendly, unconventional experiments in Farm, Non-Farm and micro-Finance sectors that would have the potential to promote livelihood opportunities and employment in rural areas. The following areas/sectors are as thrust areas for support from the Fund. Dry land / Rain fed farming, Rainwater harvesting, Energy from biomass, Crop residues and non-crop bio mass, Distribution and use of water and energy, Storage devices for agricultural and rural products, Managing common property resources, Roads, Sanitation and Waste disposal, micro-Finance, Entrepreneurship/Skill development, micro- Enterprises, Marketing, Housing, Service sector, Health care and Hygiene.
- **Water Harvesting Scheme** is for the SC / ST Farmers with main objective of the scheme is to cover SC/ST farmers in providing irrigation facilities to their homesteads / farmlands. In order to augment the income generating capacity of these SC/ST farmers suitable local water-harvesting structures are proposed along with provision for small lifting devices on a nationwide scale. Freshwater aquaculture wherever feasible can also be taken up as per the choice of farmers. (www.mofpi.nic.in)

OBJECTIVES OF THIS STUDY

The study is done by keeping the following objectives related to the study of NABARD. The researcher will work on:

1. Finding out the most important credit issue faced by NABARD
2. To understand the various credit facilities offered by NABARD
3. The researcher will also study the major activities that is pursued by NABARD
4. To understand the relationship between the respondents views of two different locations of Baramulla district.

MATERIAL AND METHOD

Study Area: The area of conducting this study is National Bank for Agriculture and Rural Development (NABARD) in Baramulla District. The study is specific to NABARD and its role in Indian Economy. The researchers will determine the credit issues faced by NABARD; the researcher will also find out the relationship between the responses of respondents of two different locations of Baramulla and will study them to meet out the objectives of the study.

Sample Method and Sample Size: As the study is based on NABARD therefore the sample universe is small. The researchers will collect the data from 40 respondents from each location of Baramulla, that is total respondents from the universe will be 80.

Data Collection Procedure: The data is collected by interviewing the respondents from respondents of two different locations of Baramulla. The researchers interviewed the selected sample size and know their opinion concerning the credit issues faced by NABARD.

Analytical Technique: Tabulated data was analyzed with the help of simple percentage to know the most important credit issue that affects the credit facilities of NABARD. To find out the relationship among the respondents views or opinions of two different locations the researcher will use Karl Pearson correlation method. The researcher will use the following formula to find out the relationship between the respondents.

Covariance (X, Y) r = SD of X and SD of Y

RESULTS AND DISCUSSIONS

The researcher will study the credit issues faced by NABARD in this study. The researcher will find out the most important credit issues that affects the credit facilities of NABARD. The researcher represented all the Contribution of NABARD in Indian Economy 69 percentages to nearest round offs. The collected data is presented in table-1 below:

TABLE 1: CREDIT ISSUES FACED BY NABARD

Credit Issues Faced by NABARD	Respondents Response Location X	Percentage Location X	Respondents Re- sponse Location Y	Percentage Location Y
Inadequacy of Credit	6	13%	7	17%
Constraints on timely availability of credit	8	20%	5	10%
High Interest Rates	14	40%	9	23%
Neglect of Small and Marginal Farmer	7	17%	13	37%
Continues Presence of Informal Markets	5	10%	6	13%
	40	100%	40	100%

CREDIT ISSUES FACED BY NABARD

Overall, the concerns in relation to rural credit – other than those relating to structural issues - are generally expressed in terms of – (www.nabard.org)

INADEQUACY OF CREDIT

Credit inadequacy is considered as an important issue been faced by the NABARD while managing the credit facilities. 6 out of 40 respondents from NABARD consider it as an important issue faced by NABARD. The percentage of respondents considering inadequacy of credit is 13%. The percentage itself reveals that it is an important issue faced by NABARD.

CONSTRAINTS ON TIMELY AVAILABILITY OF CREDIT

It is important an important factor in providing credit facility by NABARD. Timely availability of credit is an essential consideration while providing credit facilities to customers. 08 respondents out of 40 consider it as an important issue. 20% of the respondents consider this issue as an essential for credit facilities.

HIGH INTEREST RATES

High interest rate is another important issue been faced by NABARD. It is most preferred issue among the respondents 40% of the respondents considers it as the primary issue in credit facilitation by NABARD.

NEGLECT OF SMALL AND MARGINAL FARMERS

While providing credit facility to customer, it happen that small and marginal farmers who have low turnover are neglected due to certain reasons such as recovery issues, etc. This is another important issue that was faced by NABARD. 17% of the respondents consider this as an important issue in credit facilitation.

CONTINUED PRESENCE OF INFORMAL MARKETS

The presence of informal markets like- local bankers are one of the important reasons for credit facilitation. 10% of the respondents consider that during credit facilitation these informal markets must be kept in consideration by NABARD. (www.nabard.org, RBI 1954)

TABLE 2: RELATIONSHIP BETWEEN RESPONDENTS OPINION

Credit Issues Faced by NABARD	Respondents Response X	Respondents Response Y	X- X1= x	Y- Y1= y	xy
Inadequacy of Credit	6	7	8	2	16
Constraints on timely availability of credit	8	5	6	4	24
High Interest Rates	14	9	0	0	0
Neglect of Small and Marginal Farmer	7	13	7	-4	-28
Continues Presence of Informal Markets	5	6	9	3	27
	40	40			39

Now, The researcher will find out the relationship between the opinion of respondents of location X and location Y. therefore the researcher will use Karl Pearson correlation method to find out the relationship among the opinion of respondents of location X and location Y. the formula used by researcher to find out the relationship is-

$$r = \frac{SD\ of\ X * SD\ of\ Y}{Covariance\ (X,\ Y)}$$

Where,

r = correlation between the variables

SD= Standard Deviation

Now Calculating the Covariance of X and Y

$$Covariance = \frac{\sum xy}{N}$$

Covariance = 7.8

Now Standard Deviation as calculated with the help of Statistical Software Decision Analyst STAT 2.0 is

SD of X= 3.536

SD of Y= 3.162

Now, placing the values in the formula of Karl Pearson Correlation Method

$$r = 7.8 / 3.536 * 3.162$$

$$r = 7.8 / 11.181$$

Therefore,

Value of r = + 0.698

FINDINGS AND CONCLUSION

From the study the researcher found the major activities performed by NABARD. The researcher also found the various credit facilitation provided by NABARD. The researcher analyzed the collected data and concluded that 40% of the respondents of Location X from Baramulla consider the high interest rate as an important issue faced by NABARD whereas continued presence of informal markets was found least important by 10% of the respondents. Similarly, in location Y of Baramulla district the respondents consider Neglect of Small and Marginal Farmer as important issue with 37%, whereas constraints on timely availability of credit are considered as least important issue by 10%. The researcher also concluded that there is moderate positive correlation between the locations of Baramulla from where the researcher collected the primary data.

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REASONS AND FACTORS INFLUENCING SMSE: LEARNINGS OF SICKNESS IN UNREGISTERED INDIAN INDUSTRIES

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ABSTRACT

Indian small-scale industries are key contributors to employment in India. Small Medium Scale Industries setup/started mainly to uplift the economic activities in rural areas. The set-up of Small Medium Scale Industries has resulted in creating employment opportunities, maximizing industrial output, exports, and capital formation. However, they are faced with challenges such as shortage of raw materials, lack of power supply, lack of financial assistance, lack of equipment facilities, and lack of infrastructure facilities. If the challenges are not solved on time; it leads to sickness. Rise of sickness in Small Medium Scale Industries is a cause of apprehension to the government and financial institutions because they are sucking the overall development of economy. Study primarily discusses factors, which are essential for success of small industries. Secondary data collected, analyzed using regression model. Results indicate working capital, marketing, equipment, management issues, women owners, and labour problems key factors influencing reasons for non-registration. Findings highlight need to focus on key aspects for developing effective strategies.

KEYWORDS

international monetary fund (IMF), micro small and medium enterprises (MSME), small scale industries (SSI), small medium scale enterprises (SMSE), over the counter exchange of india (OTCEI).

INTRODUCTION

Globalization, Liberalization, privatization and Information Technology have tailored the business environment (Ngai and Wat, 2002); the collective impact of aforementioned reforms has also impacted the working of MSMEs especially in developing economies, with a rule to "compete or perish" (Jeswal, 2012). Information technology has radically changed the operations of business environment. Physical and geographical distances gain no place in today's business world, due to extensive use of IT. Thus, this scenario has led to the development of e-globalization era (Singh, Garg and Deshmukh, 2010). In today's scenario of e-globalization era, big corporations are outsourcing and downsizing their business activities and are intensely concentrating in their core business activities. This scenario has provided an opportunity/challenges to SSIs to work with them in the form of partnership, joint venture, franchising, turnkey projects, etc (Abouzeedan, 2005). Small firms have their own uniqueness as compared to large firms (Flamholtz, 1986; Hanks, Watson, Jansen and Chandler, 1993; Kazanjian and Dranzin, 1990). Complicated administrative procedure and hierarchical thinking found less in small enterprises (Liao and Welsch, 2003). Therefore, MSME are the plantations of future entrepreneurs in a Country. Innovation is one of the driving forces of entrepreneurship.

As per the data released by IMF in World Economic Outlook (2016), Indian economy is the ninth largest economy in the world, with a growth rate of 7.56 percent in 2015-16 and one of the fastest growing world economies. As per the data presented by Planning Commission of India; at the current prices in the year 2014-15, agricultural & allied sector has contributed 4.43 percent of growth, industrial sector has contributed 7.67 percent of growth and service sector has contributed 13.81 percent of growth respectively. According to World Bank, India ranks 137 position in the world to do business and Indian rural population comprises of 67.25% as of 2015. Hence, major Indian population resides in rural areas.

As per data presented by Small and Medium Business Development Chamber of India, MSMEs sector, has 36 million units, employing 80 million people, producing more than 6000 products and contributing about 8% of Country's GDP. 45 percent of the manufactured output is contributed by MSMEs units as per the Report of the Working Group on "Effectively Integrating Industrial Growth and Environment Sustainability"- Twelfth Five Year Plan, 2012-2017. 49.86 percent of country's exports were contributed by MSMEs products as per the data given by Ministry of Micro, Small and Medium Enterprises in the financial year 2015-16. The share of MSMEs in country's total direct exports is 35 percent.

Development of rural population is vital, for the development of overall economy. SMEs play a key role in nation building and alleviating poverty in developing economies (Agbeibor, 2006). Due to the presence of very large number of small business, substantial benefits will be aroused from the contribution of each individual firm. (Reynolds and Lancaster, 2007). MSMEs setup/started mainly to uplift the population of rural areas. The set-up of MSMEs' has resulted in creating employment opportunities, maximizing industrial output, exports, capital formation and so on. MSMEs are important for the economic and social development of a country since they provide self-employment opportunities and they represent major share of all industrial enterprises. Thus, this has led to entrepreneurship and innovation in an economy (Nishanth and Zakkariya, 2014). Numerous motives are the reasons for establishing small business in various economies. For example, in developing economies it's established with a motive to trigger entrepreneurship skills, empowerment of women, eradicate poverty, unemployment, etc. Whereas in developed economies the main motive is to be the sole proprietor of the firm. A study conducted by Ramadani (2011), in Macedonia, a developed economy; results from the study indicated 38.42 percent of the entrepreneur's set-up business mainly to be independent owners of the company, whereas 24.63 percent of the entrepreneurs wants to earn profit from their business.

In India, abundant supply of labor force found and thus most of the SMEs are labor-intensive industries. Mostly SSIs prevail in geographical clusters (Nagesha, 2008). Micro, Small and Medium enterprises governed by the "Micro, Small & Medium Enterprises Development (MSMED) Act, 2006". However, there is variation in the definition of MSME in every region/country of the world, but it is a fact that they are the pillars of the economy (Tavana and Puranam, 2014). In most of the countries, MSMEs defined based on employees. However, in Indian economy MSME defined because of investment in plant and machinery.

The definition of sickness in MSME sector is changing over time. Reserve Bank of India (RBI) has set up the Working Group on Rehabilitation of Sick Units (Kohli Committee) and the latest definition of sickness in MSME given by them, is given below, "A smallscale industrial unit is considered as sick when if any of the borrowal accounts of the units remains substandard for more than six months, i.e., principal or interest, in respect of any of its borrowal accounts has remained overdue for a period exceeding one year will remain unchanged even if the present period for the classification of an account as substandard is reduced in due course"; or

"There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth during the previous accounting year and the unit has been in commercial production for at least two years".

During fourth census, information on sickness and incipient sickness was collected. Continuous decline in gross output for three consecutive years, was identified as a suitable indicator for measuring incipient sickness; whereas, to measure sickness Latest definition given by Kohli Committee was used.

Criteria to identify sickness/ incipient sickness; following condition/s represents sickness in small enterprises, (a) Gross output is declined continuously compared to two previous financial years; (b) Outstanding loan for more than 12 months; loan is borrowed from the institutional sources; (c) During the previous accounting year, 50 percent of the net worth is eroded. The transition rule of association of mathematics, applied for the above criteria for identification of sickness in industry. As per the data compiled for the financial year 2014-15, by Reserve Bank of India 516619, micro, small and medium enterprises (MSME) were sick in India, with an outstanding loan of Rs.33378.17 crore. The state with maximum sick units operating in India is Uttar Pradesh with 77761 units, followed by 50006 units in Maharashtra, 49003 units in Gujarat, 44719 in Tamil Nadu, 43437 units in Andhra Pradesh and 38835 units in West Bengal. There has been increase in the sick units in the country by 10.25 percent. (i.e. During the previous financial year 2013-14, 468397 units were sick with an outstanding loan of Rs 32869.92 crore).

In developed as well as in developing economies, small enterprises established with an aim of eradicating poverty by providing employment opportunities. Few of the variables affecting the performance of MSME are; Small business units are small in number with less capital, less market accessibility, less information, less data etc. Thus, they are unable to face the intense competition from big corporations/enterprises. Another major challenge faced by entrepreneurs of small business units is the lack of faith by financial institutions in terms of lending. Lack of faith in small business units causes hurdles in their financial activities and operations. Most of the people employed in MSME are seasonal workers. They work during off-agricultural season. Hence, it becomes difficult to manage a stable workforce in MSME, in turn, which affects the overall functioning of the units. However, above mentioned challenges/problems were reflected in small business units, in a study conducted by Ramadani (2011) in a developed economy, Macedonia.

REVIEW OF LITERATURE

Well-built establishment and overall development plays a vital role in escalating the economic opportunities of economic agent in an economy. By creating employment opportunities, by nurturing the budding entrepreneurs, by contributing to social and regional development etc, MSMEs contribute a major share in overall development of economy. However, they are faced with challenges such as shortage of raw materials, lack of power supply, lack of financial assistance, lack of equipment facilities, lack of infrastructure facilities etc. A study conducted by World Bank Enterprise Surveys (WBES) reported "Lack of access to finance" is the foremost constraint faced by SMEs; second being the "Practices of the informal sector". However, the former has gained lot of academic attention worldwide (Beck, Demircuc-Kunt, Laeven, and Maksimovic, 2006; Beck, Demircuc,-Kunt, and Maksimovic, 2008; Demircuc,-Kunt and Maksimovic, 1998) and the latter is neglected in SME literature (Albrecht,Navarro, and Vroman, 2009; Amaral and Quintin, 2006; Galiani and Weinschelbaum, 2007; Perry et al., 2007). (Distinguin, Rugemintwari and Tacneng, 2016).

If the challenges are not solved on time; it leads to sickness. Rise of sickness in SSIs is a cause of apprehension to the government and financial institutions because they are sucking the overall development of economy. Increase in the sickness of SMEs' leads to rising unemployment, underutilization of resources, wastage of capital assets and loss of production (Dalal and Deshmukh, 2001). Finance is considered as the lifeline of any business. It is needed to start business operations, in addition it plays essential role in upgradation and diversification of business activities, to meet day-to-day expenses, to finance the equipment (Nishanth and Zakkariya, 2014). SMEs are unable to avail the same kind of financial support as provided to large organizations; this disparity has restrained the growth and development of SMEs (Winborg and Landstrom 2001). For instance: Results of a study indicated that lack of finance constraints the growth and development of small manufacturing firms in more than 1,600 US firms (Carpenter and Petersen, 2002). In another scenario, augmentation of women owned enterprises is highly depended on the accessibility of financial resources (Carter and Allen, 1997). Thus, the literature clearly recommends that there is a sturdy link between the availability of finance and growth of SMEs, leading to a belief that major hurdles come in the path of owners/managers at the time of accessing capital (Hutchinson, 1995). Availing credit facilities from commercial banks as well as from government agencies is a cumbersome process for MSMEs as they ask statistical analysis, lots of information, time-consuming process. To avail a loan facility from government agencies, many entrepreneurs may hesitate due to its bureaucratic process (Kadam, 2012). Information about SMEs is a major factor, which influences the creditors, credit decision, and to assess the credit risk of the borrowers, the lender has to collect information about the SMEs contracts, their bills, suppliers, accounting systems, debtors, projects etc in order to allocate the loan efficiently. However, collection of information from SMEs is one of the toughest tasks for creditors. (Myers and Majluf, 1884). Information asymmetries can be reduced by sharing of credit information, this information can be sought in private credit bureaus and public credit registries (Kallberg and Udell, 2003; Jappelli and Pagano, 2002). Lack of disclosure is a major hurdle for banks in granting credit to SMEs; however, adequate information by the firms enables the external financiers to smoothen the lending process (Kallberg and Udell, 2003). Due to the non co-operative attitude of the banks, the enterprises that are capable of availing the loans may be denied by the banks because firms are unable to present their information properly.

Post OTCEI failure, stock exchange for SMEs in India was set-up on the recommendation of Prime Minister' task Force (Jan 2010). SEBI, a regulatory body for securities market in India, has amended SEBI (Issue of Capital and Disclosure Requirements Regulations, 2009; April 13, 2010). Through this notification SMEs can tap the capital market for raising funds; enabling them to access capital, better public profile image, improvement in R&D, Mergers and acquisitions, International collaborations etc. Thus, over reliance on self-finance, banks, indigenous bankers and government agencies will be reduced largely. However, SMEs should fulfill the norms to get listed in the capital market (Kulkarni and Chirputkar, 2014). To understand SMEs' capital structure decisions, it is quite essential to understand firms' characteristics and owners and/or manager's characteristics (Norton, 1991; Vos, Yeh, Carter and Tagg, 2007; Newman, Guneseesee and Hilton, 2012). With the fear to loose control and independence, owners are disinclined to get their firms listed in the stock market and/or some firms may not full fill the norms of getting listed in the stock market (Vos, Yeh, Carter and Tagg, 2007; Bhaird, 2010). Various variables relating to capital structure decisions of SMEs have been identified in the literature of capital structure (Frank and Goyal, 2007). Size, profitability, age, asset tangibility, growth and debt have been identified as the factors influencing capital structure decisions of SMEs (Frank and Goyal, 2007). In explaining SMEs' capital structure size of a firm plays a vital role (McConnell and Pettit, 1984). The capacity to owe a debt is larger, if a firm size is larger, due to disclose of accurate information; risk of bankruptcy is less, sufficient earnings to repay their debt (Matias and Serrasqueiro, 2017). Many authors have a view that, larger firms represent greater capacity for debt, because of diversification of activities leading to less probability of bankruptcy (Warner, 1977; Smith and Warner, 1979; Ang, Chua and McConnell, 1982; Pettit and Singer, 1985; Ang, 1991, 1992; Degryse, De Goeij and Kappert, 2012). When ploughing back of profits is insufficient to manage business, SMEs look for debt finance (Norton, 1991; Scherr, Sugrue and Ward, 1993). Not all SMEs look out for debt finance, many small firms aim to retain their independence and avoid issuance of debt (Vos, Yeh, Carter and Tagg, 2007). A firm searches more debt when it is younger than in later parts of life cycle (Petersen and Rajan, 1994). Results of study conducted across eight countries in Europe analyzed SME capital structure; suggest there are differences in firm capital structure across all countries (Hall, Hutchinson and Michaelas, 2004). Corporate credit portfolio in banks is less risky than SME loan portfolio in banks (Jacobson, Linde, and Roszbach (2005) and Dietsch and Petey 2004). SME loans will have many potential benefits, if a precise credit scoring model is used in the market (Altman and Sabato 2007); Some of the benefits are capital required by banks in SME lending will be lower, if precise credit scoring model is used by all the banks; due to this lower interest rate will be charged to SME loan customers (Li, Niskanen, Kolehmainen, and Niskanen, 2016). In SME lending, banks use credit risk evaluation model, since 1990s; this model is considered as a financial innovation (Akhavein, Frame, and White, 2005). Credit risk evaluation model is a recently developed model for lending loans to SMEs; under this model, the data regarding the firm and owners are processed by using traditional methods or artificial intelligence approaches to predict future loan performance of the applicant (Hand and Henley, 1997). Earlier, statistical methods were applied to evaluate credit scoring or credit risk model (Li, Niskanen, Kolehmainen, and Niskanen, 2016). Statistical methods were used to build a credit evaluation model by many researchers' (Altman, 1968; Altman and Sabato, 2007; Banasik, Crook, and Thomas, 2001; Boyes, Hoffman, and Low, 1989; Durand, 1941; Ewert, 1968; Makowski, 1985; Myers and Forgy, 1963; Orgler, 1970; Sarlija, Bensi, and cek, 2004; Steenackers and Goovaerts, 1989; Wiginton, 1980). Evolution of computation technology and information enabled artificial intelligence methods to be applied in credit scoring or credit evaluation model (Li, Niskanen, Kolehmainen, and Niskanen, 2016). An artificial intelligence method generates better results than traditional statistical methods, in credit scoring (Huang, Chen, and Wang 2007). In the recent years, it has been evident that a hybrid model, combination of traditional statistical methods and artificial intelligence, predicts better results than either of the two methods used individually (Li, Niskanen, Kolehmainen, & Niskanen, 2016). It's clear from literature traditional techniques are not superior to machine learning; however, a combination of both is highly recommended as supported by results of Schafer (2008), who suggested logistic regression prediction accuracy is lower than ANN.

In order to meet their day to day expenses, cash flow should be properly managed by the owners/managers of the firm, thereby enabling efficient liquidity management in a firm (Collis and Jarvis, 2000). Recent studies have shown that due to poor credit management small firms feel helpless to take any action against the irregular payment by their debtors (Peel, Wilson, and Howorth, 2000; Drever, 2005). For the prosperity and survival of small firms effective and efficient liquidity management is needed (Deakins, Logan, Morrison and Steele, 2000; Sardakis, Mole and Hay, 2007).

Efficient management of inventory, debtors and creditors are vital for the success and endurance of SMEs (Deloof, 2003). Providing credit to customer is a low-cost source of finance for them, on the other hand money is tied up in the working capital (Deloof, 2003). Delaying payment to suppliers can be a low-cost and flexible source of finance for firms, however late payment can be very dear to the firms (Deloof, 2003). Therefore, efficient management of working capital is required to maintain profitability and liquidity in a firm (Ekanem, 2010).

Half of the world population being employed in the informal sector; this reality has discouraged the government officials to take necessary action against them (OECD,2009). Poor quality of institutions and weak governance either can be a cause for the growth of informal firms (De Soto, 1989) or entrepreneur make a decision to be informal when initiating the firm's activities (Distinguin, Rugemintwari and Tacneng, 2016). Most of the studies have indicated that most of the firms lack information regarding easy registration process and lack of tax incentives have discouraged the firms to register their business (Bruhn, 2013; Maloney, 2004). Small firms choose to remain informal or unregistered because a major portion of their investment is lost in registration formalities and in conformity with the product regulations (Rand and Torm, 2012). With a view to limit their risk component, few owners of MSMEs register their firm's and utilize the schemes/incentives offered by the government (Siqueira, Webb and Bruton 2014). Maximization of profit is also the one of the factor influencing the owner's decision, whether to register their firms or not (McKenzie and Sakho, 2010). An Efficient legal system and its enforceability in the economy, assists in detecting informal enterprises (Dabla-Norris, Gradstein and Inchauste 2008; Ulysees, 2010); in order to remain undetected MSMEs shrink their level of operations (Farrell, 2004). This act by entrepreneur would decline the potentiality of their firm's to compete against the large firms. In order to reduce the number of non-registration firms, government should reduce the tax rates (Ihrig and Moe, 2004); this measure should be adopted in an economy where corruption rate is higher, thereby inducing the owners to register their firms and instilling confidence in the government (Maloney, 2004). Frail contract enforceability, ineffective tax regime and increased corruption, fines, penalties, time consuming process etc. contributes to the growth of informal business (Quintin, 2008) and (Ihrig and Moe, 2004). Evasion of tax, non-compliance with the labor laws, product laws, safety laws etc. are the acts which leads to decrease in cost of production in unregistered firms; Due to this, they charge economical prices and seize the market share from the formal firms (Distinguin, Rugemintwari and Tacneng, 2016). La Porta and Shleifer (2008) have discussed three views regarding informal firm's role in economic development-the romantic view, the parasite view and dual view. De Soto (1989, 2000), romantic view considers informal firms parallel to formal firms. This view suggest that informal firms are potential enough to be formal; due to official constraints like bureaucratic process, government taxes and lack of access to finance they are held back. Dual view treats informal firms are different from formal firms in various aspects, however not affected by government polices (La Porta and Shleifer, 2008). Parasite view treats informal firms as the iniquitous competitor of formal firms since they evade taxes and regulations (Farrell, 2004; Levy, 2008); Potential Entrepreneurs are suppressed in a large informal economy (Barry and Tacneng, 2014).

In a decision to grow their business units or not, various factors will be considered by entrepreneurs (Wiklund and Shepherd, 2003). Some of factors are: Retaining ownership, gaining respect, difficulty in availing credit, raw materials', flexibility, limited human resource, locational factors, cultural factors, geographic factors, relationship with the suppliers and customers, economic condition, etc. (Anderson and Jack, 2000; Holland and Shepherd, 2011). Small firms compared to large one's lack economies of scale; however, have high potential due to combination of self and circumstances (Anderson, 2000). Most firms exert operation to what they can do rather than focusing resources on what should be done (Saravathy, 2008). High internal locus of control shapes individual's actions and motives (Ahl, 2006); Practices of firms are shaped mostly by owners whose behaviour may optimize financial aspirations (Preisdorfer, 1990); which are basically extensions of their behaviour including fulfillment of personal goals (Douglas and Shepherd, 2000; Wiklund, Patzelt and Shepherd, 2009). Growth of small firms is significantly dependent on owner's ability to manage and make effective decisions (Hurmelinna-Laukkanen, 2012; Sexton, 1989). An attitude of entrepreneur is pivotal as shapes growth motivation or reluctance to growth (Davidsson, 1991). It is evident from literature human behaviour has significant role in small firm's financial health.

In order to be out there in the market with sustainability, MSME should be dynamic (White and Linden, 2002). Lean manufacturing paradigm is a methodology, which eliminates waste from all the operations and activities of an enterprise. By eliminating waste, cost will reduce and profitability will be increased. Few of the methods followed in lean manufacturing; on time-delivery of products or services, maximizing output/services, elimination of waste, providing better services/products than competitors do. However, Indian SME are unwilling to adopt lean manufacturing paradigm because of its complexity, illiteracy, conservative thought process, lack of information, high financial investment and high consultancy related expenses. (Panizzolo, Garengo, Sharma and Gore, 2012). In order to plan for lean paradigm, lot of complexity like complex mathematical calculations, budgeting, forecasting, statistical analysis, planning, sources of finance, size of the enterprise, credit terms, availability of raw materials, manufacturing lead time etc; is involved which cannot be managed/understood by entrepreneurs of MSME. Either software should be developed to simplify the lean manufacturing paradigm or expertise opinion should be provided at affordable prices to the entrepreneurs of MSME (Mathur, Mittal and Dangayach 2012).

Craft-based skills are frequently found in small firms; which is a hurdle in marketing of small firm products (Watkins and Blackburn, 1986). Small firms usually concentrate on daily earnings and neglect the long-term strategic policies. Lack of market information, penetration strategies, forecasting techniques, advertising campaigns etc. are few of the challenges faced by SSIs in marketing their products/services (Poutziouris, Binks and Bruce, 1999). World economy is growing into a globalized village. Largely consumers have increased the consumption of eco-friendly products. With the lack of awareness in change of technology and products, MSMEs produce outdated products; this involves the use of environmentally hazardous technology. MSMEs' contribute nearly 70% of the total industrial population in India. By being innovative, a firm can take advantage of the peculiar business opportunities (Wang, 2008). MSMEs should be cognized with the trend of eco-friendly products. Thus, the concept of Green Marketing should be introduced to MSMEs, in order to produce good quality eco-friendly products at minimal prices. Green Manufacturing not only helps the MSMEs' in producing eco-friendly products, it also reduces their cost through efficient management of natural resources, diversified use of raw materials, labor and manufacturing process (Paul, Bhole and Chaudhari 2014; Sangwan, 2011) and also enhances the image of enterprise as a social responsible unit Mittal and Sangwan (2014). As an initiative to produce eco-friendly products, an initiative is taken in Jute industry, a project named, "Jute: An eco-friendly alternative for a sustainable future" was started. It was a joint collaboration of an Indian enterprise named "Margadarshak Development Services" along with Tradecraft UK has jointly started a European Union sponsored project.

In this fast growing techno-savvy world, where today's product is considered as obsolete in tomorrow's world, this has led to reduction in trade barriers, effective post sales service, intense competition, cost reduction strategies, influencing purchasing behaviours, efficient supply chain management, etc. among the business units (Massa and Testa, 2009). Knowledge is the most important aspect to face any competition, (Drucker, 1995). According to Peter Drucker it is "the coordination and exploitation of organizational knowledge resources, in order to create benefit and competitive advantage" (Drucker, 1999). Knowledge is gained not only by reading books, in fact it is gained enormously by maintaining good network with the customers, employees, suppliers, middlemen, creditors, traders etc. (Mahr, Lievens, and Blazevic, 2014). Knowledge management enables the firm to outperform the competitors by enabling the efficient allocation of factors of production (i.e. Land, Labor, Capital and Organization) (Grossman, 2006). Small firms must be strategic in order to be competitive, pioneer & progressive in the dynamic business environment (Mugler, 2002). To grow in their businesses SMEs should be innovative, (Thompson, Williams and Thomas, 2013). Innovation in a firm is knowledge-intensive business process, since it reflects how well the knowledge and intellectual assets are utilized in a firm (Subramaniam and Youndt 2005) and (Theoharakis and Wong, 2002). For a firm to be competitive in the market, it has to be flamboyant with its product and services offered (Nielsen 2006). Knowledge management enables the firms to be innovative as well competitive. A systematic KM is required by firms to tackle their problems (i.e. inefficient management, scarce resource in terms of capital, labor, materials, equipments etc) efficiently (Sandhawalia and Dalcher, 2011). The aforementioned skill develops innovations in the firm's product or services and assists the firms to remain competitive in the globalized market (Wheeler, 2002). Knowledge and technology are the strategic assets of firms, which enables them to create competitive advantage. (Lai and Lin, 2012; Stump, Athaide, and Joshi, 2002). Therefore, with well-possessed knowledge resources in a firm, an innovative technology is developed which brings modification/up gradation in goods/services offered to the customers, thereby expanding the market share and retaining/increasing the competitive advantage.

Skilled human resource is the invaluable asset an organization can possess to achieve sustainability (Barney, 1991). Many authors have proposed that strong small, medium enterprises can built with the assistance of skilled human resource acquired at the managerial and employee level (Neace, 1999; Wells, Pfantz and Bryne, 2003). In small firm's organization, learning can take a form of tacit knowledge or formal knowledge (Ekanem, 2010). Outputs/services generated by a firm are highly influenced by the human capital employed in the firm. (Pennings, Lee and Van Witteloostuijn, 1998; Edelman, Brush and Manolova, 2002). Organizational adoption of human or social aspect, affects the individuals psychologically, cognitively and emotionally (Porras and Hoffer, 1986; Rosenthal, 1996; Streat, 1996). By balancing the needs of employees and organization, the climate within the organization should always be ready to adopt changes with minimum resistant;

which makes the firm more vibrant and helps the organization to grow (Laabs, 1996). In addition to aforementioned requisites, organizational culture and communication together also influences organization adaptation largely (Duck, 1993; Shaw and Maletz, 1995). Communication is key mediator to resolve any resistance to organizational changes by working with the organization culture (Frances, 1995). Compared to urban entrepreneurs, rural entrepreneurs face lot of difficulty in recruitment, financing, attracting efficient expertise and building networks (Van Horn and Harvey's, 1998). Organization should follow/frame such practices and policies, by which employees' feels motivated, valued which leads them to a sense of belongingness towards the firms (Hutchison and Garstka, 1996).

The major factor influencing the performance of MSME is lack of competition among them. Hence, MSME are encouraged to be innovative, so that there are economies of large-scale production along with the uniqueness in the products/services they offer in the market and attain market leadership. Innovation brings in competition and helps in gaining sustainable growth position in the market (Gerguri and Ramadani, 2011).

From a business perspective, innovation means "growth and profit" which benefits the firms with economies of large-scale production; thus enabling the firms to produce/deliver, products/services to a larger market share. From the customer's perspective, innovation means firms producing/delivering quality products or services at a minimal rate and thus enhancing a life of consumers' (Gerguri, Rexhepi and Ramadani, 2013). In order to face competition in the market, SMEs is confronted with following hurdles; Lack of resources, SMEs hesitate to enter the export market (Moen, 1999); to improve their manufacturing operations they lack proficiency, time and capital (Gunasekaran, Marri, McGaughey and Grieve, 2001); Hesitation to innovate and lack of intellectual rights (Stokes, 2002); information slit between marketing and production functions, in addition due to deficiency of funds expensive software such as ERP system cannot be used by the MSMEs (Xiong, Tor, Bhatnagar, Khoo and Venkat, 2006); Lack capabilities to meet huge demands (Narula, 2004); lack of skilled human resource in firms (Korea Federation of Small Businesses, 2003).

Management structure and independence of small firm places the entrepreneur in the most vital position in the business activities (Bird, 1995; Capaldo, landoli and Ponsiglione, 2004; Chandler and Jansen, 1992; Olson and Booker, 1995). In recent times, government institutions (Elenurm and Vaino, 2011) have recognized the role of women entrepreneurs, in SMEs and in nation building. A woman entrepreneur is defined as "the women or group of women, who initiate, organize and operate a business enterprise" (Pandian and Jesurajan, 2011). Challenges faced by women entrepreneur are diverse in different economies and societies that should be considered (Javadian and Singh, 2012). It is vital to understand the characteristics, aspirations and the performance level in a business of a woman entrepreneur; who is starting a new business (Ramos, Maldonado and Hernandez, 2014). In recent years, the number of women who have entered the field showed encouraging improvements as the world has witnessed a constant growth of women entrepreneurship and their contributions to the national economic and employment (Hassan, Ramli and Desa, 2014). Women entrepreneurs give attention to building good relations with the clients, producing good/innovative things and controlling their own fate (Elenurm and Vaino, 2011). Brush (1992) stressed that women have the caliber to grow their own business by using their talent of maintaining/forming good social network and merge their business with their relatives' business or other concerns, in order to overcome competition, challenges like lack of power, resources etc and also to enjoy large scale of economies. Firms owned by women are private and her skills play a key role in running the business (Lerner, Brush and Hisrich, 1997). Employment experience, socio-economic background, personal life and culture are the factors influencing women entrepreneurs in accessing entrepreneurial capital (Carter and Shaw, 2006).

With their broad social networks, men can run their enterprises lucratively compared to women (Zuwarimwe and Kirsten, 2010; Martey, Annin and Attoh, Wiredu, Etiwire and Al-Hassan, 2013). In addition, in terms of lending financial institutions, exhibit greater faith in men compared to women. (Mapetla, 1999). Literature suggests that there is clear disparity in lending for women entrepreneurs by financial institutions. Women entrepreneurs are unacquainted of the schemes offered by the financial institutions, private agencies, etc (Singh and Belwal, 2008). With standing the challenges, in the recent times there is a considerable growth in women entrepreneurs and their contribution in nation building and in providing employment opportunities (Hassan, Ramli and Desa, 2014); as a result, woman's are performing exceptionally well in diverse professions ranging from academics, space politics, administration and social work (Mehta and Parekh, 2014).

Energy has versatile role being played in individual's life and in nation building (Bhattacharyya, 2007). However, energy resources are inadequate to meet our standard of living (Maureen, 2012). Reciprocated relationship exists between the economic activities of a country and energy; due to the vital role played by the energy sector in the economic activities of a country. For instance, energy sector and the key for a mixture of other sectors are using inputs from different sectors. This reciprocated relationship effects the demand for energy, possibilities of substitution within the energy and with the factors of production (land, capital, labor and organization). Energy sector is essential for economic growth as economy arises due to interdependence between economic activities and energy.

To meet the increasing demand for energy; either the prices should be raised or fossil fuels should be shifted to renewable sources of energy (IEA, 2008). Adoption of renewable sources of energy cannot solve on its own, the problem of energy inadequacy since they are not sustainable. For instance, wind is needed to run the wind generators (Salonitis, 2015). As per IEA (2008) through the verified use of technologies and best practices, significant amount of energy and carbon dioxide can be saved. Adoption of such approaches on a global level would save between 25EJ and 37EJ of energy each year, which signify 18-26 percent of current primary usage in industry (Zein, 2012; Salonitis and Ball, 2013; Salonitis and Stavropoulos, 2013). In order to make monopoly industries work efficiently, economic regulation acts as a motivator (Kshetri, 2010; Viljanen, 2005). Itkis, Daim and Basoglu, (2009) stressed that to survive in this highly competitive and fast changing economic situation outsourcing of public enterprise is a good option.

RESEARCH METHODOLOGY

The study follows explorative approach using multivariate analysis techniques. Data collected from a secondary source from census data generated by Ministry of small and medium scale industry (MSME) India. The data collected by MSME India from a period of 2004 to 2005. The data sample had total data point 168654 out of which 13644 are selected to study reasons of non-registration of SSI; the other data points were incomplete. All variables are dichotomous except reason for non-registration and employee total.

ANALYSIS

As seen in table 1.1, all variables left skewed except, total employees (emp_total) and (dmd_prob); which indicates extreme values at lower end of data variable. Study uses logistic regression technique with dependent variable as 'reason_nonreg'

TABLE 1.1: DESCRIPTIVE STATISTICS

	n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
Reason nonreg	13644	3.44	1.86	5	3.55	0	1	5	4	-0.42	-1.74	0.02
Woman ent	13644	1.84	0.36	2	1.93	0	1	2	1	-1.89	1.58	0
Emp total	13644	2.11	2.8	2	1.68	1.48	1	122	121	15.44	418.66	0.02
Os loan	13644	1.82	0.38	2	1.9	0	1	2	1	-1.66	0.77	0
Dmd prob	13644	1.28	0.45	1	1.22	0	1	2	1	1	-0.99	0
Work cap_prob	13644	1.6	0.49	2	1.63	0	1	2	1	-0.41	-1.83	0
Raw mtrl_prob	13644	1.88	0.32	2	1.98	0	1	2	1	-2.39	3.7	0
Power rprob	13644	1.88	0.32	2	1.98	0	1	2	1	-2.34	3.48	0
Labour prob	13644	1.96	0.2	2	2	0	1	2	1	-4.52	18.44	0
Mkt prob	13644	1.64	0.48	2	1.67	0	1	2	1	-0.58	-1.66	0
Equip prob	13644	1.9	0.31	2	2	0	1	2	1	-2.6	4.74	0
Mgmt. prob	13644	1.97	0.18	2	2	0	1	2	1	-5.24	25.49	0

Source: Ministry of small and medium scale industry

A step-wise logistic regression with 11 independent variables and one dependent variable is used. The backward stepwise using AIC (Akaike information criterion) measuring relative quality of models. For initial model, the AIC score is high as seen in table 1.2; however, for eight independent variables the AIC is lowest among three models. Therefore, a logistic model with eight independent variables is used. The final model resulted in dropping variable loan taken (os_loan), dmd problem (dmd_prob) and power problem (power_rprob).

TABLE 1.2: AIC SCORES OF STEP MODELS

	AIC scores	No. Independent Variables
Model1	AIC=55335.39	11
Model2	AIC=55333.4	9
Model3	AIC=55331.41	8

TABLE 1.3: LOGISTIC REGRESSION (STEPWISE)

	Estimate (coefficients)	Std. Error	t value	Pr(> t)
(intercept)	4.03497	0.26871	15.016	< 2e-16 ***
emp_total	-6.1406	0.68505	-8.964	< 2e-16 ***
woman_ent	-0.55119	0.04407	-12.506	< 2e-16 ***
work_cap_prob	0.12261	0.03306	3.709	0.000209 ***
raw_mtrl_prob	-0.08128	0.04982	-1.632	0.102804
labour_prob	-0.29045	0.07896	-3.679	0.000235 ***
mkt_prob	0.12183	0.03294	3.698	0.000218 ***
equip_prob	0.16401	0.0533	3.077	0.002095 **
mgmt_prob	0.24859	0.08859	2.806	0.005022 **

As seen in table 1.3; Total number of employees has a negative coefficient (-6.14) influence on reasons for non-registration. Total number of employees indicate strength of firms; however, in small-scale industries their influence is not significant as most are not highly skill tasks. Women entrepreneurs indicates whether the firm's owner is women. In table it is clear women entrepreneur have negative coefficient (-0.55) influence on reasons for non-registration. Women entrepreneur face significant challenges compared to men; literature suggests number of women entrepreneur in SSI is minuscule, could be the reason for lower interaction.

All operations are dependent on working capital (work_cap_prob); it has positive coefficient influence (0.12). This indicates SSI firm's reasons for non-registration significantly influenced by working capital problems. Firm's future depends on matching demands with present production/services, heavily dependent of working capital. Production of services and manufacturing are dependent on raw materials (raw_mtrl_prob); it has negative coefficient influence (-0.08). This indicates raw material issues do not significantly influence SSI firm's reasons for non-registration. Labour issues are common across firms; it has negative coefficient influence (-0.29). Labour problems is not a significant challenge for SSI firms; which has could be reason for not registration.

Marketing problems (mkt_prob) has positive coefficient influence (0.12). This indicates marketing problems have influence on reasons for non-registration. SSI firms have lower capital and marketing budgets may not be available as marketing could not be an agenda. Equipment problems (equip_prob) has positive coefficient influence (0.16). This means equipment problem is prevalent which could indicate why firms are hesitant in registration of their firms. Literature suggests firms in SSI sectors driven by owner's behaviour and beliefs; management problem (mgmt_prob) has positive coefficient influence (0.24). Management's reluctance or entrepreneur's hard headedness could be reason for non-registration.

CONCLUSIONS

As the model in study represents loan, demand and power are not significant indicators for firms of SSI sector non-registration; as access to all these could be non-existence or they might not be eligible for these services. Gender does have an influence on non-registration though not highly significant; however, total number of employees does have significant influence, it is negative. Working capital, management issues, and equipment, are most essential aspects, pivotal for helping informal firms to register. Firms and institutes must take account of important factors, to provide essential support to minimize effects of problems faced. Institute must focus on developing strategies, which would enable in creating awareness, educating and managing issues. The model based on data collected much earlier; though has significance as it could enable in focusing on essential indicators for non-registration. Future studies must explore what are the moderators, which affect registration of SSI firms?

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