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PERFORMANCE MANAGEMENT SYSTEM IN TELECOM INDUSTRY: COMPARISON OF INDIAN PUBLIC AND PRIVATE SECTOR UNDERTAKINGS

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ABSTRACT

Gone are the days when the HR activities were confined to few traditional functions and HR department was supposed to perform only recruitment and selection, preparing salary sheets and calculating provident fund, organizing training and conducting annual appraisal of employees. The role and functions of HR in the today's organizations have taken a paradigm shift. Nowadays the functions of HR are aligned with the corporate functions and strategies with a holistic approach which focus on the advancement of functional strategies designed for an overall corporate growth and development. This is just to get optimum results through improving the performance of employees on the whole. Performance management system has become a key constituent to raise employee motivation and to enhance employee's performance. It generates optimum performance by setting the proper job expectations and setting clear and achievable objectives. Performance management is not only about providing an annual performance review for each employee rather it is about to identify strengths and weaknesses in the employee's performance so that they can be motivated to work more productively and efficiently by overcoming their weaknesses. As a result, there is a need of an effective performance management system in every organization to gain edge in today's competitive scenario. However, there is a difference in the mechanism of public and private sector organizations. The present study focuses on comparing the performance management practices at telecommunication organizations in public and private sector. Data has been collected through a well-designed questionnaire from employees each BSNL (public sector) and AIRTEL (private sector).

KEYWORDS

performance management, performance planning, performance review, human resource, corporate objectives.

1. INTRODUCTION

ne of the biggest challenges which the organizations are facing today is how to manage the performance of employees efficiently. Performance management systems in most organizations focus only on the results of behaviour while actually employees are evaluated on how things get done. An organization should have a performance management system that needs to establish job descriptions which are results-oriented and support mechanisms that enables managers to give honest review about the performance of employees. Performance Management entirely depends upon the management's commitment, employee's competence and clarity of performance. If managed well through a well-planned reward system and feedback mechanism, a performance management system can prove to be an important tool for employee motivation and development.

Performance Management is a shared process between managers and individuals, based on the principles of an agreed contract rather than top down task directives. It involves agreement on objectives, knowledge, skills and competency requirements to do the work and supported by development plans to close agreed gaps. It involves a joint and continuing dialogue that constantly reviews and improves the contract between the individual and the manager. It is an integrating process linking corporate, functional, team and individual objectives in a partnership approach. It is not handed down or 'done' to people by superiors and neither is it an imposed HR chore. It is about the actions that people take to deliver day-to-day results and manage performance in themselves and others. It is about an understanding of what high performance and competence looks like and what those subjects are about in any given organisation. It is an approach to managing and developing people. Ultimately Performance Management is about the success of individuals in their jobs, making best use of their abilities, realising their full potential and ensuring their alignment to the corporate agenda, therefore maximising their contribution to the success of the organisation. Various researches and developments suggest that management actions have different outcomes in public and private organizations so as the impact of implementation of performance management system. Moreover, it becomes quite challenging for a telecommunication organization to retain a successful operational system and practices in the highly competitive environment. A good performance management system proved to be a good management technique for attracting and retaining the best talent in the organization.

2. LITERATURE REVIEW

While reviewing literature, it can be seen that performance management is highly important to both employer and employee. It is important for the employer to understand how the employees contribute to the achievement of the overall objectives of the organization. For the employee, the performance management process grants transparency over the performance provides a background for documenting performance issues and can be used to consider future career development requirements.

Schraeder & Jordan (2011) argued that in order to improve the overall effectiveness of performance management programs, the key performance expectations should be clearly defined in employee's job descriptions and should be expressed in the methods used to measure performance. They both argued that the idea is to express the expectations clearly about the tasks to be performed in employee job descriptions and then measure them as a component of the PMS. Hence, it generates a direct link between job descriptions and employee's performance plans. However, the most common challenge is to regularly update job descriptions Armstrong, 2009 emphasized that the performance management system enables the organization to know how the employees perform, discovering those who add most and those who add least value to the organization. It allows the organization to undertake a thorough assessment of the training and development needs of its employees and set development plans and gives the opportunity of using the results of the performance management process to shape an individual's remuneration.

According to Pulakos (2009) during the beginning of the performance management cycle, it is important to discuss the performance expectations with the employees including both about the Behaviours they are expected to show and the results they are expected to attain during the upcoming rating cycle. Behaviour is important because it reflects how an employee goes about getting the job done, how they supports the team, communicate, mentor others etc. There are certain employees who may achieve exceptional results but are extremely difficult to work with, unhelpful or show unacceptable Behaviour at work. Because such Behaviours can be extremely disruptive, Behaviour is important to consider in most work situations. On the contrary, there can be an employee who is extremely helpful, considerate and interpersonally very effective, yet not able to achieve any important results.

According to De Waal, 2006, in a performance review, a proper assessment and review of performance over a time period takes place. This phase includes an employee's achievements, growth and difficulties while performing requiring revision upon performance agreement and personal development plan. Organizations show a deep interest in developing such strategies that helps them to progress and enhance their output and competence. However, the time and the cost of implementing these strategies are insignificant unless they are continuously reviewed.

Holland, 2006 stated that in spite of the popularity of performance management systems, lots of studies shows the result that the organizations are not able to manage the performance of employees well. Only three in ten employees believe that their organization's performance review system actually help them to make their performance.

Franco and Bourne (2003, 2005) have investigated that certain factors play an important role that enables the organizations to effectively use their PMSs. They focus their attention on the organization's struggle to convert performance information into effective improvement actions. They also lay stress that managers should understand what factors makes the organizations able to manage their PMS effectively from the organizations those are unable to implement PMS effectively.

Lawson et al. 2003 founded through research in 150 organizations, that two-thirds agreed that implementing performance management systems increased employees' awareness of company strategy and business plan goals, and helped to align operational improvements with overall strategy.

According to Dougherty and Dreher (2002), performance related data are used in making decision about employees, including promotion, salary adjustments, bonus, commissions, terminations and transfers. Feedback, counselling and performance improvement are the other purposes of PMS. In a Performance Management System, performance reviews are used as the basis to provide employees with feedback and provide counselling in order to improve their performance. Another major use of performance review is the evaluation of organizational programs. Performance measures can serve as criteria for assessing the effectiveness, employee selection, employee training programs or any other intervention design to improve employee productivity or organizational effectiveness.

Johnson and Kaplan (1987) clarified that there is an immediate necessity to have new management approach which can be able to manage the performance of organizations as the conventional methods and customs have lost their significance. Therefore, Performance Management System was developed to administer the performance within organizations.

3. OBJECTIVES OF THE STUDY

The present study was conducted keeping the following objectives are the objectives of the study:

1. To identify the difference in Corporate Objectives in public and private sector telecommunication organizations
2. To compare the Performance Planning followed in public and private sector telecommunication organizations
3. To examine the differences between Performance Review in public and private sector telecommunication organizations
4. To identify the differences in the Implementation of Performance Management System in public and private sector telecommunication organizations
5. To compare the Post Implementation practices between public and private sector telecommunication organizations

4. HYPOTHESES

On the basis of the nature of this study, and also on the basis of the variables identified through literature study, the following null hypotheses have been formulated:

- H₀₁:** There is no significant difference between the Corporate Objectives of public and private sector telecommunication organizations
H₀₂: There is no significant difference between the Performance Planning of public and private sector telecommunication organizations
H₀₃: There is no significant difference between the Performance Review of public and private telecommunication organizations
H₀₄: There is no significant difference between the Implementation of PMS among public and private sector telecommunication organizations
H₀₅: There is no significant difference between the Feedback system of public and private sector telecommunication organizations
H₀₆: There is no significant difference between the Rewards and Recognition of public and private sector telecommunication organizations
H₀₇: There is no significant difference between the Performance Improvement of public and private sector telecommunication organizations

5. RESEARCH METHODOLOGY

It includes research design, sampling technique and methods of data collection used for the present study.

5.1 Research Design: Wagner (2003) stated that descriptive research designs are precise and reliable due to their strict control over the research problem and information gathered. Therefore, descriptive methodology was adopted to compare performance management system practices in selected public and private sector telecommunication industry.

5.2 Sampling Plan: Random and Convenient sampling method was adopted for the present study. Similar number of employees from public and private sector has been compared so as to maintain homogeneity in the analysis.

5.3 Sample Size: A sample size of 100 employees working telecommunication industry from Western Uttar Pradesh has been taken as a sample for the study. 50 employees from public sector company and 50 from a private sector company were taken as sample of respondents.

5.4 Data Collection: The methodology applied to data collected in this research study constituted mainly of survey technique (structured survey), i.e., surveys using a structured questionnaire. This was done to obtain responses directly from employees. The questionnaire contained closed ended questions, i.e., respondents were to choose only from the alternative responses provided in the questionnaires.

5.4.1 Primary Data: The collection of primary data was done using personal investigation and field surveys which include development of questionnaire and administering the questionnaire on the sample identified. In conducting the survey employees from different departments at all levels were randomly approached personally and through mails to fill in the survey questionnaire.

5.4.2 Secondary Data: The collection of secondary data was based on literature review through online research databases such as EBSCO, ABI-Info, Pro-Quest, Scopus, etc. During the course of secondary data collection adequate information was available on the internet which helped in getting an overview performance management system in public and private sector enterprises.

6. DATA ANALYSIS AND FINDINGS

The research is descriptive, primary data has been collected through a pre tested questionnaire. The questionnaire has been designed using Likert scale and averaging of the responses has been done using appropriate method.

For testing the hypothesis, one way ANOVA has been used to find out whether the difference between two sample means is significant or not. Analysis of Variance was used for testing the hypothesis formulated. For this test, the significance level of $p < .05$ were taken. The analysis of data was carried out by using IBM SPSS 23.0 software package.

TABLE 1: DESCRIPTIVE STATISTICS

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Corporate Objectives	Public	50	20.18	2.723	0.385	19.41	20.95	12	23
	Private	50	21.2	2.382	0.337	20.52	21.88	12	25
	Total	100	20.69	2.596	0.26	20.17	21.21	12	25
Performance Planning	Public	50	28.68	5.691	0.805	27.06	30.3	17	37
	Private	50	31.52	5.269	0.745	30.02	33.02	14	39
	Total	100	30.1	5.64	0.564	28.98	31.22	14	39
Performance Review	Public	50	39.4	6.606	0.934	37.52	41.28	25	50
	Private	50	43.08	6.752	0.955	41.16	45	25	51
	Total	100	41.24	6.898	0.69	39.87	42.61	25	51
Implementation	Public	50	34.8	4.03	0.57	33.65	35.95	23	40
	Private	50	35.86	4.005	0.566	34.72	37	21	41
	Total	100	35.33	4.033	0.403	34.53	36.13	21	41
Feedback	Public	50	13.86	3.551	0.502	12.85	14.87	6	18
	Private	50	15	2.983	0.422	14.15	15.85	6	20
	Total	100	14.43	3.313	0.331	13.77	15.09	6	20
Rewards and Recognition	Public	50	25.4	5.387	0.762	23.87	26.93	14	32
	Private	50	27.68	4.542	0.642	26.39	28.97	12	35
	Total	100	26.54	5.088	0.509	25.53	27.55	12	35
Performance Improvement	Public	50	22.5	4.617	0.653	21.19	23.81	9	28
	Private	50	23.52	4.311	0.61	22.29	24.75	11	29
	Total	100	23.01	4.473	0.447	22.12	23.9	9	29

Table-1 gives a descriptive statistics about the public and private sector telecommunication organizations. It gives a detail about the mean, standard deviation and standard error on the various components of performance management system identified for the present study.

Table-2 shows the correlation among various factors identified in performance management system. The correlations of almost all the variables are above 0.5 and close to 1 which explains that there is a high degree of correlation among them.

Moreover the significance value (2-tailed) is 0 in all the cases, i.e., less than 0.5 hence it can be concluded that there is a statistically significant correlations between the variables. That means, increases or decreases in one variable do significantly relate to increases or decreases in other variable.

TABLE 2: CORRELATIONS

		Corporate Objective	Performance Planning	Performance Review	Implementation	Feedback	Rewards and Recognition	Performance Improvement
Corporate Objectives	Pearson Correlation	1	.740**	.709**	.692**	.491**	.740**	.693**
	Sig. (2-tailed)		0	0	0	0	0	0
	N	100	100	100	100	100	100	100
Performance Planning	Pearson Correlation	.740**	1	.866**	.743**	.732**	.824**	.795**
	Sig. (2-tailed)	0		0	0	0	0	0
	N	100	100	100	100	100	100	100
Performance Review	Pearson Correlation	.709**	.866**	1	.792**	.708**	.821**	.841**
	Sig. (2-tailed)	0	0		0	0	0	0
	N	100	100	100	100	100	100	100
Implementation	Pearson Correlation	.692**	.743**	.792**	1	.584**	.704**	.714**
	Sig. (2-tailed)	0	0	0		0	0	0
	N	100	100	100	100	100	100	100
Feedback	Pearson Correlation	.491**	.732**	.708**	.584**	1	.654**	.672**
	Sig. (2-tailed)	0	0	0	0		0	0
	N	100	100	100	100	100	100	100
Rewards and Recognition	Pearson Correlation	.740**	.824**	.821**	.704**	.654**	1	.865**
	Sig. (2-tailed)	0	0	0	0	0		0
	N	100	100	100	100	100	100	100
Performance Improvement	Pearson Correlation	.693**	.795**	.841**	.714**	.672**	.865**	1
	Sig. (2-tailed)	0	0	0	0	0	0	
	N	100	100	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The hypothesis testing in the current study was done by employing ANOVA. ANOVA (Analysis of Variance) was used for testing individual hypothesis. Therefore, ANOVA was conducted to see the significance of the relationship between the independent and dependent factors.

In the following case, each hypothesis was tested for the public and private sector Telecommunications organizations taken for the study.

TABLE 3: HYPOTHESIS TESTING USING ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Corporate Objectives	Between Groups	26.010	1	26.010	3.974	.049
	Within Groups	641.380	98	6.545		
	Total	667.390	99			
Performance Planning	Between Groups	201.640	1	201.640	6.705	.011
	Within Groups	2947.360	98	30.075		
	Total	3149.000	99			
Performance Review	Between Groups	338.560	1	338.560	7.590	.007
	Within Groups	4371.680	98	44.609		
	Total	4710.240	99			
Implementation	Between Groups	28.090	1	28.090	1.740	.190
	Within Groups	1582.020	98	16.143		
	Total	1610.110	99			
Feedback	Between Groups	32.490	1	32.490	3.021	.085
	Within Groups	1054.020	98	10.755		
	Total	1086.510	99			
Rewards and Recognition	Between Groups	129.960	1	129.960	5.235	.024
	Within Groups	2432.880	98	24.825		
	Total	2562.840	99			
Performance Improvement	Between Groups	26.010	1	26.010	1.304	.256
	Within Groups	1954.980	98	19.949		
	Total	1980.990	99			

Table-3 shows the results of the analysis of variance between corporate objectives of public and private sector telecommunication enterprises. The value of the sum of squares between the groups (SS_M) for corporate objectives is 26.01 with 1 degrees of freedom (df_M) and sum of squares within the groups (SS_r) is 641.38 with 98 degrees of freedom (df_r). Therefore, the value of mean squares (MS_M) between the groups is $26.01/1 = 26.01$ and for within the groups the value of mean squares (MS_r) is $641.38/98 = 6.545$. The value of the resultant F ratio (MS_M / MS_r) for corporate objectives is $26.01/6.545 = 3.974$, which is significant with $p = 0.049$ at 5% significance level. Thus, we can conclude that there is a significant difference between the corporate objectives of public and private sector telecommunication organization. Hence null hypothesis one is rejected

The above table shows that the F ratio for performance planning between public and private sector telecommunication organizations was calculated which came out to be $F(1, 98) = 6.705$, which is highly significant with $p = 0.011$. Since $p < 0.05$, there exists a significant difference between the performance planning of public and private sector telecommunication enterprises. As a result null hypothesis two is rejected.

Table 6.3 shows that for the given hypothesis when analysis of variance is calculated, the F ratio came out to be $F(1,98) = 7.59$ for which the value of value of p is 0.007 i.e. $p < 0.05$, at 5% significance level. It shows that there exists no significant difference between the performance review of public and private sector telecommunication organizations. Hence Null hypothesis 3 in case of public and private sector telecommunication enterprises is rejected

Table 6.3 also shows the results of the analysis of variance for comparison between implementation of performance management system in public and private sector telecommunication organizations. For concern, the estimated F ratio is $F(1, 98) = 1.74$ with $p = 0.19$, which is not significant as the value is more than 0.05, thus it can be said that there exists no significant difference between the implementation of performance management system at public and private sector manufacturing enterprises or in other words it is stated that Null hypothesis four is accepted.

Table 6.3 shows that for the hypothesis it is evident that the value of $F(1,98) = 3.021$ with $p = 0.085$ i.e. $p > 0.05$, shows that there exists no significant difference between the groups. As the P value is more than 0.05 for 5% significance level, there exists no significant difference between the feedback given to the employees of public and private sector telecommunication organizations so, Null hypothesis 5 is accepted.

The above table shows that the F ratio for rewards and recognition between public and private sector telecommunication organizations was calculated which came out to be $F(1, 98) = 5.235$, which is highly significant with $p = 0.024$. Since $p < 0.05$, there exists a significant difference between the rewards and recognition provided to the employees of public and private sector telecommunication enterprises. As a result null hypothesis six is rejected.

Table 6.3 also shows the results of the analysis of variance for comparison between performance improvement in public and private sector telecommunication organizations. For concern, the estimated F ratio is $F(1, 98) = 1.304$ with $p = 0.256$, which is not significant as the value is more than 0.05, thus it can be said that there exists no significant difference between the performance improvement at public and private sector telecommunication organizations or in other words it is stated that Null hypothesis seven is accepted.

7. CONCLUSION

It is evident from the analysis that there is a significant difference found between the performance management systems in public sector and private sector of telecom industry. Since the policy goals and objectives of public sector organizations are ambiguous, these organizations put less emphasis in the design of their performance management system as compared to that of private sector organizations.

In general, both public and private sector organizations believe that performance management process is an approach which is about what the organization should achieve and how to achieve it. Performance management focus on the weaknesses of individuals and groups and leads to the organization's success in achieving strategic goals. It also helps to increase the effectiveness of business processes by continuous improvement. So it is necessary that the balance between long-term and short-term goals should be maintained. In addition to evaluation and ranking the employees; development of individual and organizational is also essential. Research on the performance management systems in telecom sector revealed that telecom industry try to provide excellent quality service to its clients so it expects high performance from its employees. Employees require proper rewards and recognition which stimulates them to work better in future. The output also depends on the timely feedback provided to the employees. The employees want positive feedback for all the good performance they show. PMS related trainings and workshops helps in increasing system effectiveness. There were some employees who perceive that the evaluator provides an unfair representation of employees' performance i.e. the ratings are unfair and biased, so they take performance management only because the system needs it. They have no faith on the importance of performance management system. However the study concludes that performance management yields measurable benefits on the performance of the employees by improving morale, quality of work and productivity.

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SUPREME COURT OF INDIA ON GROUNDS OF SETTING ASIDE ARBITRAL AWARD**SUDHIR S. KOTWAL****ADVOCATE****CHAMBER NO. 2, MARUTI CHAMBERS, DISTRICT COURT****NASHIK****DR. ASMITA A. VAIDYA****PRINCIPAL****N. B. T. LAW COLLEGE****NASHIK****ABSTRACT**

This Article discusses the scope of Courts in interference with arbitral award passed by Arbitral Tribunal. It further discusses the provisions of section 34 & other related sections in Arbitration & Conciliation Act 1996. The major grounds such as jurisdiction of Arbitrator, misconduct of Arbitrator, Bias of Arbitrator, Non Speaking award etc. on which arbitration award can be set aside. The interpretations given by Supreme Court of India to the phrase "Public Policy of India" under the provisions Act 1996. The narrow & broad views expressed by the supreme court of India on scope for interference in setting aside arbitral award. I also referred some of the cases of Supreme Court of India throwing the light on the grounds of setting aside award.

KEYWORDS

Arbitration & Conciliation Act 1996, Arbitral Tribunal, Supreme Court of India, Public Policy of India. arbitration agreement, jurisdiction of arbitrator, misconduct of arbitrator, non speaking award, bias of arbitrator, setting aside arbitral award.

1. INTRODUCTION

In the field of arbitration, there are two areas which cover almost 40 per cent of the activities related to arbitration. First is the nomination of the arbitrator and the second area is related to challenging award of the arbitrator. These two areas cover 90 percent litigation on the issues pertaining to arbitration. In India people have tendency to challenge every award passed by the Arbitrator. The approach of the arbitrator & conduct of arbitral proceeding is like suit before court. In fact to arrive at mutual settlement of dispute, is the aim of arbitration. Finality to award is in the commercial interest and growth of economy of any country. In case award is challenged in court it postpones its finality & winning party could not get the fruit of the arbitration award. Challenges to award prolong the execution of award & finality of award is kept on back seat and driving seat is occupied by court, this is contrary to the spirit, objective and concept of arbitration.

Section 34 of the Act restricts the grounds for challenging the award. Section 34 provides procedure to check the powers of arbitrator, to prevent them from going beyond the scope of their authority. This section does not allow the Court to interfere with the findings of the arbitrator award on merits. The Court cannot sit over the findings recorded by the arbitrator and to set it aside. The arbitral award cannot be set aside on merit as he is the judge chosen by the parties and the parties are bound to accept his verdict on the issue. It is the duty of the arbitrator to decide the dispute in terms of contract between the parties and if he decides a dispute in contravention of the terms of the contract, the award gets vitiated. In case of **Associated Engineering Co. Vs. Government of Andhra Pradesh**,¹ it was held that arbitrator cannot act arbitrary, irrationally, capriciously or independently of contract. His sole function is to arbitrate in terms of the contract. He has no power apart from what the parties have given him under the contract. If he travels outside the contract, he acts without jurisdiction but if he acts within parameters of the contract, the award cannot be interfered.

2. UNDER ARBITRATION AND CONCILIATION ACT, 1996 THE INTERVENTION OF COURTS IS ALLOWED WITH RESPECT TO FOLLOWING ISSUES:

- (a) Reference to arbitration (Sec. 8, 45 & 54)
- (b) Appointment of arbitration (Sec.11)
- (c) Interim measures (Sec. 9)
- (d) Challenge to arbitrators (Sec. 12, 13 & 14)
- (e) Challenging the arbitration awards (Sec. 34)
- (f) Seeking Courts assistance with regard to Witnesses (Sec. 27)
- (g) Contempt Proceedings (Sec. 27)
- (h) Enforcement of awards (Sec. 36, 49 & 58)
- (i) Appealable orders (Sec. 37 & 59)

3. As per the Act, arbitral award includes final and interim awards passed by the arbitrator. Both interim as well as final awards can be challenged under S. 34. Arbitral awards may be set aside by the Court only if the party making the application furnishes proof that,

- (a) A party was in some incapacity
- (b) the arbitration agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law for the time being in force or
- (c) the party making the application was not given proper notice of appointment of arbitrator or of the arbitral proceedings or was otherwise unable to present his case.
- (d) the arbitral award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters not submitted to arbitration may be set aside.
- (e) The composition of arbitral tribunal or the arbitration procedure was not in accordance with the agreement of parties, unless such agreement was in conflict with a provision of this part from which the parties cannot derogate, or failing such agreement was not in accordance with this part.
- (f) The courts find the subject matter is not capable of settlement by arbitration
- (g) The arbitral award is in conflict of the public policy of India.

4. GROUNDS AVAILABLE UNDER SECTION 34 & CORRESPONDING PROVISIONS IN THE ACT

The grounds made available for setting aside under are very limited. Sub-clauses of section 34 and certain other sections in the Act correspond with it as under. The reference is necessary as the corresponding section gives details on what grounds the applications to be made.

Section 34(2) (a) (i) - This section corresponds with section 14 of the Act. Incapacity of a party means incompetence to enter into an agreement. If a party is not capable of looking after its interest and is not represented by a person who can protect his interest, such a party lacks the **capacity to enter into the agreement**. An arbitral award on the basis of agreement entered into by such a party may be set aside. In terms of Section 11 of the Indian Contract Act 1872, Agreements entered in by A Minor, A lunatic, an undischarged insolvent are void:

Section 34(2) (a) (ii) - This section corresponds with section 16 of the Act. If the **arbitration agreement** has not been valid under the law to which the parties subject themselves or under law for the time being in force and the parties did not choose proper law of arbitration, the reference there under and consequential award on the basis of such reference would be invalid and may be set aside. If a contract is illegal and void, an arbitration clause which is one of the terms thereof shall also be not enforceable. The plea about invalidity of the agreement may be raised before the tribunal itself questioning the jurisdiction of the arbitrator on that ground. If the plea is accepted by the tribunal, the other party can move the court under section 34(2) of the Act.

Section 34(2) (a) (iii) - This section corresponds with section 11 of the Act. A party to the arbitral reference has the **right to challenge the appointment of an arbitrator** if doubt arises as to the independence or impartiality or qualification/capability of the arbitrator. Section 12 gives a party right to challenge the arbitrator on the ground of existence of justifiable doubts as to his independence or impartiality of the Arbitrator. If a party is not given proper notice of appointment of the arbitrator, he would be deprived of his valuable right and would be entitled to apply for setting aside the arbitral award. Proper hearing in the clause implies notice to both the parties of the date, time and place of holding of such hearing. Each party must have opportunity to be present at the hearing along with his legal advisor, witnesses etc. and to present statement, documents, evidence and arguments, cross examine his opponent's witnesses in support of his case. If this is not followed; the award is vitiated and is liable to be set aside.

Section 34(2) (a) (iv) - This section corresponds with section 16 of the Act. Jurisdiction of an arbitral tribunal is limited by the terms of reference of arbitration agreement and if the tribunal has exceeded its **jurisdiction**, the award to the extent to which it is beyond the scope of the arbitral tribunal's jurisdiction is invalid and the award is liable to be set aside. In terms of the proviso to sub section 2(a) (iv), if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the arbitral award which contains decisions on matters not submitted to arbitration may be set aside. The Supreme Court has categorically time and again held that traveling beyond the reference is without jurisdiction.

Section 34(2) (a) (v) - This section corresponds with section 28 of the Act. Chapter III & V of the Act from Section 10 to section 15 and 18 to 27 deals with **composition of arbitral tribunals** and Arbitral proceedings. Section 10 deals with number of Arbitrators, section 11 deals with manner of appointment of arbitrator, section 12 deals with grounds for challenging the appointment of arbitrator(s). Section 13 deals with the procedure to challenge the appointment of an arbitrator. Section 14 prescribes when mandate of an Arbitrator shall terminate; section 15 deals with termination of mandate and substitution of arbitrator. Section 18 provides equal treatment of parties. Section 19 talks about determination of rules of procedure to be followed by the Arbitral Tribunal. Section 23 deals with the statements of claim and defense, section 24 deals with hearings and written proceedings. Chapter IV (Sections 16 and 17) prescribes the jurisdiction of the Arbitral Tribunal and Interim measures to protect the subject matter of arbitration during the course of arbitration.

Section 34(2) (b) (i) In terms of sub section (i) (ii) of the Act, certain matters where the law gives certain **powers to court**, to set aside award. In case the subject matter of the dispute is not capable of settlement by arbitration under the law for the time being in force it can be set aside by the court. e. g. the dispute pertaining to possession/recovery of rent under the Rent Control Act. Insolvency proceedings including whether a person can be adjudged as an insolvent, winding up proceedings under the Companies Act, and the question whether a will is genuine or not cannot be referred to arbitration. Similarly, criminal matters (except compoundable matters) cannot be referred to arbitration.

Section 34(2) (b) (ii) - Explanation under (b)(ii) states that an award is in conflict with the **public policy of India**. The explanation to section 34(2) (b) (ii) specifically excludes arbitration award induced or affected by fraud or corruption or was in violation of section 75 or section 81 of the Act. Section 75 talks of confidentiality. Section 81 debar the parties relying on any evidence arising out of conciliation proceeding. Any violation of those provisions has been made as ground for challenge of the award. According to section 23 of Contract Act 1972, contracts opposed to public policy are not enforceable, however, what is public policy or what is against the public policy has not been defined in the Contract Act 1972. The Courts have from time to time laid down in their judgment as to what is opposed to public policy. If contract is made contrary to public policy, its performance cannot be enforced either at law or in equity. The award is in conflict with the **public policy of India** is very debatable issue before all the courts and in different circumstances. The supreme court of India tried to define it in several judgments. The decision of arbitrator is termed as "arbitral award". After making the arbitral award, the proceeding is terminated and the award is binding on the parties claiming under them. Section 34 of the Act speaks about provisions relating to setting aside of arbitral award. If an application is made to a Court, the Court has power to set aside the arbitral award on fulfillment of certain conditions. An application for setting aside of award has to be made within three months from the date on which the party making that application had received the arbitral award.

5. Section 37 of the Act deals with appeal that will lie from certain orders of the arbitral tribunal. The Act defines the Court under section 2(1)(e) as the Principal Civil Court of original jurisdiction in a district & includes the High Court having original jurisdiction for the purpose of the Act. The award can be challenged in appropriate Court by way of an application for setting aside the award on the grounds mentioned in section 34 of the Act. Sub section (3) prescribes the time limit within which application has to be made to the Court and on expiry of the time limit prescribed the award become final.

6. GROUNDS OF OBJECTION TO THE ARBITRATION AWARD

The SC has time to time stated that it should be specific. In this respect, it is not sufficient to say that arbitrator had exceeded his authority or that the award was uncertain and not final but the particular objection must be stated. The objection should be specific as to in what respect the award was not certain and not final and also give facts showing that arbitrator had exceeded his jurisdiction. The Supreme Court in case of **Oil & Natural Gas Commission v. M.C. Clelland Engineers S.A.** 2 held that mere bald statements without setting out the details as to how the impugned award is erroneous are insufficient for a Court to set aside the award. When the party takes up the plea of limitation and or time barred claims, it must do so with precision. It is held in the case of **State of Kerala v. Som Datt Builders Ltd.**³ that, it is obligatory on the part of arbitral tribunal to state reasons in support of his award. Lack of reasons makes an award legally flawed. Section 31(3) of the Act mandates that reason must be stated by the Arbitral Tribunal upon which the award is based. In case of **State of Maharashtra v. Hindustan Construction Ltd.** 4 the party has filed application for amendment for incorporation of additional grounds under section 34 or memo of appeal under section 37, if filed after expiry of limitation under section 34(3) it was held that this will not be invariably applicable to such application. However, the Court can grant leave if amendment is required in the interest of justice and this provision does not denude the court for its power to grant leave. In the case of **Sanshin Chemicals Industry v. Oriental Carbons**,⁵ it is that held that, a decision on matter which does not in any matter relate to dispute concurring the agreement is not an award or interim award liable to appeal under section 34. Even an interim award which settled a dispute on merit can be set aside under this section. Interlocutory decisions of arbitral tribunal, like those on a challenge under section 12(3) r/w section 13 or on a plea under section 16(2) or (3) are not awards but an award made under section 13(4) can be set aside in accordance with section 34. Similarly, award made under section 16(5) can be set aside.

7. There are two views in respect of interference with the award passed by the arbitrator. **One view** advocates that provisions for setting aside an arbitral award should never be envisaged. The party should strictly strict to the award passed by the arbitrator and any mistake committed by the arbitrator though unreasonable; the award should be treated as a final judgment. The Court cannot reassess the evidence even if the arbitrator has committed an error. The Court has no jurisdiction to substitute its own views in conclusion of facts and law. He cannot sit in appeal over conclusions of the arbitrator and re-examine or re-appreciate which the arbitrator has already considered. The Court has to see only the misconduct if any, committed by the arbitrator but not to examine the award on merit. This view further states that arbitrators are judges of fact and law and have jurisdiction and authority to decide wrong as well as right, if they reached a decision fairly after hearing both the sides the award cannot be set aside.

8. The **Second view** states that if the award passed by the arbitrator is contrary to law or the arbitrator has failed to consider material documents on record or disregarded the fundamental rules of evidence then Court can interfere in the award. The award can also be set aside on re-appreciation of the evidence before the arbitrator. If the arbitrator does not follow the principles of natural justice, the party should be given recourse for setting aside the award. The judgments of the Supreme Court on several issues on which arbitral award can be set aside are discussed below.

i) Public Policy of India

In the historic ruling of **Renusagar Power Co. v. General Electrical Corporation**,⁶ the Supreme Court construed the expression "public policy" in relation to foreign awards in narrower sense and in order to attract to bar of public policy the enforcement of the award must invoke something more than the violation of the law of India. Applying the said criteria it was held that the enforcement of a foreign award would be refused on the ground that it is contrary to public policy if such enforcement would be contrary to (i) fundamental policy of Indian law; or (ii) the interests of India; or (iii) justice or morality." The question before the Court was unjust enrichment is bar for enforcement of foreign award. The Court held that even if it is assumed that unjust enrichment is contrary to public policy of India, it would not bar enforcement of award because the unjust enrichment must relate to the enforcement of the award and not to its merit in view of the limited scope of inquiry in proceedings for the enforcement of foreign award. The unjust enrichment to merit of the award i.e. with regard to quantum awarded by arbitral tribunal it would be beyond the scope of objection that can be raised under section 7(1)(b)(ii) of the Foreign Award Act. Thereafter in case of **Oil & Natural Gas Corporation v SAW Pipes** ⁷ it is held that the award contrary to provisions of substantive law or Act or terms of contract - Can be set aside. The phrase 'public policy of India' to be given wider meaning. Award could be set aside if it is contrary to fundamental policy of Indian law, interest of India, justice or morality or is patently illegal.

In case of **Patel Engineering** case, the Supreme Court has sanctioned further court interventions in the arbitral process. It was held that the Chief Justice, while discharging this function, is entitled to adjudicate on contentions preliminary issues such as the existence of a valid arbitration agreement and the Chief Justice's findings on these preliminary issues would be final and binding on the arbitral tribunal. In the case of **Central Inland Water Transport Corporation Ltd. Vs. Brojo Nath Ganguli**,⁸ laid down that, "Public policy Connotes some matter which concerns the public good and the public interest. The concept of what is for the public good or in the public interest or what would be injurious or harmful to the public good or public interest has varied from time to time." In **Gherulal Parakh v. Mahadeodas Maiya**,⁹ The Supreme Court favored narrow view when it said "...though the heads are not closed and though theoretically it may be permissible to evolve a new head under exceptional circumstances of a changing world, it is admissible in the interest of stability of society not to make any attempt to discover new heads in these heads". After referring to the various decisions of English and American Courts and quoting classic text books on International commercial arbitration, the Supreme Court went on to very rightly, gave narrow interpretation to the world public policy. In **P. Rathinam v. Union of India**,¹⁰ said that the concept of public policy is, however illusive, varying and uncertain. It has also been described as "untrustworthy guide", "unruly horse" etc. The term **public policy** is not capable of a precise definition and whatever tends to injustice of operation, restraint of liberty, commerce and natural or legal rights; whatever tends to the obstruction of justice or to the violation of a statute and whatever is against good morals can be said to be against public policy. In the case of **Delhi Transport Corpn. v. D.T.C. Mazdoor Congress**,¹¹ the phrases "public policy", "opposed to public policy" or "contrary to public policy" are incapable of precise definition. It is valued to meet the public good or the public interest. What is public good or in the public interest or what would be injurious or harmful to the public good or the public interest vary from time to time with the change of the circumstances. New concepts take the place of old ones. In case of **Venture Global Engineering v/s Satyam Computer Services Ltd.**¹², the court held that, award in conflict with **public policy** if induced by fraud or corruption The concept of public policy as given in the Explanation to S. 34(2) (b)(ii) has virtually adopted the International standard, namely if anything is found in excess of jurisdiction and depicts a lack of due process, it will be opposed to public policy of India. When an award is induced or affected by fraud or Judgments on Section 34 of Arbitration Act. In case of **Phulchand Exports v/s O.O.O. Patriot**,¹³ the Supreme Court held that the meaning given in *Saw Pipes* to the expression 'public policy of India' in Section 34 must be applied to the same expression occurring in Section 48(2) (b) of the Act. Therefore, if the award was patently illegal, it would be deemed to be against public policy and therefore, serve as a ground on which the Indian court could refuse to enforce even a foreign award. In case of **Shri Lal Mahal Ltd v Progetto Granpo Spa**¹⁴ the supreme court restricts the grounds on which the enforcement of foreign awards can be refused and takes away the ground of patent illegality, which is otherwise available to challenge a domestic award.

9. Misconduct of Arbitrator is one of the grounds for setting aside arbitral award. In case of **State of Punjab v. Ex-Constable Ram Singh**,¹⁵ The word 'misconduct' though not capable of precise definition, on reflection receives its connotation from the context, the delinquency in its performance and its effect on the discipline and the nature of the duty. It may involve moral turpitude, it must be improper or wrong behavior; unlawful behavior, willful in character; forbidden act, a transgression of established and definite rule of action or code of conduct but not mere error of judgment, carelessness or negligence in performance of the duty; The Supreme Court in case of **Food Corporation of India v. Joginderpal Mohinderpal**,¹⁶ held that 'It is difficult to give an exhaustive definition what may amount to misconduct on the part of the arbitrator. It is not misconduct on the part of an arbitrator to come to an erroneous decision, where his error is one of the fact or law, In case of **Baldev Singh v. State of Punjab**¹⁷ the Supreme Court held that, "Misconduct" has not been defined in the Act. The word "misconduct" means wrong or improper conduct, unlawful behavior, misfeasance, wrong conduct, misdemeanor etc. In case of **K.P. Poulouse Vs. State of Kerala and another**,¹⁸ the Arbitrator has misconducted the proceedings by ignoring the two very material documents to arrive at a just decision to resolve the controversy between the Department and the contractor. In case of **Delta Distilleries Ltd. Vs. United Spirits Ltd.**¹⁹, the party concerned, in support of its claims had done the quantification on theoretical basis which the court held as hypothetical. In case of **DDA Vs. Durga Chand Kaushish**,²⁰, it is observed by the S.C. If the contract clause gives two interpretation in that case not only intention to be seen, but also to see the meaning which gives effect & meaning to the entire contract. The word creating uncertainty to be ignored.

10. The **Bias of Arbitrator** is a valid ground for setting aside award In case of **ABP Pvt. Ltd. Vs. Union of India**,²¹ the supreme court held that, It is well settled that mere apprehension of bias is not enough and there must be cogent evidence available on record to come to the conclusion. In the case of **State of Punjab Vs. V.K. Khanna**²² it was held that, "The test therefore, is as to whether there is a mere apprehension of bias or there is a real danger of bias and it is on this score that the surrounding circumstances must and ought to be collated and necessary conclusion drawn there from. In case of **Kumaon Mandal Vikas Nigam Ltd. Vs. Girja Shankar Pant**²³ The court observed that, The word "bias" in popular English parlance stands included within the attributes and broader purview of the word "malice" which in common acceptation means and implies "spite" or "ill will" In case of **Bihar State Mineral Development Corporation vs. Encon Builders (I) Pvt.Ltd.**²⁴ the Managing Director terminated the work, he was also named as the Arbitrator in the agreement. The Supreme Court held that the case in hand not only satisfies the test of real bias but also satisfies the real danger as well as suspicion of bias. In case of **State of Gujarat Vs. R.A. Mehta**,²⁵ it was held "Bias can be defined as the total absence of pre-conceived notions in the mind of the Authority/Judge,

11. The **Non Speaking Award** is another ground, It was held in **Bijendra Nath Srivastava v. Mayank Srivastava**²⁶, that the arbitrator is under no obligation to give reason in support of the decision reached by him, unless the arbitration agreement or deed of settlement so required. If the arbitrator or umpire chooses to give reasons in support of his decision, then it would be open to the court to set aside the award upon finding an error of law. In the case of **State of Kerala v/s M/s. Somdatt Builders Ltd.**²⁷ it is held that requirement of giving reasons in support of award under section 31(3) is not an empty formality. It guarantees fair and legitimate consideration of the controversy by the arbitral tribunal. In the case of **K. Mohd. Zakir v/s Regional Sports Centre**,²⁸ it is held that Court should not interfere unless reasons given are outrageous in their defiance of logic or arbitrator has acted beyond jurisdiction. In the case of **Union of India v/s M/s. Harbans Singh Tuli**,²⁹ it is held that setting aside of award on the ground that award was unreasoned is not available to petitioner as he failed to produce relevant records before arbitrator and also failed to cross examine the witness who filed affidavit on behalf of claimants, making it impossible for arbitrator to give detailed reasons. In the case of **M/s. Markfed Vanaspati and Allied Industries v/s Union of India**³⁰ The scope of interference in a nonspeaking award is extremely limited. The Court cannot probe into the mental process of the arbitrator. The Court should endeavor to support a non-speaking arbitration award provided it adhered to the

parties' agreement and was not invalidated due to arbitrator's misconduct. In the cases of **State of A.P. v. Rayanim**,³¹ **New India Civil Erectors v. ON.G.C.32 Sudarshan Trading Co. v. Govt. of Kerala**³³ it was held that in case of a non-speaking award, it is not open to the court to probe into the mental process of the arbitrator where he has not provided the reasoning for his decision and in such a case the attempt of the court should always be to support the award with the letter of law. In the case of **Rajasthan State Mines & Mineral Ltd. v. Eastern Engineering Enterprises** ³⁴, it is held that in a non-speaking award the jurisdiction of the court is limited. It is not open to the court to speculate where no reasons are given by the arbitrator as to what impelled the arbitrator to arrive at his conclusion. It is also not possible to admit to probe the mental process by which the arbitrator has reached his conclusion where it is not disclosed by the terms of the award. The similar view has been taken in the following cases namely, **State of Bihar & others v. Hanuman Mal Jain**³⁵ **P.V. Subba Naidu & Others v. Govt. of A.P. & other**³⁶; **Star Construction and Transport Co. & others v. India Cements Ltd.**³⁷ and **D.D. Sharma v. Union of India.** ³⁸ Upon a review of the above cases, the Supreme Court in **Markfed Vanaspati v. Union of India** ³⁹ observed as follows: "The decided cases of this court demonstrate that this court has consistently taken the view that scope of interference in a non-speaking award is extremely limited. The Court cannot probe into the mental process of the arbitrator. The court should endeavor to support a non-speaking arbitration award provided it adheres to the parties' agreement and was not invalidated due to arbitrator's misconduct. There are other points also which are important such as illegality apparent in the face of award, The award passed against morality & justness, the limitation for setting aside award & amendment in the pleadings etc.

12. CONCLUSION

There is little scope for interference in the award passed by the Arbitrator as per the provisions of Arbitration & conciliation Act 1996. It says that there must be specific reasons which are required to be pleaded & proved in the application. It is not permissible for Court to interfere with Arbitrator's view merely because another view of the matter is possible. It is not permissible for Court to re-appreciate evidence placed before Arbitrator. Arbitrator is the best Judge of quality as well as quantity of evidence and it will not be for Court to take upon itself the task of being a Judge of evidence before Arbitrator. The Indian arbitration law is consistent with the model law of arbitration. The Supreme Court has interpreted the law restricting the scope for interference in the arbitral award.

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PERFORMANCE EVALUATION OF THE CYBERAGE SCHEME IN GOA: STUDENTS' PERSPECTIVE

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ABSTRACT

Goa is a small and beautiful state on the Western Coast of India. The state has population of about 1.45 million and area of 3702 sq. km. There are two districts viz., North Goa and North Goa in the state and the present study is conducted in North Goa. Focusing on impending plan to give special thrust on computer education in this highly literate state, the Government of Goa, in its 2002-2003 Budget had decided to launch 'Cyberage Student Scheme' for the students of Higher Secondary schools to increase computer dissemination and exposer levels by giving them personal computers at a nominal fee to all students in the eleventh standard in science stream. The scheme which was initially started for Class XIth students of Science Stream was extended to the students of other streams. Since its inception, the Government of Goa spent Rs. 170 crores for Cyberage Student Scheme. In the last three financial years, 59,825 laptops were given to the students of Secondary, Higher Secondary and College and 46,728 E-tablets were given to Primary Sschool students. The performance evaluation of the cyberage scheme was not carried out by the Government of Goa at any stage or any point of time to assess the degree of success and failures of the programme. The scheme was extended to the college students also without getting any feedback from existing beneficiaries. The study focused and revealed that the Government of Goa has done a remarkable achievement so far as fulfilling the budgeted targets but the post implementation of scheme monitoring, maintenance and providing service observed to have failed.

KEYWORDS

computer, cyberage, Goa, scheme, student.

INTRODUCTION**STUDY AREA AT GLANCE**

 Goa is a small and beautiful state on the Western Coast of India. The state has population of about 1.45 million and area of 3702 sq. kms. It was given statehood on 30th May 1987 under the Goa, Daman and Diu Reorganization Act 1987. Tourism and mining are the major avenues of revenue. There are two districts viz., North Goa and North Goa in the state and the present study is conducted in North Goa.

BACK GROUND OF CYBERAGE SCHEMES IN GOA

As a pilot project the Government of Goa introduced the "Computer Literacy Programme (CLP)" in all the Government and the Government-aided high schools from the financial year 2000-01 for the students of Higher Primary and Secondary Schools, who were studying in the last year, with an aim to achieve 100 per cent computer literacy. After getting a remarkable success in this scheme, the concept made the Government to venture into its impending plan to give special thrust on computer education in this highly literate state. The Finance Minister of the Government of Goa, in his 2002-2003 Budget, announced to launch 'Cyberage Student Scheme' for the students of Higher Secondary Schools to increase computer dissemination and exposer levels by giving them personal computers at a nominal fee to all students in the eleventh standard in science stream. Under this programme, Government supplied one computer to each of the student, consisting of one monitor, multimedia one Computer along with Uninterrupted Power Supply (UPS) and necessary accessories with requisite software and one modem for internet use was supplied to the students. The scheme which was initially started for Class XIth students of Science Stream was extended to the students of other streams from 2003-04. The Departments of Education and Higher Education together had distributed 28,586 computers by the end of March 2005 on which Rs 77.39 crore was spent during the period 2002-05.

TABLE NO. 1

YEAR	SCHOOLS/COLLEGES	TARGET	ACHIEVEMENTS
2002-03	XI Science	2806	2806
2003-04	XI (all streams)	10629	10629
2004-05	Degree and professional	15151	15151
Total No of students		28586	28586

Source: Statistical records of Govt. of Goa.

Since its inception, the Government of Goa spent Rs. 170 crores for Cyberage Student Scheme. In the last three financial years (2011-14), 59,825 laptops were given to the students of Secondary and Higher Secondary Schools and 46,728 E-tablets were given to Primary School students. The scheme was a 100 per cent State Budget Scheme.

IMPLEMENTATION OF SCHEME

The guidelines issued by the Government to the educational institutions did not contain any clause to restrict the supply of one computer per family. The Director of Education had supplied 2806 and 10629 computers to students of XIth standard of all streams in the year 2002-03 and 2003-04 respectively. Similarly, the Director of Higher Education had supplied 15,151 computers to the students of 42 colleges in Goa such as Graduates, Diploma Holders, Professionals etc., during 2004-05. The supply of software, Compact Disk (CD), Internet connectivity and training on computers was also envisaged in the scheme, the department did not provide educational CDs as per the Goa Board Curriculum, and connecting to the Internet was also not ensured. Further, modems provided to 25,780 computers at a cost of Rs. 1.28 crore remained idle as Internet connectivity was not ensured. The department stated (September 2005) that under this scheme, the Government had provided basic hardware and software and other requirements like electrical connections and internet connectivity are to be procured by the students at their own cost. The Director of education placed (November 2003) a supply order on the Goa Electronics Ltd GEL for XIth standard at a rate of Rs 18,900 inclusive of all taxes and delivery charges. The State Government extended the Cyberage Students Scheme to students of the aided colleges, polytechnics, engineering colleges, etc., accordingly, the Director of High Education Department has placed a supply order for 15,000 computers to M/s Goa Electronic Ltd i.e. 4500 Pentium IV and 10,500 AMD Athlon on the same terms and conditions as negotiated by the Director of Education for purchases made by them in the year 2003-04.

The Department had awarded the maintenance contract of the computers under the scheme to GEL since 2003-04. Scrutiny of the records of the GEL revealed that GEL had not attended promptly the complaints relating to computers lodged by students. It was seen that 1127 complaints registered by 97 Higher Secondary Schools in between April, 2004 to August, 2004 were attended, after a delay ranging from seven days to more than two months. These complaints were of the nature of keyboard not functioning, CPU/monitor/mouse/speakers not working, computers not booting, UPS not functioning and application software not working. Though the Monitoring Cell of the Directorate of Education had attended about 7,100 complaints registered in the cell and about 6,000 in GEL, it was noticed that no returns were prescribed by the Director of Education for GEL and its supplies, to monitor the efficiency and problems in handling of complaints. Further, the monitoring cell which was constituted in January, 2004 in the Department of Education with one officer-in-charge and eight engineers or technicians on contract basis, became non-functional as the services of eight engineers or technicians were terminated in between May, 2005 to June, 2005.

PREVENTIVE MAINTENANCE OF COMPUTERS

The Goa Electronics Ltd. (GEL), state-owned company, was the agency nominated for the procurement and maintenance of the computer systems. The Department stated (September, 2005) that the preventive maintenance from 2004-05 was carried out by GEL. The reply is not tenable as GEL had admitted (September, 2005) that they have not carried out preventive maintenance as they have found the process cumbersome due to non-availability of the students at the location and on account of the large number of installations. The Department has also not initiated any action for such lapses against the GEL.

REVIEW OF LITERATURE

Since the problem of research is relating to a government scheme in Goa, no ground level study is done so far to report to the government. Hence, no literature is available to support research problem and find out the research gap.

NEED / IMPORTANCE OF THE STUDY

The evaluation of the cyberage scheme was not carried out by the Government at any stage or any point of time to assess the performance of the Cyberage Students Scheme. The scheme was extended to college students also without getting any feedback from the existing beneficiaries. Hence, it is decided to carry out performance evaluation of the scheme at least at micro level.

STATEMENT OF THE PROBLEM

The Government of Goa introduced with an objective to increase computer dissemination and exposer levels by giving personal computers at a nominal fee to all students. The pilot study revealed that the Government of Goa has done a remarkable achievement so far as to fulfil budgeted targets but the post implementation of scheme monitoring, maintenance and providing service observed to have failed. Hence, the need of the hour is the performance evaluation of the said factors is to be carried out to find out the facts, degree of success and failures of the cyberage scheme introduced by the Government of Goa.

OBJECTIVES

1. To analyse the profile of cyberage scheme beneficiaries in North Goa district.
2. To analyse the perceptions of cyberage scheme beneficiaries towards the scheme.
3. To find out the degree of success and failure of cyberage scheme.

HYPOTHESES

After doing pilot study, two hypotheses are recognised and put for test.

1. The degree of performance in terms of achieving the target of the cyberage scheme was very high.
2. The degree of performance in terms of post distribution monitoring, maintenance and providing service was very low.

RESEARCH METHODOLOGY

Present study is based on primary data collected through pre-tested questionnaire, issued to the college students of North Goa district, **only to the beneficiaries who have got the laptops under Cyberage Students Scheme**. The secondary data is collected from news clips and web site of Government of Goa to give introduction to research study.

RESULTS AND DISCUSSION

1. Achievement of Budgeted Target: All records of the government shows budgeted targets is achieved within time specified.
2. Laptop Brands: It is observed that the Government of Goa has distributed only three branded Laptops viz., Acer, HP, and Lenovo.
3. Physical Possession of Ownership: The survey revealed that after receiving laptops many students sold them to their relatives, neighbours, friends, etc., in spite of the Government warnings and possibility of surprise visit by the Govt. authorities. The surveys revealed that four fifth of the beneficiaries still possessing laptops with them and the rest one fifth have given to others.
4. Purposes of the Cyberage Scheme and Actual Fact: The analysis shows that tow third of the students observed to have making use of laptops for academic purpose, an equal number (one tenth) of them have given to their friends and to family members, who are making use of it for academic purpose. None of the respondent told that the laptop is used for their family business or given on rent.
5. Reasons for Break Down: The technicians told several reasons to the students beneficiaries, who had gone to repair. The main reasons of failures are manufacturing defects, low quality parts and handled carelessly.
6. Repairing and Servicing: The consolidated data indicated that 40 per cent of students preferred Government Service Centres because their laptops broken down within warranty period of one year and 60 per cent students visited Private Professions to get their broken down laptop repaired. Survey revealed that 48 per cent of the students, who have taken the benefits of Government Service Centres told that they are happy and rest 20 per cent have expressed their dissatisfaction.
7. Overlapping Beneficiaries: The cyberage scheme is extended to every student in every institution irrespective of private or Government. The consolidated data indicated that 2-3 members from the same family, who are studying in different institutions and many time in the same institution got benefit of scheme. Two fifth of the students revealed that their brothers and sisters also got the benefit of cyberage scheme. The survey revealed that 25 per cent of the beneficiaries already had their own laptops and /or desktops at their homes.

FINDINGS

1. The statistical records of the Government of Goa shows that the Cyberage Students Scheme achieved its target as budgeted. The Government contractors observed to have ordered and distributed more number of HP Laptops as composed to others Acer and Lenovo brands.
2. One fifth of the total beneficiaries has given their laptops to their family members, relatives, neighbours and Friends. About 20 per cent of girls from arts section have given their Laptops to others as compared to commerce stream. Two third of the students are still using laptop for academic purpose and rest have given to their friends and family members. One tenth of beneficiaries observed to have playing games rather than making use of laptops for academic use.
3. The ratio between working laptops and broken down laptops is 6:4, which is indicated a larger number of the students could not make use of laptops properly, especially when it was in need for academic work.
4. The survey revealed a shocking picture is that one third of the laptops failed, broken down within 6 months; one fourth of the laptops failed within one year and the same number observed to have failed within 2 years from the date of distribution. All together four fifth of the laptops have broken down within 2 years and only the one fifth of the laptops are in working condition without repairing, indicated that a greater failure of the cyberage scheme so for quality and maintenance is concern.
5. The main reasons for the break down were manufacturing defects (42%), low quality parts (46%), and students' carelessness (12%). The ratio between students, who visited Government Service Centre and Private Service Centre for repairs, was 4:6. Out of two third of the students whose laptops were broken down within warrantee period, only two fifth of them had gone to Government Service Centres. The ratio between internet connected laptops and not connected laptops is 3:1.

6. The survey revealed that one third of the students' family, who got the laptops under cyberage scheme, also got another laptop or desktop at their home through other family members. This is some sort of overlapping of cyberage scheme benefits, which has put the pressure on Government exchequer and waste of public money. Moreover, as many as one quarter of the respondents already had laptops and desktops at their homes, which indicated again an overlapping of scheme benefits.

RECOMMENDATIONS / SUGGESTIONS

1. The students opined that the Government of Goa would have asked what was their brand preference rather than distributing select brands laptop.
2. The student beneficiaries orated that Government should give internet connections under the cyberage scheme at least at their respective institution in the form of Wi-Fi facility.
3. The Government should have taken feedback from the cyberage beneficiaries to find out the degree of success and quantum of failure and implemented with needed modifications in forthcoming phases of distribution.

CONCLUSIONS

The set hypotheses after doing pilot study, which was put for test proved as:

1. The degree of performance in terms of achieving the target of the cyberage scheme was very high proved positively; and
2. The degree of performance in terms of post distribution monitoring, maintenance and providing service was very low proved negatively.

LIMITATIONS

1. Since the study is conducted with a limited sample size of student respondents, conclusions arrived based on the data and personal opinions of student respondents, hence, the opinions stated in this study cannot be generalised.
2. Since the student respondents are selected at random and the area covered is limited, the conclusions arrived cannot be considered as the opinions of the entire students community, who have availed the cyberage scheme benefits of the state of Goa.

SCOPE FOR FURTHER RESEARCH

Further research can be taken up at state level, which may give concrete conclusions so that the Government of Goa can design new policy decision for Cyberage Student Scheme. The present study given a feedback and revealed that every scheme has its own pros and cons, need to be studied after implementation, based on the feedback received, scheme should be reviewed, modified and introduced with new mechanism.

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INFORMATION MANAGEMENT SYSTEM IN THE LIVELIHOOD PROJECT

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ABSTRACT

Globalization and the growth of digital information have made significant contribution in the field of information management. The technology helps to maintain the information, fix accountability, provide transparency, faster and improved decision making, and platform for better utilization of resources with result oriented implementation. It is the most precious things if it is related to the social sector, where financial resources come from different institutions for the good cause with a limited time period. In the paper, we describe Project Information Management System (PIMS) of Integrated Livelihood Support Project (ILSP) assisted by IFAD and Govt of Uttarakhand. The paper provides key summary of PIMS including its modules, functional areas, benefits and utilization of project resources and governance. It is an indigenous tool that helps to maintain all information and provide platform for planning, implementation, monitoring & evaluation and decision making. It is an example for others how the project or organization can use the information management system.

KEYWORDS

project information management system (PIMS), planning, implementation, monitoring & evaluation.

INTRODUCTION

The purpose of information management and governance is "Right information available to the right people at the right time". Technology plays a vital role on information sharing as well as information governance whether it is internal or external. The paper indicating how technology provides a platform for planning, proper implementation, decision making, monitoring and evaluation to the project where different stakeholders are associated for specific objectives and for limited period. All stakeholders are equally responsible for proper utilization of fund and resources, cohesive efforts for achieve the goal and fulfill the objectives.

This paper takes live example of a project implementing agency (PIA) Uttarakhand Gramya Vikas Samiti (UGVS) for Integrated Livelihood Support Project (ILSP), a joint initiative of Government of Uttarakhand and International Fund for Agriculture Development (IFAD) and being implemented in Uttarakhand covering 126000+ households from 44 blocks of 11 hill districts under the Rural Development department (RDD). Other implementing agencies are Project Society Watershed Management Directorate (PSWMD) and Uttarakhand Parvatiya Aajivika Samvandhan Company (UPASaC). In addition of these, there are different sub-projects based on specific sub-themes under the ILSP that are implemented by different line departments, boards, university, kvks, NGOs and others. Project duration is approximate 7 years. UGVS was registered in 2004 under the Societies Registration Act 1860. This society is promoted by Rural Development Department (RDD) of Uttarakhand to undertake implementation of livelihood projects. UGVS developed in-house information management system. The system covers different information module, that helps in decision-making and better implementation of the project.

In the digital era, all hard (paper based) information is transformed into digital format. The digitization of information in the project helps faster decision-making, systemized implementation, proper utilization of resource and funds, and for monitoring the progress. The Stakeholders can evaluate their progress at any point of time and develop action plan for upcoming activities. The digitization of information also helps the communities, stakeholders, donor and local government to know what is going on at real time basis. UGVS MIS is also plotting their information in digital form and presenting it on MAP. A web-based information system provide platform for managing, utilization and monitoring the project information. The MIS helps not only top management but also facilitate field level staff in their daily works. The automation of data into information and facility of data analysis with reports are easy for them at one click. It is quite easy to extract all information either recent or previous years and know how project is functioning. Two type of software are used by the UGVS, one for financial accounting, through customized Tally ERP 9 (double entry system) and second is web based MIS. MIS is synchronizing with Tally or financial data.

The management information system of UGVS is accessible to all the stakeholders of project including government, donor agency and community organizations.

1. INFORMATION MANAGEMENT

Through Information management a project can improve its transparency, decision-making, learn and create new knowledge. The project information process can be described as a logical chain of linked ideas/process that starts and continue with information users. Generally, a project has different sub-sactoral themes to meet the goal, according to that there are different information modules. Each module has its own objective and processes with certain assumption. Here, in the first module, we describe conceptual part of the system and how it works. After that other sub- sactoral themes based modules.

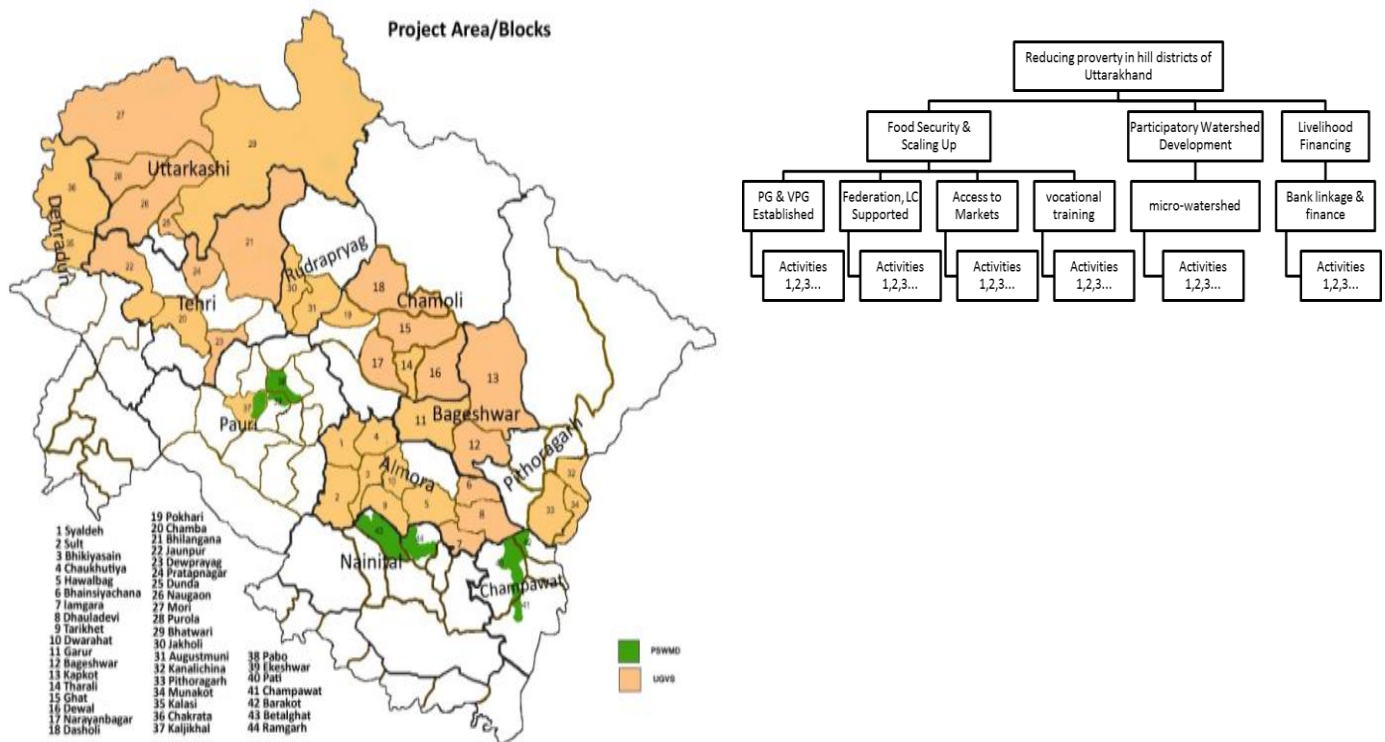
INFORMATION MODULES

Project Information Management System is depending on six core modules i.e. scope, schedule, budget, team, beneficiary and results. The main source or base documents that describe these modules is Project Implementation Manual (PIM). The PIMS is conceptualized and developed based on the PIM.

1.1.1. SCOPE

Project scope is a central module that includes chart of accounts (CoA) based on logical framework. CoA is list of all activities having specific target and process of implementation with specific time period and appraisal budget. In broad prospects, project locations were defined by donor and the government. Project depicts it into real time Geographical map. The chart of account present in a work breakdown structure (WBS) according to the logframe.

CHART 1: PROJECT AREA AND WORK BREAKDOWN STRUCTURE



1.1.2. SCHEDULE

Each financial year, project prepares its annual work plan and budget (AWPB), procurement plan with scheduling of the activities. The information system provides a platform where project manager plan the site-specific AWPB, Procurement Plan and activity schedule with active association of Block level Technical Agency.

1.1.3. BUDGET

Project manager develop a yearly budget with bottom-up approaches. After the budget finalization, the same is uploaded on the Tally software. The information system provides different types of budget analysis report at different levels. PIMS facilitates them to see the virtual information and it represents information into graphical as well as tabular forms. MIS also provide real time financial progress with sync from Tally data. There are several checks (rules) in Tally and MIS for fiduciary control. Alteration in data after the allocated time limits prohibited and without permission of higher authority is not possible. Financial expenditure is mapped with geographical locations and beneficiaries. Project can segregate information at state, district, blocks, village level as well as federations (Self Reliant Cooperative), producer groups, vulnerable producer groups and households level. All stakeholders can monitor the budget through budget chart and in tabular form including burn rate that can help to know how implementation is going on.

1.1.4. TEAM

According to the project organization structure, all project managers have pre-defined responsibilities as per term of reference. All activities are mapped with project manager through chart of account. Each tasks or activity is displayed according to the responsibility assignment matrix. The mapping is done up to the field level resources.

1.1.5. BENEFICIARY

The information system maintains beneficiary details with their demographics, social and economic information. Project collects the beneficiary information into a KYC form with the permission of beneficiary. All project interventions are linked with the beneficiary data into system. It helps the project can easily track beneficiary and their activities.

1.1.6. RESULT

PIMS is based on logical framework approach. It provides real time progress against the output indicators. The outcome data monitors through different surveys i.e. Annual Outcome Survey, Knowledge Aptitude & Practice Survey (KAPs). For the impact measurement, the project conducts baseline, mid-term and end-term Socio-Economic and Result and Impact Management Survey (RIMS) surveys. Information system provides primary data for the surveys.

COMMUNITY INSTITUTION

Primarily PIMS is maintaining two types of community institutions' data besides the individual level. One is Producer Group / Vulnerable Producer Group (PG/VPG) that is similar to Self Help Group (SHG) but more focus is on production and marketing. Second is Livelihood Collectives (LC), a self-reliant cooperative society. In general, a LC has 50 groups (500 shareholders) and a group has 10 households.

PRODUCER GROUP /VULNERABLE PRODUCER GROUP

The information system provides a facility to maintain all PG/VPG data, including members (project beneficiary) profile, group account data, saving & thrift information, production and marketing information. Groups are maintaining their data into group registers that is uploaded into PIMS on regular basis through field level staff. This database not only helps the project but it also helps the government. Besides information management and report generation from PG/VPG data, the system provides a platform for assessment of crop production, assessment of credit need, bank linkages etc. Presently PIMS have more than 5500 PG/VPG including 51000 households information.

LIVELIHOOD COLLECTIVE

Livelihood Collectives provide all type of services to its shareholders (member of PG/VPG). It facilitates collective input supply as well as collective output into market. LC is a collection point of group produce and further marketing. The LC staff maintains the records and further provides the data into the PIMS. A monthly performance of LC is auto generate from the system based on their monthly data. The performance sheet is link with their remuneration for particular month. Based on PG/VPG and LC data, performance measurement forms for implementing NGOs has been generate from the system. The monthly performance measurement forms includes key indicators like food security, infrastructure, production, cultivated land area, marketing turnover and profitability, governance, input and output supply. Each month Chief Representative of agency and project official review the performance based on system generated information and provide the comment on the system.

INTEGRATED IMPLEMENTATION

There are different sub-sectorial themes that are implemented in collaboration with line departments, university, Krishi Vigyan Kendra, Boards and NGOs. All agencies have expertise in their own areas. Project and agencies signed the contract for specific objectives and goal. Uttarakhand Livestock Development Board (ULDB) is providing AI (Artificial Insemination) services through ILDC (Integrated Livestock Development Centers). Uttarakhand Sheep and Wool Development

Board (USWDB) provide services through ILDC and Health camps at sheep migratory routes. Uttarakhand Bamboo and Fiber Board (UBFDB) works in Nettle based resource development, Animal Husbandry Department (AHD) developing fodder banks, Department of Agriculture, Horticulture, The Goat Trust, GBPUAT Pantnagar, Doon University and more than 25+ agencies are working under the integrated implementation. UGVS provide a separate information system for all agencies, where they can feed their data and share information. At present the system have more than 2 lakh+ beneficiary data.

KNOWLEDGE MANAGEMENT

“Right knowledge, right place, right time” Knowledge is derived from information but it is richer and more meaningful than information. Knowledge management (KM) is based on the idea that an organization’s most valuable resource is the knowledge of its people. UGVS provide different type of platform for knowledge sharing like online KM center, WhatsApp, Mobile messages, YouTube and other ICT based tools. Online KM center is unique for organization that includes document sharing, blog, news flash and focus group discussion. The online KM center not only helps current users but also will help new users. The KM center helps in making pool of resource database as well as document repository. The center facilitates to provide qualitative information in the form of discussion, case studies and success stories. Project disseminating information (i.e. project activities, seasonal agri-horti crop related alert, insurance, krishi melas, and others) through voice and text messages at different time to the community in Hindi. This can help and create awareness into community.

INTERNAL CONTROL & PROCESS

PIMS also helps to strengthen internal process and control the activities. It facilitates budgetary control as well as increase the transparency in term of providing services to the community. All financial expenditure is tracked up to beneficiary level that helps in the utilization of resources as well as reduces the duplicity of benefits. It provide decision-making tool and background for decision taken by the management to where and which area they need to focus or enhance capacity of which staff. Field movement, field staff turnovers, utilization of resources, asset management and others facilities into PIMS facilitate the organization. It controls internal management as well as increase internal efficiency and transparency and develops human resource strategy. The system provides help into internal and external audit also.

FUND MANAGEMENT

PIMS provide platform to the organization, to keep track record of fund. All data related to fund like how much fund receive by the project from government? How much advances to different implementing agencies? What is current expenditure? When we required fund? Where is unutilized fund? And so on. Besides this system provide a platform to plan site specific budget and after approval the expenditure information against the approved budget. The system also provides category (civil works, capacity building, watershed treatment etc.) wise expenditure and status of claim.

PROCUREMENT MANAGEMENT

Project has designed a system to track progress of procurement and procurement link payments. All concerned managers prepare draft procurement plan with AWPB. The procurement plan includes procurement methods, limit, types, period and other details. After approval of AWPB & Procurement plan, responsible managers provide actual details against the plan. In addition, project is maintaining the contract monitoring form (contract logs) and payment monitoring form. Contract monitoring form maintain all contracts with project including activity, party name, time period, procurement method, type of procurement and others. Project finance manager and project directors duly sign the contract log and submit to donor agency on monthly basis. The payment monitoring form maintained on monthly basis, which includes all payment with details against the milestone.

VOCATIONAL TRAINING

“Improve access to employment by vocational training linked to job placement”, with this objective, project implement vocational training program with the target of 10000 youths (60% are girls). There are 20+ training providers, providing training in different locations of Uttarakhand. The course curriculum and guidelines are adopted from National Skill Development Mission.

For maintenance of the records, tracking progress and monitoring the program; project develops in-house separate information system. The system start from training providers basic details, student mobilization in the fields, profile of selected students (link with aadhar), batch formation, batch approval from divisional management unit as well as project management unit, batch insurance, training commencement, daily attendance, examination with result, certification, pre and post placement details, employment tracking in every 3 month up to 1 year. Besides this, there is provision of knowledge sharing, photographs and feedback system. Daily attendance is captured through biometric machine, which is synchronizing on real time basis with information system. All payments are linked with system generated reports.

PERFORMANCE MANAGEMENT

Staff performance is key of success for an organization. If staff is performing well according to the schedule of activities and within scope of their term of references, than everything on the board and goal can be achieved. But how to measure the staff performance and how to know where they need skill enhancement, where HR needs to focus? All are equally important for success. UGVS has creates a provisions into PIMS for staff performance measurement based on key performance indicators (KPI). The KPI is divided into three parts – The first one has direct link form physical and financial target derived from system. Second is dependent on self-appraisal including respective senior’s appraisal, and the third part is soft skills including collaborative tasks, communication, innovative and others. The second part is also linked with field level reports and different monitoring formats. Staff job security and annual increment in remuneration is dependent on performance score. Management discusses with concerned staff after the review is done and try to find out solution why someone is performing below average. This system increases the accountability of individuals and helps management to allocate and utilized the workforce.

MONITORING AND EVALUATION

Monitoring and evaluation are “twin sisters”. They assist management in knowing whether program objectives are being achieved, to what extent there is need for mid-course correction to address emerging problems, in the environment, or assess employees’ efficiency, and maintenance of standards. Both examine indicators, targets, criteria and standards. The meanings and definitions of monitoring and evaluation are often contentious because of the two activities’ substantial overlap.

PIMS provide real time progress against output as per logframe, Ist and IInd level indicators of Result and Impact Management Survey (RIMS) and other tools, derived from chart of accounts and other associated information. These tools are jointly evaluated by project and stakeholders that provides fair picture on areas where improvement is needed. Budgetary monitoring, activities monitoring, procurement monitoring, stakeholder monitoring, institution monitoring, staff performance and other features create uniqueness in PIMS.

In addition to normal monitoring system, project has mechanism of joint monitoring with involvement of government and public representatives at the State, District and Block levels. Project provides access of the information system, so that they can monitor progress other than normal review. The donor agency can also view the progress from the information system. [Key decision/benefit – better implementation and fast decision making]

HELP LINE

The help line works in both direction but primarily it is a reverse help line where project person talk randomly with beneficiary, discuss and know how actual implementation is going on, what are emerging situations and so on. After getting the information, they share with concern project managers. This can help the project managers to plan according to findings. The information system provides primary data for help line so that they can monitor the progress and provide support in better implementation and helps community.

2. CONCLUSION

In short, the project information management system provides a handholding support to all staff and stakeholders associated with the project. It helps implementation team and support the management in terms of planning and decision-making. PIMS provide a platform that establish synchronization among different activities of a project. It also provides critical information to the executive and top-level managers for making strategic decision. PIMS is not only limited for information management but also stocktaking the M&E tasks.

3. ACKNOWLEDGMENTS

Our thanks to all project beneficiaries who provide full support into better implementation and also IFAD India Country office, the Government of Uttarakhand and Govt of India who always guide the project team. We acknowledge our sincere thanks to all project staff to support information system.

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ANNEXURES

SNAPSHOTS OF MAIN WINDOWS

The screenshot displays a web browser window with the URL <https://ugvs.org/managementinformationsystem.html>. The website header features the Uttarakhand Gramya Vikas Samiti logo and a navigation menu with links for Home, About Us, ULIPH, ILSP, Events, Gallery, and Contact. A central banner contains the text: "enable rural households to take up sustainable livelihood opportunities integrated with the wider economy". Below the banner, the heading "ILSP Management Information System :" is followed by three sections:

- ILSP MIS & Knowledge Management Center**: ILSP has developed an in-house indigenous online Management Information System (MIS) equipped with various customized tools for planning, execution and monitoring of project components and subcomponents. It has provisions to generate various reports for various sections with following features- AWRP/RAWPB Planning, Achievement, Synchronize with Tally data, Procurement Planning & Actual, Contract Log (FC-10, FC-11), Map based information upto village level, LC/Federation wise Social, Administrative, Business data, PG/VPG/SHG/JLG wise Social, Saving & Thrift & other information, Online RIMS/Logframe calculation from Real Time data, Online Staff Performance Assessment.
- ILSP Vocational Training MIS**: A separate MIS is developed in-house for Skill Development program which includes details of students starts from training upto 1 year of complete employment, linked with real time bio-metric attendance system.
- ILSP Integrated Implementation MIS [Other Institutions]**: MIS for tracking progress related to integrated implementation through different stakeholders i.e. line departments, boards, Universities, Civil Society etc.

At the bottom, there are three links: [ILSP MIS & KM Center](#), [ILSP Vocational Training MIS](#), and [ILSP Integrated Implementation MIS](#).

Integrated Livelihood Support Project - MIS

HOME ChartofAccount AWPB Procurement Achievement Dev.Finance Profiles Utility M & E Data OnlineUser

Harvest Season of => CAULIFLOWER, JHANGORA, MANDUA, ONION, PEA.

M&E Calendar & Imp Task

- Submit Audited annual report with financial statements and management letter to IFAD by 30 September every year.
- Submit RIMS report to IFAD by 15 January every year.
- Submit half yearly financial statements to IFAD by within 45 days of end of the reporting period.
- Submit half yearly and annual progress reports to IFAD within 45 days of end of the reporting period.
- Submit Form C-10 to IFAD by every month.
- PMC at Quarterly and PSC at Half Yearly.

[View Annual M&E Calendar](#) [View M&E Matrix \(Indicators & Target\)](#)

Progress Summary Reports

- Organization Wise Progress
- Budget Estimation vs Progress Summary
- LC/Federation Business Data
- Physical Financial Progress (all in one)
- HCM Review Final Report
- Staff Performance Position wise
- Activity Calendar Summary (District)
- Vocational Training Phase 1
- Division Wise Progress
- Logical Frameworks
- Common Program
- Integrated Implementation (Summary)
- Activity Calendar Summary (State)
- Vocational Training Phase 2

[View IL SP Progress Summary](#)

Technical Agencies Related Reports

- Block Level Logframe (Appendix B)
- TA Activity Calendar (As per Agreement)
- Block wise SSP vs Expenditure (Details)
- Monthly Review Parameters
- Key Progress (New Block)
- Key Progress (Nodal Federation)

Financial (in Lakh) Progress* [EXP.-B.C.] / Target

Block	Chokhuria	Hawalbagh	Sult	Syden	Gour
Bikrampur	143.56 / 330.01 [43.50 %]	145.18 / 331.12 [43.85 %]	118.21 / 315.12 [37.51 %]	138.00 / 315.24 [43.80 %]	07.72 / 201.87 [3.83 %]
Thana	55.05 / 141.31 [39.00 %]	117.34 / 332.32 [35.31 %]	70.81 / 318.33 [22.24 %]	123.09 / 306.76 [40.13 %]	04.38 / 205.71 [2.13 %]
Chandea	83.00 / 152.74 [54.39 %]	72.90 / 113.01 [64.51 %]	137.04 / 401.15 [34.16 %]	145.74 / 180.20 [80.89 %]	Unplanned SSP

Financial (in Cr) Progress* [EXP.-B.C.] / Target %

SubComp. 1.1 & 1.2 & 1.3 & 1.4 & 1.5 & 4.2	Almora	Bageshwar	Chamoli
Tahs	2.05 / 5.50 [37.27 %]	1.41 / 3.67 [38.42 %]	1.82 / 4.71 [38.64 %]
SubComp. 1.1 & 1.2 & 1.3 & 1.4 & 1.5 & 4.2	2.48 / 5.92 [41.89 %]	2.37 / 3.74 [63.37 %]	1.50 / 3.47 [43.23 %]

* data from MIS entries.

IFAD - Integrated Livelihood Support Project
एकीकृत आजीविका सहयोग परियोजना

94832 HHs in 34 Blocks
9023 PG/VP/SHG
165 Livelihood Collectives
Federations (r)
64 ILDC
[view details](#)

Food Security & Scaling up

Outcome : Hill communities benefit from increased food production, greater participation and returns in markets for cash crops, tourism and new employment opportunities

Access to Market

Outcome : Rural economy becomes more commercialized

Food Security and Livelihood Enhancement

Phase 1- 619 training completed
318 gained employment (187 women)
Phase 2 - 23 agencies started training of 2957
[view details](#)

Vocational Training

Outcome : Rural people (particularly youth) gain remunerative employment

Innovation Linkage

Outcome : Developing and disseminating new models

51394 producers
11 Collection Centers
15006 people trained
[view details](#)

initiated (with different Line Depts. Boards, KVKs, Universities, NGOs)
[view details](#)

UGVS-ILSP-MIS-VI - M_MIS

HOME INSTITUTION BASIC MOBILIZATION STUDENTS DETAILS TRAININGS EXAMINATION PLACEMENT EMPLOYMENT LEARNING OTHERS

Vocational Training MIS

Menu Item	Description	Summary
Institution Basic	Basic Information of Institution, Center Details, Trainer's Details, Course Details	
Mobilization	Social Mobilization, Student's Selections	
Students Details	Student Detail Profiles	
Trainings	Confirm Batch Details, Training Details, Batch Insurance, Books/Study Materials, Attendance and others.	23 Institutions, 5946 youth identified, 109 Batches Approved for 49 centers, 2902 students for trainings.
Examination	Examination Dates, Results, Certification	586 students for certification completed,
Placement	Pre - During - Post Placement Details	232 students' placement offered, 119 students' join after placement,
Employment	Employment Tracking - Ist Joining, After 3, 6, 9, 12 Months	13 students' self-employment.
Learning	Upload Photographs (Maximum 5 for any events), Upload Case Study (word document), Feedback from/for Project	
Others	Payment Details & Summary Reports	

[View MIS MANUAL \(upto 30 Sep 2016\)](#) [Change Your Password](#)

TESTING WEAK FORM OF EFFICIENT MARKET HYPOTHESIS IN INDIA: WITH SPECIAL REFERENCE TO NIFTY MIDCAP 50 INDEX BASED COMPANIES

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ABSTRACT

The purpose of this paper is to examine the weak form efficiency of NIFTY Midcap 50 index based companies, thereby making a humble contribution to the existing body of knowledge in the field of efficient market hypothesis (EMH). To test the weak form of efficiency weekly closing prices of twenty sample companies have been considered for three years starting from 1st April 2012 to 31st March 2015. Various statistical tests viz. Kolmogorov – Smirnov Goodness of Fit Test, Serial Correlation Test and Run Test have been conducted for the results. The study concludes that share price movements of companies under NIFTY Midcap 50 are not random during the study period. That means the weak form of efficient market hypothesis does not hold good for NIFTY Midcap 50 index based companies.

KEYWORDS

efficient market hypothesis, fundamental analysis, technical analysis, serial correlation test, run test.

INTRODUCTION

The movement in stock prices are effected by fundamental factors, past behaviour of stock prices popularly known as technical factors and psychological factors. Generally, Stock prices are predicted with the help of two prominent methods i.e. fundamental analysis and technical analysis. A fundamental analyst believes that the price of a share changes due to change in the fundamental factors affecting the performance of economy, industry and companies. Hence, he tries to find out the intrinsic value of the share before taking any investment decisions by analysing the economy fundamentals, industry fundamentals and company fundamentals. He prefers to buy the share if the market price of the share is lower than intrinsic value and sale the share if the market price of the share is higher than intrinsic value. In contrast, a technical analyst believes that the future prices of a share can be predicted by analysing the behaviour of its past prices. Hence, he tries to ascertain a trend from past traded prices and uses this trend to take his investment decision. The basic assumption of technical analysis is that stock price movement is orderly and not random. But there is a theory which questions this assumption. This theory suggests that the movement in share prices are random rather than orderly. That's why in early stage this theory came to known as Random Walk Theory. According to this theory, the successive changes in share prices are dependent on the new pieces of information but independent from its past trends. The share markets are so efficient that any changes in the economy, industry and company performance are immediately reflected in the share prices. Thus, the basic assumption of the random walk theory is that the stock markets are efficient. Hence, this theory later came to be known as the efficient market theory or efficient market hypothesis (EMH). Allen, Brealey and Myers (2011) defined a market as efficient when it was not possible to earn consistently a return higher than the market return. In other words, the value of shares reflects the fair value of the company and is equal to the future cash flows discounted by cost of capital. Eakins and Mishkin (2012) argued that an efficient market was a market where asset prices fully reflected all information available.

EMH assumes three form of efficiency viz. weak form of efficiency, semi-strong form of efficiency and strong form of efficiency. A market is considered efficient in weak form only when each successive price is independent of the past prices. Every change in the share prices is completely random and depend on the new pieces of information rather than on past price trends. That means there is no benefit in conducting technical analysis as it relies on studying and establishing the trends based on historical share price data. A market is considered to be efficient in semi-strong form when current prices of stocks reflect not only historical contents but all publicly available information about the company, industry and economy. That means stock prices discount all latest information as soon as they are received. Hence there is no benefit in undertaking fundamental analysis. A market is considered to be efficient in strong form when current prices of stocks reflect not only publicly available information but also private or inside information. It is the most efficient form of market. In this type of market no information whether it is public or inside can be used to earn superior results consistently.

Several studies have been conducted in India to test the three forms of efficient market hypothesis. Many studies provide strong support for efficient market hypothesis but there are contradictory results too. However, most of the studies have been conducted taking either indices (Sensex for BSE and Nifty for NSE) or large-cap stocks. Hardly, one comes across with any study taking Midcap stocks as a sample. Keeping this in view the present research has been conducted to test empirically the weak form efficiency of Indian capital market with special reference to NIFTY Midcap 50 index based companies.

OBJECTIVES OF THE STUDY

The objectives of the present study are to:

1. To test whether share price movements of companies under study are random and independent within study periods.
2. To test empirically whether the weak form of efficient market hypothesis holds good for NIFTY Midcap 50 index based companies.

It is believed that the findings of the study will of use to investors in taking investment decisions and to the academia in understanding of efficient market theory in Indian context.

REVIEW OF LITERATURE

Eugene F. Fama (1970) one of the pioneer of the concept of "Efficient Capital Market" to the finance world, suggested that in efficient market, the current market price fully reflects all available information about a security and the expected return is commensurate with its risk. Hence it is nearly impossible to beat the market consistently. Fama segregated the efficient market hypothesis between three sub-hypotheses viz. weak form, semi-strong form and strong form of efficiency.

Jensen (1978) famously wrote, 'I believe there is no other proposition in economics which has more solid empirical evidence supporting it than the Efficient Market Hypothesis.' He defines efficiency thus: 'A market is efficient with respect to information set Θ_t if it is impossible to make economic profits by trading on the basis of information set Θ_t .'

Grossman and Stiglitz (1980) argued that perfectly informationally efficient markets are impossibility for, if markets are perfectly efficient, there is no profit to gathering information, in which case there would be little reason to trade and markets would eventually collapse.

De Bondt and Richard Thaler (1985) showed that stock prices overreact, evidencing substantial weak form market inefficiencies.

Poterba and Summers (1988) discovered that stock returns show positive autocorrelation over short periods and negative autocorrelation over longer horizons.

Lo and MacKinlay (1999), in a book entitled *A Non-Random Walk Down Wall Street*, have found evidence inconsistent with the random walk model. Calculating weekly and monthly holding period returns for various stock indexes, they find evidence of positive serial correlation, implying that there is some momentum in stock prices.

Shleifer (2000) published "Inefficient Markets: An Introduction to Behavioral Finance", which questions the assumptions of investor rationality and perfect arbitrage.

Malkiel (2003) studied the various criticism of EMH and found that stock markets are far more efficient and far less predictable than some recent academic papers would have us believe.

Madhumita Chakraborty (2006) investigated the stock price behaviour using daily closing figures of Milanka Price Index during January 1991 to December 2001 and daily closing prices of twenty-five underlying individuals companies included in the index from July 1991 to May 1999. The study found that stock market in Sri-lanka did not follow random walk,

Abdulnasser and Morgan (2009) conducted the test for informational efficiency in the Australian stock market. Using daily data for the period 1994-2006, test were carried out using robust methods that are not sensitive to either non-normality in the data or the presence of ARCH effects. They found that the share price index has one unit root, which implies that the changes in the share price index are totally random.

In India, various earlier studies on efficiency of stock market have been carried out and many of them confirmed that the Indian stock markets are efficient in 'weak' form, and that the random walk hypothesis theory holds good (Gupta,1979; Sharma, 1983; Barua & Raghunathan, 1986; Yalawar,1988). However, there are other studies also which do not support weak form of efficiency (Kulkarni, 1978; Chaudhury, 1991).

Madhusudan (1998) found that BSE sensitivity and national indices did not follow random walk.

Pradhan et al. (2009) in their paper tried to examine the Efficient Market Hypothesis (EMH) in its weak - form by employing the unit root test on the sample of daily stock returns of National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The sample period lies between January 2007 to July 2009. The study reveals that Indian Stock market is not weak - form efficient.

Das and Pattanaik (2011) studied data of Nifty fifty, Nifty junior, Sensex and BSE-100 from 1999 to 2011 and used Run Test and Autocorrelation Function (ACF) and concluded that the Indian market is not weak form efficient.

Saqib and Hanif (2012) examined the weak form of efficient market hypothesis on the four major stock exchanges of South Asia including, India, Pakistan, Bangladesh and Sri Lanka. Historical index values on a monthly, weekly and daily basis for a period of 14 Years (1997-2011) were used for analysis. They applied four statistical tests including runs test, serial correlation, unit root and variance ratio test. The findings suggest that none of the four major stock markets of south-Asia follows Random-walk and hence all these markets are not the weak form of efficient market.

RESEARCH METHODOLOGY

The universe of our study is all the fifty companies which comprise NIFTY Midcap 50 index (of National Stock Exchange of India) as on 31st March 2015. The primary objective of the Nifty Midcap 50 Index is to capture the movement of the midcap segment of the market. The Nifty Midcap 50 Index represents about 5.42% of the free float market capitalization of the stocks listed on NSE as on March 31, 2015. A Sample of twenty companies has been selected with the help of random sampling method to collect the data. Those twenty companies are ABIRLA, ALLAHABAD BANK, ASHOKE LEYLAND, BANK OF INDIA, BIOCON, CESC, GMAINFRA, GODREJIND, HINDPETRO, INDIACEM, JSWENERGY, L&T FINANCE, MRF, RELIANCE CAPITAL, SAIL, SIEMENS, TATA CHEMICALS, TVS, UNITECH, and VOLTAS.

Weekly closing prices of all the above-mentioned companies have been collected for three years starting from 1st April 2012 to 31st March 2015 (Source: www.yahoofinance.com). Any change in share prices due to announcement of bonus, rights, dividends and splitting of stocks have been suitably adjusted. Lo and Mackinlay (1988) suggest that weekly and monthly data are superior to daily figures since they are free from sampling problems of biases due to bid-ask spreads, non-trading, etc. inherent in the daily prices. To test whether the weak form of efficient market hypothesis holds good for NIFTY Midcap 50 index based companies, three kinds of statistical tests have been conducted. Kolmogrov – Smirnov Goodness of Fit Test has been used to check the normality of data. In the parametric test, serial correlation coefficients have been computed whereas; Runs test has been used as non-parametric test.

HYPOTHESES

Following are the null hypotheses:

1. Share price movements of companies under NIFTY Midcap 50 are random.
2. The weak form of efficient market hypothesis holds good for NIFTY Midcap 50 index based companies.

ANALYSIS AND FINDINGS

KOLMOGROV – SMIRNOV GOODNESS OF FIT TEST

Kolmogrov – Smirnov Goodness of Fit Test is a non parametric test which is used to determine whether the data follow particular distribution (Uniform, Normal or Poisson). It is based on the comparison of samples' cumulative distribution against the standard cumulative function for each distribution. Here normal distribution has been used.

From **Table-1**, it reflects that in case of twelve companies viz. (ABIRLA, ASHOKE LEYLAND, BIOCON, CESC, HINDPETRO, JSWENERGY, MRF, RELIANCE CAPITAL, SIEMENS, TATA CHEMICALS, TVS and VOLTAS) the value of P is insignificant at 5% significance level. That means the data is not normally distributed. However, for the balance eight companies viz. (ALLAHABAD BANK, BANK OF INDIA, GMAINFRA, GODREJIND, INDIACEM, L&T FINANCE, SAIL, and UNITECH) the value of P is significant at 5% significance level. That means the data is normally distributed.

TABLE – 1: KOLMOGROV SMIRNOV TEST

Name of Company	Parameters	Absolute	Positive	Negative	K-S-Z	P Value
ABIRLA	Normal	.138	.138	-.109	1.735	.005
ALLAHABAD BANK	Normal	.086	.062	-.086	1.084	.191
ASHOKE LEYLAND	Normal	.225	.225	-.133	2.823	.000
BANK OF INDIA	Normal	.100	.050	-.100	1.252	.087
BIOCON	Normal	.186	.186	-.162	2.331	.000
CESC	Normal	.220	.220	-.125	2.752	.000
GMAINFRA	Normal	.102	.102	-.066	1.275	.077
GODREJIND	Normal	.059	.052	-.059	0.736	.650
HINDPETRO	Normal	.237	.237	-.105	2.963	.000
INDIACEM	Normal	.084	.084	-.068	1.049	.221
JSWENERGY	Normal	.176	.176	-.109	2.205	.000
L&T FINANCE	Normal	.072	.072	-.039	0.900	.392
MRF	Normal	.179	.179	-.158	2.240	.000
RELIANCE CAPITAL	Normal	.176	.176	-.101	2.202	.000
SAIL	Normal	.095	.058	-.095	1.195	.115
SIEMENS	Normal	.154	.154	-.079	1.929	.001
TATA CHEMICALS	Normal	.182	.182	-.093	2.281	.000
TVS	Normal	.260	.260	-.217	3.255	.000
UNITECH	Normal	.089	.089	-.064	1.114	.167
VOLTAS	Normal	.247	.247	-.129	3.101	.000

The importance of testing of normality of data lies in the fact that parametric test like serial correlation is of no use if data is not normally distributed. In those cases it is appropriate to use non-parametric test like Run Test. Hence in this study for eight companies viz. (ALLAHABAD BANK, BANK OF INDIA, GMAINFRA, GODREJIND, INDIACEM, L&T FINANCE, SAIL, and UNITECH) where data is normally distributed serial correlation test as well as Run Test have been used. For rest of twelve companies viz. (ABIRLA, ASHOKE LEYLAND, BIOCON, CESC, HINDPETRO, JSWENERGY, MRF, RELIANCE CAPITAL, SIEMENS, TATA CHEMICALS, TVS and VOLTAS) where data is not normally distributed only Run Test has been used.

SERIAL CORRELATION TEST

Serial correlation test is a parametric test which is used to find out auto correlation between current and previous data. If the correlation between current data and previous data is significantly positive then we infer that there exists certain trend in the data. Hence there is non-randomness in the data. If it is significantly negative then, we still infer that there is certain reverse relationship in the data, implying non-randomness in the data, if correlation between current and previous data is zero, only then we can infer that there is randomness in the data. For testing significance of autocorrelation Durbin-Watson test has been selected. The value of Durbin-Watson test static 'd' always lies between 0 - 4. If value of 'd' is substantially less than 2, then there is evidence that data series has positive autocorrelation, and if the 'd' is substantially greater than 2, then there is evidence that data series has negative auto-correlation. As a rule of thumb, if value of 'd' is less than 1 then it signifies strong positive correlation, and if it is greater than 3 then it signifies strong negative correlation. The **Table-2** below shows the results of Durbin-Watson test for eight companies mentioned above. All the calculated 'd' values are lower than 1, which signify that there exists a strong positive autocorrelation in the data (share prices). That means there is no randomness in the movement of share prices of those companies. Hence our null hypothesis 'share price movements of companies under NIFTY Midcap 50 are random' is rejected. This implies that the weak form of efficient market hypothesis does not hold good for NIFTY Midcap 50 index based companies.

TABLE 2: DURBIN-WATSON TEST

Name of Company	d Value
ALLAHABAD BANK	0.098
BANK OF INDIA	0.105
GMAINFRA	0.141
GODREJIND	0.240
INDIACEM	0.078
L&T FINANCE	0.121
SAIL	0.080
UNITECH	0.120

RUN TEST

Runs Test is a non-parametric test, which is used to test the randomness of the series which auto correlation fails to do. Runs Test is a traditional method used in the random walk model and ignores the properties of distribution. It determines whether successive price changes are independent. It ignores the absolute value in a time series and takes into consideration the price changes of the same sign. In this test actual number of runs is being compared with the expected number of runs. If the actual number of runs is not significantly different from the expected number of runs, then the price changes are considered independent, and if this difference is significant then the price changes are considered dependent. The expected number of runs can be obtained by applying the following formula:

$$E(r) = 2(n_1 n_2) / (n_1 + n_2 + 1)$$

Where, E (r) = Expected number of runs

n1 = number of positive runs

n2 = number of negative runs

The standard error of the expected number of runs of all signs may be obtained as:

$$S.E = \sqrt{2n_1 n_2 (2n_1 n_2 - n_1 - n_2) / (n_1 + n_2)^2 (n_1 + n_2 - 1)}$$

Where, S.E = Standard Error number of runs. The difference between actual number of runs and expected number of runs can be expressed by a standardized value 'Z' as under:

$$Z = R + 0.5 - E(r) / S.E$$

Where, R = Actual number of runs. 0.5 = Continuity adjustment. At 5% confidence level, if the calculated value of /z/ is between - 1.96 and + 1.96 then we accept the null hypothesis. The null hypothesis is rejected if the calculated value of /z/ is beyond - 1.96 and + 1.96. The null hypothesis for this test is that share price movements of companies under NIFTY Midcap 50 study are random.

The **Table-3** below shows the results of Run Test for our sample companies. All the calculated 'Z' values are beyond - 1.96 having insignificant p value of 0.000. That means we cannot accept our null hypothesis. Hence our null hypothesis 'share price movements of companies under NIFTY Midcap 50 are random' is rejected. This implies that the weak form of efficient market hypothesis does not hold good for NIFTY Midcap 50 index based companies.

TABLE 3: RUN TEST

Name of Company	Test Value ^a	Cases ≤ Test Value	Cases ≥ Test Value	Total Cases	Nos. of Run	Z	P Value
ABIRLA	1187	97	60	157	10	-11.049	.000
ALLAHABAD BANK	112	66	91	157	10	-11.094	.000
ASHOKE LEYLAND	29	108	49	157	5	-11.837	.000
BANK OF INDIA	254	67	90	157	12	-10.772	.000
BIOCON	350	83	74	157	2	-12.410	.000
CESC	428	93	64	157	6	-11.744	.000
GMAINFRA	21	85	72	157	22	-9.185	.000
GODREJIND	287	75	82	157	28	-8.238	.000
HINDPETRO	322	108	49	157	4	-12.024	.000
INDIACEM	79	86	71	157	19	-9.662	.000
JSWENERGY	61	105	52	157	10	-10.953	.000
L&T FINANCE	43	76	81	157	13	-10.647	.000
MRF	19188	95	62	157	6	-11.736	.000
RELIANCE CAPITAL	388	94	63	157	6	-11.740	.000
SAIL	70	70	87	157	8	-11.437	.000
SIEMENS	718	99	58	157	7	-11.545	.000
TATA CHEMICALS	311	104	53	157	11	-10.788	.000
TVS	99	108	49	157	2	-12.397	.000
UNITECH	22	91	66	157	14	-10.436	.000
VOLTAS	142	101	56	157	4	-12.054	.000

a = Mean

CONCLUSIONS

The theory and empirical studies on efficient market hypothesis have helped immensely in better understanding of the movement of share prices. This study examines the weak form efficiency of NIFTY Midcap 50 index based companies. Kolmogrov – Smirnov Goodness of Fit Test, Serial Correlation Test and Run Test have been conducted for the results. The study concludes that share price movements of companies under NIFTY Midcap 50 are not random during the study period. That means the weak form of efficient market hypothesis does not hold good for NIFTY Midcap 50 index based companies. The weak form of market efficiency prohibits abnormal profits to any investor using historical or current market prices. However, a market that is inefficient in the weak form will give investors an opportunity to make abnormal profit by studying historical or current price behaviour. Technical analysts use specific tools such as volume, moving averages and oscillators etc to forecast the price of a share. Hence, it can be concluded that investors may outperform the market due to its inefficiency, by undertaking, technical analysis of NIFTY Midcap 50 index based companies.

The findings of this study must be interpreted with reference to some of its limitations, which in turn provide motivation for further research. First, the sample has been taken only from NIFTY Midcap 50 index based companies, which means that the results should not be generalized for all Indian companies. This necessitates a much wider research based on a larger sample. Second, the period of study is for three years only starting from 1st April 2012 to 31st March 2015. The study of a longer period may change the findings. Third, statistical tests used in this study have its own inherent limitations which may affect the findings.

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THE RETAIL AVALANCHE: A STUDY ON CUSTOMER PERCEPTION

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ABSTRACT

With more than a decade since the onset of globalization initiated in our country India has witnessed tremendous transformation in the field of retailing. They are now well versed with the concepts about quality of products and services and have become more aware of the value of money. This has brought in the emergence of shopping malls in the country in not only metro cities but also in the tier II and tier III cities. With the increase in per capita income, demographical changes have taken place along with improvements in the standards of living and change in patterns of consumption a lot of trans national retail chains find India as their place for business expansion. Retail sector is one which has earned the image of being 'super saver location' in the country for the Indian middle class. One important thing that would bring in product differentiation among these stores is the consumers shopping experience and about how well the gap between consumers' expectations and their experience is brought down. This paper emphasizes on the gap between expectation and perception of the consumers of retail stores. SERVQUAL model of service quality has been used for research. This empirical paper highlights the gap that exists between customer expectation and perception. It also tries to answer the daunting proposition as how the gap needs to be closed.

KEYWORDS

retail, customer, perception, service quality.

INTRODUCTION

In recent years interest in retailing has grown considerably as retailers' activities have become increasingly complex, over the past three decades the organization's perceptions of retailing have changed from just selling goods to providing a wonderful shopping experience that makes a positive contribution to the organization by coordinating all efforts related to the workplace. Moreover, contemporary researchers have suggested that achieving best value and enhancing customer satisfaction are the two activities which are of core importance.

Consumer satisfaction is a critical issue in the success of any trade system conventional or online. In a turbulent business environment, in order to sustain the expansion and market share, firms need to understand how to satisfy consumers, since consumer satisfaction is critical for establishing long term customer relationships. What is unclear is the exact nature of the role, how satisfaction should be managed and whether managerial efforts aimed at increasing satisfaction lead to higher store sales. Today, managers in the retail sector undertake substantial efforts to conduct CS surveys. Thus studying customers has become unavoidable and one of the most reliable one is to analyze the perception of the customers.

Customer perception applies the concept of sensory perception to marketing and promotion. Just as sensory perception relate to how human perceive and process sensory stimuli through their five senses, customer perception pertains to how persons form opinion about company and the products they offer through the purchase they make. Merchants apply customer perception theory to determine how their clients perceive them. They also use customer perception theory to develop marketing and promotion strategies intended to retain current consumers and attract new ones.

To study and understand consumer perception and satisfaction towards retail store, service quality is measured using SERVQUAL method developed by Zeithmal. The different dimensions of servqual are as given below:

1. Reliability
2. Assurance
3. Tangibles
4. Empathy
5. Responsiveness

- **Tangibles:** Tangibles dimension of service quality refers to those elements, which provide tangibles to the service and includes physical facilities, equipment's of the service contributor, dress and appearance of the service personnel.
- **Reliability:** Reliability refers to the ability of the service provider to accurately perform the promised service of right quality goods at right prices.
- **Responsiveness:** Responsiveness refers to the willingness of the service provider and his staff to provide assistance and prompt service to customers.
- **Assurance:** Assurance refers to the ability of the service provider and his employees to use their knowledge and courteous behavior to instill trust and confidence in customers regarding the services rendered.
- **Empathy:** Empathy refers to the care and concern shown to the customers and the capability of the firm to devote individualized attention to its customers.

INDUSTRY

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. The Indian retail industry in the single-brand segment has received Foreign Direct Investment (FDI) equity inflows totaling US\$ 275.4 million during April 2000–May 2015, according to the Department of Industrial Policies and Promotion (DIPP).

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

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

Organised retailing was absent in most rural and small towns of India. Supermarkets and similar organised retail accounted for just 4% of the market. Most Indian shopping happens in open markets or numerous small grocery and retail shops. Shoppers typically wait outside the shop, ask for what they want, and cannot pick or examine a product from the shelf. Access to the shelf or product storage area is limited. Once the shopper requests the food staple or household product they are looking for, the shopkeeper goes to the container or shelf or to the back of the store, brings it out and offers it for sale to the shopper. Often the shopkeeper

may substitute the product, claiming that it is similar or equivalent to the product the consumer is asking for. But now the scenario is rapidly changing. With the advent of new middle class that is a large young working population with a median age of 24-26 years with nuclear families residing in the urban setups and rising working women, shopping or buying has not remained any task. It has become more of a fun activity and organized retail has prospered on this idea. There has been tremendous competition to give customers the best shopping experience. Customers can be satisfied only when their expectations are fulfilled and there remains no gap in what they experience and expect from a service.

REVIEW OF LITERATURE

1. Amine et al. (2006) in their study concluded that customers' perceptions of the assortment range stems from the combination of few indicators, mainly number of stock keeping units proposed and availability of favourite brands. They also concluded that consumers overall evaluation of retail store depends largely on perceived choice within the product categories where they are highly sensitive to the assortment range.
2. Blanchard (1994) was of the opinion that quality is increasingly being seen as a key strategic differentiator within the financial services sector with most major players undertaking some form of quality initiative. The researcher describes an alternative basis for analyzing service quality based on the three dimensions of process/outcome, subjective/objective and soft/hard.
3. Carman (1990) in their paper have thrown light on how a generalized scale such as servqual can be modified and better used for retailing scenario.
4. Dr. Burcu liter (2006) highlighted that with increasing competition deeper understanding of consumer expectations, experiences, and perceptions regarding mall image has become much more essential. In this study, researcher identified image attributes of participants' ideal shopping mall, shopping motives and expectations of high school girls. It was found that participants mostly adopt malls for entertainment purpose. For this reason, for malls trying to attract teenage girls, the range offered and quality of fun and special events were crucial. On the other hand, some of participants claimed that if the malls did not renew it they might be bored because of repeated visit. It was suggested that the shopping malls should diversified entertainment venues such as opening a dance clubs in the mall and differentiate them from others, they might attract more adolescents.
5. Lin L Z et al, (June 2013), in their article deliberates the customs of a means-end approach with unsure conceptualization in provoking consumer requirements provides a better understanding of the consumers' perceptual orientation toward store image.
6. Newman et al (2006) in their study concluded that Computer aided observations, customers may be traced and their behavior analyzed in the context of consumer situation and contingencies. They also concluded that store layout and plan influences customers perception and behavior while purchasing the products.
7. Shergill et al. (2007) in their study compared these preferences across demographics. It explored four critical factors which significantly influence customers' perceptions of both types of retail store i.e. price, promotion, location and personnel interaction. The findings pointed out that factory outlet stores were perceived as having comparatively lower prices and attractive promotions in comparison to traditional department stores, while traditional department stores had competitive advantages in terms of the other three factors. Also it was found that different demographic characteristics played an important role in influencing differences in customer perceptions regarding the different types of stores. The main implication of these findings was that factory outlet stores were perceived favorably and that they need to build more positive marketing strategies accordingly.
8. Tam J L (February 2010), in his article determined that consumer fulfillment, service quality and perceived value have interconnected relationship. These variables are increasingly recognized as being sources of competitive advantage.
9. Thang DCL et al (July 2003), in his study focuses on relationship of consumers in retail scenario. In particular, it focuses on how consumer perception of the attributes of store image affects their preference for the chosen stores. The inducements that relate to store aspects include merchandise display, store ambience, on-store service, convenience, status, campaign, amenities and after sales service. Consumers' liking is grounded on their after sales visit ranks the stores.
10. Vahie A et al (2006) in their study concluded that store atmosphere and store quality positively influence the perception of private label brand's quality, whereas the congruence between national brands and store image (NBSI) has negative influence on PLB's quality.

NEED FOR THE STUDY

Retail stores face more competitions especially the apparel retail stores. The life style is changing every day, which leads to more needs and updates. With this organized retailing also develops high competition. Creating a good brand will need to understand customers perception and satisfaction level. So the study was conducted to know the perception and satisfaction of the customers of retail stores with the outcome which can be better used for marketing strategies and hence attract more and more customers and work on satisfying and retain the customer for long run profit.

Customer perception and satisfaction are important factors in customer decision making. The study was applicable in the area of designing marketing strategies and how well stores can satisfy the customer, and tries to analyze the influence of perception in the consumer's mind and how this information will be used successfully by marketers to gain entry into the minds of the consumers

OBJECTIVES OF STUDY

The study on customers in retail was undertaken with the objective to investigate the following

1. Measure the different dimensions of service quality (i.e. Reliability, Assurance, Tangibles, Empathy, Responsiveness)
2. Find out the gap in different dimensions of service quality.
3. Analyzing the servqual dimensions that contribute to customer satisfaction
4. To find out the dominant service quality dimensions that influence customer satisfaction in the retail sector

HYPOTHESIS

To have a better understanding the following alternate hypothesis was formulated and tested:

- **H1.** The level of sophistication of the physical facilities, equipment's of the service contributor, dress and appearance of the service personnel might play a positive role on service quality. Therefore it can be hypothesized that tangibility has an influence on service quality.
- **H2.** The ability of the service provider to accurately perform the promised service of right quality goods at right prices is likely to play a critical role on customer's perception about service quality. Therefore it is hypothesized that reliability has an influence on service quality.
- **H3.** The ability of the service provider to instill trust and confidence in customers regarding the services rendered might enhance beneficiaries overall experience. Therefore it is hypothesized that assurance has an influence on service quality.
- **H4.** The willingness of the service provider to provide assistance and prompt service to customers is bound to have an impact on service quality. Therefore it is hypothesized that responsiveness has an influence on service quality.
- **H5.** The capacity of the service provider to show care and concern and devote individualized attention might play a crucial role in the long run. Therefore it is hypothesized that empathy has an influence on service quality

RESEARCH METHODOLOGY

The sample size was set at 300 after studying the population and these included all the people who shopped at organized retail outlets. The data was collected through a sample survey by personal interviews using questionnaires and reviewing secondary data. Stratified random sampling is used to get data's with representative sample.

RESULTS & DISCUSSION

ANALYSIS OF THE DEMOGRAPHIC VARIABLES

From the analysis of the demographic variable, it would be concluded that both male and female respondent (54% & 46%) prefer to shop in such a segment. By analyzing the age and occupation variable it's very clear that the customer bases for such stores are young couples and youngsters and these people are very loyal to a store as only 35% of them had membership cards. When we analyze the income variable we can understand that most of them belong to the group of 1 lakh to 2 lakh (30%).

ANALYSIS OF SERVQUAL DIMENSIONS

TABLE 1

STATEMENT	MEAN	S.D	PERCENTILE	GAP
TANGIBILITY				
The retail store and its physical facilities are visually appealing	5.67	1.04	81.04	1.33
The employees of the store are well dressed and appear neat.	5.76	0.94	82.28	1.24
The presentation of the merchandise in the store is attractive.	5.68	1.13	81.14	1.32
The store layout is designed to move around and easy to access the merchandise.	5.94	0.98	84.94	1.06
store offer high quality merchandise like, colours don't run out, fitting is good, etc.	5.30	1.28	75.80	1.7
RELIABILITY				
The retail store promises to do something by a certain time, they do.	5.59	0.99	79.90	1.41
The retail store performs the service right the first time	5.68	0.96	81.14	1.32
When a customer has a problem, the store shows a sincere interest in solving it.	5.68	1.09	81.23	1.32
ASSURANCE				
Employees in the store have the knowledge to answer customers' questions.	5.76	1.06	82.38	1.24
The behaviour of employees in the retail store instils confidence in customers (security)	5.62	1.03	80.38	1.38
EMPATHY				
The retail store employees understand my specific needs.	5.47	1.11	78.11	1.53
The retail store employees are polite.	5.90	0.95	84.38	1.1
Employees are never too busy to respond to customers.	5.72	1.07	81.71	1.28
The store gives customers individual attention.	5.59	1.10	79.90	1.41
RESPONSIVENESS				
Speed of Response to Complaints	5.30	1.28	75.80	1.7
Stores operating hours are convenient to the customers.	6.28	0.87	89.80	0.72

By analyzing the tangibility factor we get to know two things firstly, the customers are very happy with the layout of such stores (percentile-84.95, gap of 1.06) which helps them in selecting the products they want. Secondly, the negative side which has come out is that they are not so happy with the quality of products offered not up to the mark, because in such a segment people expect better quality of products. In a service segment, being reliable is perhaps of prime relevance. The details listed in the above table show that on an average the degree of satisfaction is 80% regarding the retail outlets with a gap of 1.35.

Overall analysis of assurance component tells us that the even though there is a gap in the timely delivery of service promised, they are successful in gaining the confidence of the customers by instilling a sense of security in their mind and they are well trained and have appropriate knowledge about their product.

The analysis of empathy statement reveals that the employees are very polite and ready to help the customers, but the problem they are facing is that the employees are not able to satisfy their customers, as they fail to understand their requirements that is never give individual attention to the customers which they get in the traditional shops in the unorganized sector. If they are able to interact more with their customers it can be a game changer for the stores.

By the analysis of the responsive component we can understand that more customers say they are satisfied with the operating hours of the stores because they feel that it's matching with their busy schedules (gap of just 0.72). Here the company's should focus on improving their grievance redressal mechanism because the respondents feel it's not done in a timely manner (with a gap of 1.7). Service recovery and its management generally are closely related to loyalty and customer word of mouth. Failure in grievance handling has long term repercussion on the brand image of the outlet. It is a gap that needs immediate attention of the organization

OVERALL ANALYSIS OF 5 DIMENSIONS OF SERVICE QUALITY

TABLE 2

PARTICULARS	MEAN SCORE	GAP SCORE	PERCENTILE
TANGIBILITY	5.76	1.23	82
RELIABILITY	5.65	1.35	81
ASSURANCE	5.69	1.31	81
EMPATHY	5.67	1.33	81
RESPONSIVENESS	5.79	1.21	83

The overall analysis of the five dimensions of service quality revealed that the responsiveness and tangibility gave more satisfaction to customers. The reliability shows a gap score of 1.35 which is high compared to other component. Overall, the customers are happy with quality of service they get at a retail outlet.

To get a better picture of the impact of the five dimensions of quality on the overall impact further statistical tools were used. The results of the same are mentioned below:

HYPOTHESIS

In all the five hypothesis the alternate hypothesis was accepted & it could be inferred that all the five service quality dimensions significantly impact the service perceptions leading to an impact on customer satisfaction (p=0.00). Besides that high positive correlation was found in all the five dimensions. The highest correlation was found between empathy of employees and customer satisfaction (0.88) followed by tangible aspects in the store (0.87) and then by reliability of the service provider (0.86) followed by assurance given by employees (0.82) and lastly the responsiveness component (0.77).

It can be concluded that a retail outlets tangible and intangible dimensions together has an impact on customer satisfaction. Hence due weightage has to be provided to both.

H1: The level of sophistication of the physical facilities, equipment's of the service contributor, dress and appearance of the service personnel might play a positive role on service quality. Therefore, it can be hypothesized that tangibility has an influence on service quality.

TABLE 3

Regression Statistics		ANOVA					
Multiple R	0.87954						
R Square	0.773591		df	SS	MS	F	P VALUE
Adjusted R Square	0.772051	Regression	1	14753.81	14753.81	502.2686	0.00
Standard Error	5.41981	Residual	299	4318.028	29.37434		Significant
Observations	300						

From the above table it's clear that tangibility has a very significant influence on service quality (PVALUE: 0.00,). So the alternate hypothesis has been accepted. **H2.** The ability of the service provider to accurately perform the promised service of right quality goods at right prices is likely to play a critical role on customer's perception about service quality. Therefore it is hypothesized that reliability has an influence on service quality.

TABLE 5

Regression Statistics	
Multiple R	0.866331
R Square	0.750529
Adjusted R Square	0.748832
Standard Error	5.689151
Observations	300

TABLE 6

ANOVA					
	df	SS	MS	F	P value
Regression	1	14313.97	14313.97	442.2473924	0.00
Residual	299	4757.866	32.36644		

From the above data we can infer that reliability has a very significant influence on service quality (PVALUE: 0.00,). So the alternate hypothesis has been accepted. **H3.** The ability of the service provider to instill trust and confidence in customers regarding the services rendered might enhance beneficiaries overall experience. Therefore it is hypothesized that assurance has an influence on service quality.

TABLE 7

Regression Statistics		ANOVA				
Multiple R		df	SS	MS	F	P value
R Square	Regression	1	12992.58	12992.58	314.1678	0.00
Adjusted R Square	Residual	299	6079.262	41.35553		Significant
Standard Error	6.430826					
Observations	300					

From the above data we can infer that assurance has a very significant influence on service quality (PVALUE: 0.00,). So the alternate hypothesis has been accepted. **H4.** The willingness of the service provider to provide assistance and prompt service to customers is bound to have an impact on service quality. Therefore it is hypothesized that responsiveness has an influence on service quality.

TABLE 8

Regression Statistics		ANOVA					
Multiple R	0.776821						
R Square	0.60345		df	SS	MS	F	P value
Adjusted R Square	0.600753	Regression	1	11508.91	11508.91	223.6976	0.00
Standard Error	7.172761	Residual	299	7562.93	51.4485		Significant
Observations	300						

From the above data we can infer that responsiveness has a very significant influence on service quality (PVALUE: 0.00,). So the alternate hypothesis has been accepted.

H5. The capacity of the service provider to show care and concern and devote individualized attention might play a crucial role in the long run. Therefore it is hypothesized that empathy has an influence on service quality

TABLE 9

Regression Statistics		ANOVA					
Multiple R	0.888943						
R Square	0.79022		df	SS	MS	F	P value
Adjusted R Square	0.788793	Regression	1	15070.95	15070.95	553.7349	0.00
Standard Error	5.216983	Residual	299	4000.886	27.21691		
Observations	300						

From the above data we can come to a conclusion that empathy has a very significant influence on service quality (PVALUE: 0.00,). So the alternate hypothesis has been accepted.

INTER RELATIONS

TABLE 10

	TANGIBILITY	RELIABILITY	ASSURANCE	EMPATHY	RESPONSIVENESS
TANGIBILITY	1				
RELIABILITY	0.75608322	1			
ASSURANCE	0.59042746	0.676530543	1		
EMPATHY	0.66680458	0.642592309	0.768074788	1	
RESPONSIVENESS	0.62976511	0.633351752	0.546070473	0.633033037	1

Correlation matrix helps us in finding out the relationships between different variables.. From the table above it's very evident that all the dimension has a positive relation and assurance, empathy gives a maximum impact (0.76) followed by tangibility, reliability(0.75) by this we can conclude that a higher service quality can be attained if the employees deal with the customers in an polite and caring manner.

CONCLUSION

In the era of globalization, competition has become a key issue in industry's as well as service sectors. The study suggests that customer satisfaction and perceived service quality both should be considered together for the stability of a organization in a competitive environment. The customer perception of service quality is

very important for the emerging and the existing retailers in the market. As the study reveals that perception of service quality is influenced in various ways among various customers. So the retail outlets have to frame their own strategies in order to attract the customers on a longer basis.

The research findings indicate that service quality attributes in totality play a vital role in customers' evaluation of retail stores. The behavioral components are important in the selection of the retail outlets, and the customer gives more importance to the intangible attributes of service quality than the tangibles. This may be attributed to the fact that many of the retailers are shabby in their appearance and conduct. If bigger retail stores, like discount and departmental stores, give importance to service personnel's behavior and conduct with the customers, they may be able to attract customers of the small retailers. The customers frequent the neighborhood stores because of the 'personal relationship' they share with the local retailers. This relationship or interaction is the factor affecting service quality. In conclusion it can be said that the service sector depends on the most important "P" of the P's- people. Emphasizing on the needs of peoples both customer and service personnel will take retailing to an escalated level.

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INVESTORS ATTITUDE TOWARDS SAFETY AS AN IMPORTANT CRITERION FOR MUTUAL FUND INVESTMENT – WITH SPECIAL REFERENCE TO CHENNAI CITY

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ABSTRACT

Finance is very essential not only for business purposes, but also in the life of every individual. Everyone is striving towards increasing or enhancing their standard of living by earning more money, by spending prudently for necessary purposes and avoiding lavishness spending thereby investing the remaining money in a systematic manner without risk to cater to their future needs and safety. Attitude is an expression of favour or disfavour towards a person, place, thing or event. The researcher here has made an attempt to study the Investors' behaviour towards safety being considered as an important aspect for mutual fund investment. This study was conducted among 150 mutual fund investors to know the attitude of the investors while investing in mutual funds. The mutual fund schemes and plans are like an ocean to fetch a pearl in it will become a historical task. Mutual funds started in India in the year 1964 and currently experiencing the fourth phase of development. Investors are the sole authorities to invest their money in mutual funds and fund managers play with their money in order to provide effective return and providing them financial security. A structured questionnaire was circulated among mutual fund investors and collected from 125 investors'. Convenience sampling method used to collect the samples. Data source used to describe the interpretation with the help of statistical package of social sciences.

KEYWORDS

financial security, investments, investors, mutual funds, safety.

INTRODUCTION

Money is considered as a scare commodity and with the minimum availability, every individual must understand how to utilize or spend them very wisely. This understanding will influence every individual to save money and invest the same so that he can attain the security of the future which is uncertain. Every individual should understand that savings alone will not fetch desired benefits in the long run. They have to rethink this thought in a more strategic manner so that their savings will retrieve them good returns and will also reduce their tax burden. Traditionally, every individual has a mindset that in order to save their money, they mostly resort to traditional plans like making a term deposit (which provides them returns in the form of interest and thereby reducing tax burden in case of a 5 year deposit), buying an life insurance policy (the returns are usually derived after a very long period of time), investing in gold (which does provide only capital appreciation). Individuals are very precautious and less risk takers as they take more time to analyse where to invest their money. They look in to various aspects in an investment like security, safety, returns, risk, better service, tax benefits, performance of the instrument, etc.

The Indian economy is a highly diversified economy which provides lot of investment opportunities and also encourages the citizens to inculcate the habit of savings. The role of every financial system is to mobilise the savings of the citizens of the country and providing them a platform to convert their savings into investment which in turn enables them to accumulate wealth. There are a wide range of investment avenues available for everyone to invest their money in such as equity market, commodity market, bonds, debentures, gold, bullion, real estate, mutual funds, NPS, provident funds, post office savings account, etc. In the recent past, mutual fund investment had gained importance especially among salaried individuals and also among self-employed individuals. Investment in mutual fund have paved way for these people to park their unused funds which in turn provides them security of the capital invested, safety in making transaction, lowers the risk appetite, good returns and so on.

ATTITUDE

Attitude is a predisposition or a tendency to respond positively or negatively towards a certain idea, object, person or situation. Attitude influences an individual's choice of action and responses to challenges, incentives and rewards (together called stimuli). In psychology, an attitude is an expression of favour or disfavour towards a person, place, things or event. Prominent psychologist **Gordon Allport**¹ once described attitude as "the most distinctive and indispensable concept in contemporary social psychology". Attitude can be formed from a person's past and present. Many measurement and scales are used to examine attitude. Attitude can be difficult to measure because measurement is arbitrary, which means people have to give attitudes a scale to measure it and attitudes are ultimately a hypothetical construct that cannot be observed directly. Following are the explicit-implicit dichotomy; attitude can be examined through direct or indirect measures.

Explicit measures tend to rely on self-reports or easily observed behaviour. These tend to involve bipolar scales (e.g. good-bad, favourable-unfavourable, support-oppose, etc.). Explicit attitudes that develop in a response to recent information, automatic evaluation were thought to reflect mental associations through early socialization experiences. Once formatted, these associations are highly robust and resistant to change, as well as stable across both context and time. Hence, the impact of contextual influences was assumed to be obfuscating assessment of a person's true and enduring evaluative disposition as well as limit the capacity to predict subsequent behavior. Likert scales and other self-reports are also formed. Implicit measures are not consciously directed and are assumed to be automatic, which may make implicit measures more valid and reliable than explicit measures. For example, people can be motivated such that they find it socially desirable to appear to have certain attitudes. Implicit measures help account for these situations and look at attitudes that a person may not be aware of or want to show. Implicit measures therefore usually rely on an indirect measure of attitude.

REVIEW OF PREVIOUS STUDIES

Kalaiselvi and Hemalatha (2016)² studied about investors' attitude towards mutual fund investment and analysed the savings pattern of mutual fund investors in pudukottai district. Their study analysed the MF investments in relation to investor's level of awareness and satisfaction has been studied relating to various issues like factors that attract them to invest in mutual funds, rate of return, liquidity, safety and security, tax consideration, capital gain, growth prospects, role of financial advisors and brokers etc., The investigation carried by them outlined that, mostly the investors have high level awareness and positive approach towards

investing in Mutual Funds. **Neelima Reddy and Venkata Reddy (2013)³** conducted a survey to study the investors' behavior towards mutual fund products. The study revealed that the Indian mutual fund industry is currently going through a rough patch. Not only are the industry's assets under stress, but given the current macro-economic concerns, the survival of many of the relatively small and new fund houses is under doubt. Mutual funds are one of the several options that investors explore for investing surplus funds. In a deposit-dominated market like India it is important for mutual funds to be able to offer differentiated risk-rewards and gain shelf-space. With many apparently similar offerings from multiple mutual funds unable to clearly communicate their dominance, a less informed investor may find it difficult to make a choice. They quoted that the mutual fund industry can concentrate on all the customers including the customers in the rural areas, corporate and also the retail investors. AMC's has to rely on the sponsors like banks and brokerage houses to give awareness and knowledge to sell their products. AMC's must rely on easy ways to reach the customers such as mobile phones and e-mail to send information of daily NAV's etc. It was understood from their study that AMC's have to strengthen their steps to regain and retain the relevance of mutual fund products in the minds of the investors and also in the minds of the distributors. **Padmaja (2013)⁴** aimed at studying the consumer behavior towards mutual funds with special reference to ICICI mutual funds at Vijayawada with the objective to know about the extent of awareness about mutual funds, preferences of investors, perceptions of investors and to know about the extent of satisfaction of investors towards mutual funds with special reference to ICICI Prudential Mutual Funds, Vijayawada. The researchers study revealed that Mutual funds are good source of returns for majority of the households and it is particularly useful for the people who are at the age of retirement. However, average investors are still restricting their choices to conventional options like gold and fixed deposits when the market is flooded with countless investment opportunities, with mutual funds. The reason was because of lack of information about how mutual funds work, which makes many investors hesitant towards mutual fund investments. In fact, many a times, people investing in mutual funds too are unclear about how they function and how one can manage them. So the organizations which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds. The government also has to take some measures to encourage people to invest in mutual funds even though it is offering schemes like Rajiv Gandhi Equity Savings Scheme to the investors. It is believed that some of these measures could lift the morale of the mutual fund industry which has been crippled for the last three years. **Pritam Kothari and Shivganga Mindargi (2013)⁵** undertook to study about Investors attitude towards mutual fund with special reference to Investors in Solapur City. Their study analysed the impact of different demographic variables on the attitude of Investors towards mutual funds. Apart from this, the research also focused on the benefits delivered by mutual funds to investors. To this end, 200 respondents of Solapur City, having different demographic profiles were surveyed. The study employed percentage analysis. Only a small segment of the investors are still investing in mutual funds and their main source sources of information was from financial advisors followed by advertisements in different media. The Indian investors generally invest over period of 2-3 years as investigated by the researcher. Also there is a tendency to invest in fixed deposits due to the security attached to it. In order to excel and make mutual funds a success, companies still need to create awareness and understand the psyche of the Indian customer. The study revealed that the majority of investors have still not formed any attitude towards mutual fund investments. **Croson, R., & Gneezy, U. (2009)** discussed a number of studies that demonstrated how strongly (and in what direction) social preferences manifest themselves in men and in women. They included evidence on altruism and inequality aversion from ultimatum and dictator game studies. They also included evidence on reciprocity from studies using trust and related games. Finally, they briefly mentioned a large number of older studies using the Prisoners Dilemma game and discussed in more detail various studies using social dilemmas and/or public goods provision games.

OBJECTIVES OF THE STUDY

1. To analyse the conceptual framework of mutual fund investment.
2. To examine the socio economic profile of the investors.
3. To identify the factors influencing attitude towards safety in mutual fund investment.
4. To draw out conclusions based on the analysis of the study

NEED AND IMPORTANCE OF THE STUDY

In a growing economy, the capital market alongside the financial market play a vital role in mobilizing the savings of the individuals in the country and encourage them to invest them to earn fruitful benefits out of their investment. This study highlights and an attempt is made to understand the behaviour of investors in considered safety as an important factor while investing their money in mutual funds.

SCOPE OF THE STUDY

The study was conducted among 125 respondents who participated from in and around the Chennai city. The selected statistical techniques were used and find out the results from SPSS version 20. Convenience sampling method was adopted to save time and money constraints. This study was subject to bias.

RESEARCH METHODOLOGY

DATA COLLECTION METHOD

Primary data has been collected from the investors with the help of a Structured Questionnaire. It consists of two parts, the first part comprises characteristics of the investors and the second part contains research variables.

SECONDARY DATA COLLECTION

The secondary data relating to the study resources can be mobilized from banks, financial institution sponsored mutual funds and asset management companies. This type of data is collected from different investment periodicals, magazines, RBI reports, AMFI reports, SEBI annual reports; securities market reviews, study of existing available literature of different authors in the related field etc.

STATISTICAL TOOLS USED

For measuring the various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, the Statistical Package for Social Sciences (SPSS Version 20) was used and the following tools were administered in this study: (a) reliability test, (b) descriptive sample test, and (c) factor analysis

ANALYSIS AND RESULTS

TABLE NO. 1: KMO MEASURE OF SAMPLING ADEQUACY & BARTLETT'S TEST OF SPHERICITY

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.834	
Bartlett's Test of Sphericity	Approx. Chi-Square	452.232
	d.f.	125
	Sig.	.000

Source: Primary Data

The above table indicates that the significance value 0.000 is less than 0.05. This means that the factor analysis is valid. Inferring the Kaiser-Meyer-Olkin (KMO) coefficient (0.834) the value is more than 0.5. So, this implies that the factor analysis for data reduction is effective. Bartlett's test of sphericity is used to examine whether the variables are correlated. This result, < 0.001 is good, and is an indication for continuing with the factor analysis. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is 0.6. Thus Cronbach's Alpha co-efficient indicates the results highly reliable and valid. It is based on chi-square transformation of the determinant of correlation matrix. Bartlett's test of sphericity chi-square statistics is 452, which show the 13 statements are correlated.

TABLE NO. 2: MEAN SCORES FOR SAFETY IN MUTUAL FUND INVESTMENT

Research Variables		Mean	S.D	N
1	Guaranteed Capital in Mutual Fund Investment	4.578	0.678	125
2	Minimum Risk in Mutual Fund Investment	3.935	0.872	125
3	Secured investment	3.919	0.782	125
4	Long term returns	3.995	0.674	125
5	Less volatility	3.112	0.734	125
6	Safety is High in Balanced scheme	4.672	0.991	125
7	Growth schemes are suitable for long term benefits	4.523	0.892	125
8	Safety and risk are important determinants for good returns	3.141	0.786	125
9	Assured returns	3.898	0.972	125
10	Risk and returns are inter-related aspects	4.678	0.956	125
11	Normal Risk leads to Safety	3.855	0.573	125
12	Investors' interests are well protected by SEBI	4.503	0.699	125
13	Balanced and Debt Funds provides more safety	4.595	0.992	125

Source: Computed Data

The above table shows the result of mean and the standard deviation for thirteen research statements and out of which the mean for six statements result is approximately above 4.5, which indicates that the respondents have strongly agreed to the research statements. Remaining research statements excluding two statements was opted and marked by the respondents as "Agreed". The statistical values for this six research variables was found to be appropriate and good. Respondents gave their option to "safety is high in Balanced scheme average is 4.672" as such the investment in Balanced scheme provides a balanced quantum of returns and a considerable measure of safety. The least average scores given by the respondents are 3.112 and 3.141 respectively for statements "Less Volatility" and for "Safety and risk are important determinants for good returns" to which the respondents neither agree nor disagree. While taking their investment decision initially, the respondents are found not analyzing the risk component and are not aware of the minor volatility of mutual fund investment.

TABLE NO. 3: COMMUNALITIES FOR FACTORS AFFECTING SAFETY IN MUTUAL FUND INVESTMENT

Factors Affecting Safety in Mutual Fund Investments		Initial	Extraction
1	Guaranteed Capital in Mutual Fund Investment	1.000	0.901
2	Minimum Risk in Mutual Fund Investment	1.000	0.841
3	Secured investment	1.000	0.753
4	Long term returns	1.000	0.761
5	Less volatility	1.000	0.646
6	Safety is High in balanced scheme	1.000	0.723
7	Growth schemes are suitable for long term benefits	1.000	0.701
8	Safety and risk are important determinants for good returns	1.000	0.616
9	Assured returns	1.000	0.543
10	Risk and returns are inter-related aspects	1.000	0.647
11	Normal Risk leads to Safety	1.000	0.584
12	Investors' interests are well protected by SEBI	1.000	0.845
13	Balanced and Debt Funds provides more safety	1.000	0.749

Source: Computed Data from SPSS; Extraction Method: Principal Component Analysis.

It is observed from the above table that the variance ranges from 0.543 to 0.901. It implies that 13 variables exhibited the variations from 54.3% to 90.1%. This is statistically significant for deriving the factors influencing investors' attitude towards safety in mutual fund investment.

FACTOR ANALYSIS

The individual questionnaire was examined and taken into data analysis. The investor's affirmation about investors' preference towards liquidity in mutual funds was examined using factor analysis, based on variables (including demographic variables).

TABLE NO. 4: SHOWING VARIABLES EXPLAINED FOR FACTORS INFLUENCING SAFETY IN MUTUAL FUND INVESTMENTS

Comp-onent	Total Variance Explained					
	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.656	19.357	19.357	3.176	18.532	18.532
2	3.249	16.789	36.146	3.012	17.808	36.340
3	1.897	14.912	51.058	2.754	15.224	51.564
4	1.245	14.364	65.422	2.023	13.858	65.422
5	0.920	7.714	73.136			
6	0.817	6.602	79.738			
7	0.737	5.016	84.754			
8	0.644	4.602	89.356			
9	0.571	3.650	93.006			
10	0.417	2.356	95.362			
11	0.366	1.974	97.336			
12	0.262	1.408	98.744			
13	0.181	1.256	100			

Extraction Method: Principle Component Analysis.

The table no. 4 predicts total variance explained for 13 factors affecting safety in mutual fund investments. There are 13 variables which were reduced into four most significant factors with individual values (18.532%, 17.808%, 15.224% & 13.858%). These four factors have been responded by considerable number of underlying variables. These are the four predominant factors that affect the safety of mutual fund investments.

TABLE NO. 5: ROTATED COMPONENT MATRIX FOR FACTORS INFLUENCING SAFETY TOWARDS MUTUAL FUND INVESTMENT

	Component			
	1	2	3	4
06	0.926			
13	0.854			
12	0.823			
01	0.768			
10		0.819		
02		0.736		
11		0.697		
03			0.778	
09			0.711	
05			0.607	
07				0.696
04				0.536
08				0.474

Source: Computed Data from SPSS

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalisation.

The above table indicates primarily the varimax with Kaiser Normalization values of 13 dependent variables that affect the safety of mutual fund investments. The first factor which indexed with four statements (Safety is high in balanced scheme, Investors’ interests are well protected by SEBI, Balanced and Debt Funds provides more safety and Guaranteed capital in mutual fund Investment) having the highest contribution to the overall factors can be named as “GUARANTEE OF MONEY” has the highest loading of 18.532%.

The second group of factor score with 17.808% three statements namely Risk and returns are inter-related aspects, Minimum risk in mutual fund investment and Normal risk leads to safety seemed to index as “RISK TOLERANCE”.

The third group with loading score of 15.224% of the overall variances explained with three statements namely Secured investment, Less volatility and Assured returns can be indexed as “SECURITY”. This security can be understood as financial security too.

Final group with the loading score of 13.858% of the overall variances explained again comprising with three statements such as Growth schemes are suitable for long term benefits, Long term returns and Safety & risk are important determinants for good returns which were attributing to be indexed as “PERFORMANCE”.

TABLE NO. 6: SAMPLING DISTRIBUTION

Demographic Variable	No. of Respondents			In %		
	Men	Women	Total	Men	Women	Total
Gender	83	42	125	66	34	100
Age Group: 25 years to 35 years	18	16	34	14	13	27
36 years to 45 years	36	19	55	29	15	44
45 years to 55 years	19	7	26	15	06	21
Above 55 years	10	0	10	08	00	08
	83	42	125	66	34	100
Annual Income:						
Upto INR 2,50,000	6	8	14	05	06	11
INR 2,50,001 – INR 5,00,000	53	27	80	42	22	64
INR 5,00,001 – INR 10,00,000	21	7	28	17	06	23
Above INR 10,00,001	3	0	3	2	0	02
	83	42	125	66	34	100
Level of Education:						
School Level	16	24	40	14	19	33
Technical Level	22	5	27	17	04	21
Graduation Level	42	13	55	33	11	44
Professional Level	3	0	3	02	00	02
	83	42	125	66	34	100
Occupation:						
Government Employee	3	0	3	02	00	02
Private Sector Employee	45	24	69	36	20	56
Professional	3	0	3	02	00	02
Self Employed / Business	20	8	28	16	06	22
Others	12	10	22	10	08	18
	83	42	125	66	34	100
Frequency of investing in MF:						
Monthly	48	4	52	38	03	41
Quarterly	13	11	24	10	09	19
Half Yearly	12	19	31	10	15	25
Annually	10	8	18	08	07	15
	83	42	125	66	34	100

Source: Primary Data

From the above table, the Gender distribution shows that majority of the respondents were found to be male. At the time of collecting the responses, it was found that male respondents were highly available and easily accessible as against women respondents who showed reluctance while collecting the responses on the questionnaire.

As regards the age group of the respondents, 71% of the respondents belong to the age group 25 years to 45 years. It is inferred that this category of respondents found it very significant towards investing their money in mutual funds. It is always said that “The Early Bird Catches the Worm”, which is quite evident from the above that a considerable number (18 men and 16 women) of respondents were found investing in their early stage of life.

The income level of the respondents was categorized considered the tax slabs as prescribed by the Income Tax Act. And it was found from the above table that, 75% of the respondents belong to the income earning category below INR 5,00,000 and out of which it was evident that 42% of male respondents considered mutual fund as an important financial saving instrument.

The demographic variable pertaining to "Level of Education" indicates that all the respondents have completed their schooling level of education and it was also found that 19% of female respondents did not continue to pursue their collegiate level of education. It also indicated that none of the female respondents pursued a professional course as against the male respondents.

The fifth demographic variable relating to the occupation of the respondents states that more than 50% of the respondents belong to private sector. It can be understood that government employees usually enjoy various tax exemptions on their income earned and would not invest their money in mutual fund. Secondly, it was also found that respondents who belong to self-employed or business category were 22% and other category did not comprise much number of respondents. It can be interpreted that majority of the respondents consider mutual fund investment as a beneficial source which would enhance their economic status.

The questionnaire contained a demographic variable to understand the frequency in which the respondents invest their money in mutual funds. More than half in number of male respondents were found to invest on a monthly mode as they understood that the monthly commitment would fetch them more safety and adequate returns which would cater for their future financial security. The monthly mode of investing indicates that this category of respondents invest their money in mutual funds using systematic investment plan mode. 24% of the respondents (female) did not have a commitment to invest monthly and rather they choose to invest on quarterly and half yearly mode for investing in mutual funds

SUGGESTIONS

Based on this study, the researcher has given few suggestions which are mainly the personal opinion of the researcher and generalization should not be done accordingly. Mutual fund companies should create more awareness about mutual fund investment and should also concentrate on steps to make female respondents in a more participatory manner. If possible the mutual fund companies could launch schemes especially to attract female investors as they were found to be very pessimistic in their approach toward mutual fund investment.

CONCLUSION

Finance is considered as the lifeblood for business and financial commitment in an individuals' life is vital to face the financial challenges in the future. This part of research work will be based on the finding which leads to summarize and conclude based on the data analysis on investors' attitude towards safety as an important criterion for mutual fund investment which focuses on the investors profile too. Investors consider safety as an important characteristic feature of mutual fund and the respondents assent were focusing towards the main features such as Guaranteed Capital, High Safety in Balanced Scheme, Growth Schemes are suitable for long term benefits, Risk and Return are inter related aspects, Investors' interest are well protected by SEBI and finally Balanced and Debt Funds provides more safety. It is evident that investors always seek to be more secured and do not want to waste their hard earned money. The success and performance of any financial instrument is measured by the active participation by the individuals of both gender. Male respondents have more awareness, knowledge and have shown keen interest in making a disciplined approach towards saving their money. The study reveals that investors are considering safety of money, safety towards risk, safety towards future as an important feature while investing their money in mutual funds.

LIMITATIONS OF THE STUDY

The biggest limitation was to collect the responses on the questionnaire as it was difficult to ascertain the responses from female respondents who showed hesitation. The study would be subject to biased results as few respondents had filled the questionnaire with a let it go attitude. The effect of the statements in the questionnaire might not give explicit responses as each and every investor's would have assumed mutual fund investment in a different manner.

SCOPE FOR FURTHER RESEARCH

The present study has focused only on one parameter of mutual fund investment. The same method of investigation can be carried out using other features of mutual fund investment namely risk, return, tax benefits and so on. A Similar method can be used to make an empirical analysis separately for open ended schemes and close ended schemes. Concentration of women individuals can also carried out exclusively to find out how they behave towards mutual fund investment.

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FDI IN INDIAN RETAIL SECTOR: BOON OR BANE?

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ABSTRACT

UNCTAD's World Investment Prospects Survey (2012–2014) mention, India is the third-most attractive destination for foreign direct investment (FDI) after China and the US in the world. India has high potential for growth and offer great prospects of high profitability and favourable regulatory regime for investors as well. As per the terms and agreements with World Trade Organization's General Agreement on Trade-in Services, India's wholesale and retailing services had to open up to foreign investment. There were lots of initial worries towards this issue. Though, the government of India in a series of discussions finely opened up the retail sector slowly to foreign investment. In 2006 it was brought under the automatic route. Further 51% investment in single brand retail allowed. Under the government's approval route foreign direct investment in cash and carry (wholesale) with 100% ownership was allowed in 1997. Finally, in 2012 Multi-Brand retailing is permitted. Prior to organised retailing, Indian household sector by tradition enjoyed the convenience of "kirana" stores. Till 1980's the retail trade continued in the unorganized sector. The big band entry of Tata's, Future Group, Mahindra Group, Reliance Industries, Aditya Birla Group, Bharti Enterprises, Fabindia, The Bombay Store, Shoppers Stop, Crossword, Hyper City, Inorbit Mall etc., to organized retail sector paved way for competition. This study is an attempt to overviews the Indian retail sector in the eve of globalization. It highlights need and relevance of FDI in Indian retail sector. It also examines the prospective and retrospectives of foreign direct investment in this sector. Finally, suggestions are made based on findings.

KEYWORDS

FDI, retailing, boon, bane, findings, suggestions.

"If you're going to live by the river, make friends with the crocodile"

-Anonymous

1. INTRODUCTION

India is one of the fastest growing economies, the top five retail markets in the world by economic value with 1.2 billion people. Indian retail sector is the largest source of employment after agriculture, and has deep penetration into rural India. According to Patibandla (2012) retail sector contribute about 15% of India's gross domestic product (GDP) and 8% of employment. The volume of India's retail sector is currently estimated at around US\$ 450 billion and organised retail accounts for around 5% of the total market share. According to PWC estimate the multi-brand retail market expected to grow to \$220 billion by 2020.

2. OBJECTIVES

1. To study the structure of Indian retail industry.
2. To evaluate the role of small and medium traders in Indian retailing.
3. To understand need for and relevance of Foreign direct Investment (FDI) in Indian retail sector of India
4. To examine the prospective and retrospectives of FDI in retailing.
5. To assess the impact of Foreign direct Investment on different parties connected with the India's retail sector
6. To recommend valuable suggestions to guard and encourage the interest of small and medium traders, unorganized retailers and farmers of India.

3. RESEARCH METHODOLOGY

1. The study adopted analytical, comparative and descriptive in nature
2. The study based on published data sources particularly books, journals, newspapers and online databases.
3. The analysis is based on different statistical tools relevant to the given study and based on available data.

4. THEORETICAL FRAMEWORK

In the words of the High Court of New Delhi, "retail" is a sale for final consumption in contrast to a sale for further sale or processing. Retailing is the process or act of selling goods to the individual consumer at a margin of profit. Thus, Retailing is the final link that connects the consumer with the manufacturing and distribution chain.

Retail Sector in India can basically be classified in to organised and unorganised retailing. Organized retail sector mainly consists of the corporate-backed super-markets, hypermarkets and modern retail outlets, malls, exclusive brand outlets etc. usually are located in urban areas or metros. Such mall culture is popular in Western countries forms 20%-30% of business. But in India it forms only about 6% while rest is all in unorganized sector mainly consisting of the traditional formats of low-cost retailing called - 'kirana shops', general stores, paan/beedi shops, convenience stores, hand cart and roadway vendors, etc. Kirana stores are mostly family owned and managed. Most of Kirana stores deal with food grains and dry foods. Fruits and vegetables are sold by pavement stalls and relatively better organized larger vendors both co-existing side by side.

Retail sector in India is highly fragmented with 95 per cent of its business being run by Kirana stores. 12 million Kirana Stores spread across 5,000 towns and 6,00,000 villages throughout India. The retail market in India has high complexities in terms of a wide geographic coverage and diverse consumer taste and preferences. The basic reason behind popularity of such Kirana Stores is most of products under one roof, personal touch, repeated interactions with customers; nearby location, high trust with customers built through repeated interactions etc.,

The India's retail sector consists of big Indian players such as Tata's, Future Group, Mahindra Group, Reliance Industries, Aditya Birla Group, Bharti Enterprises, Fabindia, The Bombay Store, Shoppers Stop, Crossword, Hyper City, Inorbit Mall etc., Retailers mainly dealing Food, Health and beauty Products, Clothing and Footwear, Home Furniture & household goods, Durable goods, Leisure & Personal Goods etc.,

Due to the positive movement of economy, Indian urban consumer's purchasing power is growing and branded merchandise in categories like Apparels, Cosmetics, Health and beauty Products, Clothing, Home Furniture. Shoes, Watches, Beverages, Food, household goods, Durable goods, Leisure & Personal Goods and even Jewellery are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Of these segments Food & beverage and clothing segment is expected to grow exponentially. Almost FMCG companies are benefited a lot.

At present in India major Multi brand retail brands having 51% Foreign investment are Pantaloon Retail, Vishal Retail, Shoppers, Stop, Koutons, Trent etc., whereas 100% investment in Single Brand Retails include Archies, Cantabil VIP Ind, Titan, IFB Industries etc., HUL, GSK, Godrej Consumer Dabur, Marico etc.

5. GLOBAL RETAIL SECTOR

In Indian retail sector has played an important role in improving the productivity of the economy at large. The encouraging impact of organized retailing could be observed in USA, UK, Mexico and in China. Retail sector is the second largest industry and also one of the highest employment generators in US. India is the third largest retail market after China and Japan. China's retail sales by 2014 is expected to cross \$4500 billion mark. At present, Indian Retail sectors turnover is around \$500 billion and is expected to increase sales of \$900 billion by 2014.

6. DRIVING FORCES OF INDIAN RETAIL SECTOR

As compared to India, China enjoys a huge trade surplus with US and other major trading partners of the world. China's manufacturing base is very strong. Because of its globally competitive advantage in manufacturing sector, China can easily afford to open its retail sector to foreign investment. In contrast, Indian economy is services based and agriculture and agri-based allied activities. The services sector accounts for 55 percent of India's GDP. FDI in multi brand definitely will stimulate this sector positively.

Driving forces of Indian retail sector are;

1. Increase in standard of living due to rise of income
2. Change in pattern of consumer taste and preferences.
3. Emergence of dual income families.
4. Easy availability of Knowledge about different products and services through Internet, Television and other print and digital media etc.
5. Prevalence of latest trends and fashion.
6. Majority of Indians are under the age of 30 leads to more consumption.
7. Increase in spendable income among the young Indians
8. Emergence of new retailing formats like super market, Hyper market etc.,
9. Easy and instant availability of Credit Facilities.

7. FDI IN RETAILING

7.1 GLOBAL SCENARIO

It is important to note that Argentina, China, Brazil, Chile, Indonesia, Malaysia, Russia, Singapore and Thailand have allowed 100% FDI in multi brand retail. In Indonesia 90% of the business still remains in the hands of small traders. China permitted FDI in retailing since 1992. With this policy it has attracted huge investment flowing into the sector. Even though, it has not affected the domestic retail chains. On the contrary small retailers have increased since 2004 from 1.9 million to over 2.5 million. In respective of multi brand retails in these countries, small retailers co-exist and benefited immensely. The quality of the services increased.

7.2. INDIAN SCENARIO

After the second generation market reforms initiated in 1991, India gradually opened up its economy to foreign investment in a wide range of sectors. The licence raj system was slowly dismantled in almost all the industries. FDI was especially encouraged in ports, highways, oil and gas industries, power generation and telecommunication. Consumer goods and service sector was completely inaccessible before for foreign investment was also gradually opened up.

The foreign investment limits were slowly raised. Govt. of India allowed 51% FDI in multi brand retail and increased the limit in single brand retail from 49% to 100%. But it was made compulsion that the single brand retailers must source 30 percent of its goods from India. Further Indian government continues the hold on retail reforms for multi-brand stores. There has been opening of Indian economy to foreign organization for foreign direct investment through organized retail like Wal-Mart, Carrefour, and Tesco.

As per A.T. Kearney estimate India's organized retail had a 31% share in clothing and apparel, whereas the home supplies retail was growing between 20% to 30% per year.

The Ministry of Commerce and Industry is the nodal agency for monitoring and reviewing the FDI policy on continued basis. The foreign investors are free to invest in India, except few sectors/activities, but prior approval from the Reserve Bank of India or Foreign Investment Promotion Board (FIPB) would be required.

8. FDI IN RETAILING- BOON OR BANE

Professor Amartya Sen, an economist (2011) claimed, Foreign Direct Investment for growth of Indian economy is good. The Spencer's Retail with 200 stores in India, and with retail of fresh vegetables and fruits accounting for 55 per cent of its business claims that there is an ample scope for it to expand its footprint in terms of store locations as well as procuring farm products directly from the growers in addition to the involvement of middlemen or traders. Foodworld, a well known outlet operates over 60 stores plans to increase its presence more than 200 locations. It is observed competition and investment in retail will provide more benefits to consumers through lower prices, wider availability and significant improvement in supply chain logistics

According to Pan-Indian survey (2011) more than 90 per cent of consumers said FDI in retail no doubt will bring down prices and offer a wider choice of goods. Almost 78 per cent of farmer's gave opinion that they will get better prices for their produce from multi-format stores. More than 75 per cent of the traders claimed that their marketing resources will continue to be needed to push sales through multiple channels, but they may have to accept lower margins for greater volumes.

9. IS FDI A BOON?

1. Indian retailing is billion dollars industry.
2. It is estimated that Multi brand retailing will provide employment for 1 Crore people by 2020.
3. Up to 100% FDI is allowed for cash and carry wholesale trading and export trading under the automatic route.
4. It is estimated that FDI backed retail sector will create 80 lakhs jobs. Mitsukoshi of Japan, employ a much higher number of sales support employees per store to suit local consumer culture. As per KPMG report, in China, the employment in both retail and wholesale trade increased from 4% in 1992 to about 7% in 2001.
5. Foreign investment will bring growth and prosperity to India. Retail industry worth 20 Lac Crore and is employed 4.40 Crore workforce. It evident from this perspective that India's retail sector is much promising employment provider.
6. It is positively reduces consumer price inflation. Price inflation in Europe and the United States has been 5 to 10 times lower than price inflation in India. The current consumer price inflation in Europe and the United States is less than 2%, compared to India's double digit inflation.
7. Prices of products or services will come down. It is the experience that competition between Walmart-like retailers has kept food prices in check.
8. There is a possibility that large investment in supply chain and world class cold storage facility.
9. There is scope for low spillage and wastage of farm produce during the transportation.
10. Better options and offers to the consumer may be available. Increase in economic value by dealing in various international products

11. Farmer's or people directly connected with Agriculture and agriculture based activities will get good price for their produce/goods
12. The retailers (both single and multi-brand) will have to source at least 30% of their goods have to be procured from the local small and medium enterprises.
13. Multi-brand retailers must bring minimum investment of US\$ 100 million.
14. Permission to set retail stores operations in cities with a minimum population of 10 lakhs.
15. FDI will help the farm sector to improve critical infrastructure and integrate farmer-consumer relationship. 50% of the investment should be used for improving the back end infrastructure facilities such as cold chains, refrigeration, transportation, packaging etc. to reduce post-harvest losses and provide remunerative prices to farmers.
16. The opening of retail competition policy will be within parameters of state laws and regulations.
17. FDI is expected to roll out produce storage centers that will increase market access, reduce the number of middlemen and enhance returns to farmers.
18. In addition, millions of additional jobs will be created during the building of and the maintenance of retail stores, roads, cold storage centers, software industry, electronic cash registers and other retail supporting organizations.
19. Nearly half of profits of this sector will be reinvested in India. Profits of such retailers will be subject to taxes and such taxes will reduce Indian government budget deficit.
20. Farmers have been connected with for sourcing fresh vegetables directly, thereby reducing waste and bringing fresh produce to Indian consumers
21. Retailing creates opportunities for the Micro, Small and Medium Enterprises (MSME's) to reach out the International markets and standards.
22. The global players have economies of scale and are perfect in cost cutting and providing the consumer the best service at lowest price which still is a major challenge for Indian retail firms.
23. The domestic brands don't have the charm and attracting power as compared to popular global brands.
24. Global players are highly advanced in technology. They have better storage facilities, better transportation medium and high investment can hardly match the capabilities of Indian counterparts.
25. Investment in back- end infrastructure will help to reduce wastage of farm produce, improve livelihood of farmers, lower the prices of products and ease supply side inflation, food safety, hygiene and quality.
26. The work culture of global players is quite different from those of Indian players.
27. Foreign players believe in earning profits by cutting costs as much as possible and at the same time are conscious towards career of their employees.
28. FDI in retail will remove the burden of middlemen, according to no. of reports published in the press.
29. The farmers across India 6, 00,000 villages stand to gain with higher profits and better market access.
30. The farmers would be getting good prices for their harvest. Direct purchase from farms will hugely benefit small farmers who are not getting good returns by selling in the local mandi.
31. Unlike developed countries, 51 percent of the India's total workforce is self-employed. For a vast majority of unskilled and poor people of India, retailing offers an excellent safety valve.
32. Farmers get only 10%-12% of the price the consumer pays for the agri-products. Entry of organized retailing definitely will benefit farmers in big way. Experts claim India's post-harvest losses to exceed 25%, on average, every year. As reported by Suryamurthy, Indian farmers get only one third of the price consumers pay for food staples. For perishable horticulture produce, average price farmers receive is barely 12 to 15% of the final price consumer pays.
33. Organized retail will offer the small Indian farmers more competing venues to sell his or her products, and increase their income from less spoilage and waste.
34. The modern intermediaries like Quality controller, Certification agencies, packaging adviser etc are the important organ of Retail Industry and participants in farmers' incomes.
35. The Indian economy is small in respect of limited savings. Global investment is necessary.
36. Beyond capital, the Indian retail industry needs knowledge and global integration.

It is evident that many business groups in India are welcoming the transformation of retail sector. The supporters of retail reforms, flow of fresh investment in organized retail will generate 10 million new jobs by 2014, about five to six millions of jobs in logistics alone. Unlike the current monopoly of middlemen buyer, retail reforms offer farmers access to more buyers from organized retail. In the short term, there is no denying fact that foreign capital will flow into the country and the government can claim that its economic reform agenda is intact. However, the adverse implications will be felt over long time in terms of job loss and the displacement of small retailers and traditional supply chains.

10. IS FDI IN RETAILING A BANE?

1. Entry of foreign retailers will affect 50 million small merchants in India.
2. Job losses especially in manufacturing sector will be affected adversely.
3. Profit distribution and investment ratios are not fixed.
4. In order to bring goods at lowest possible price for customers they squeeze the margins of their suppliers.
5. Poor and economically backward class people may suffer from price rise in future.
6. Retailers face heavy loss of employment and profits in due course. In America, there is absolutely no competition to Wal-Mart in retail business. Its annual turnover is approximately 20 Lac Crore. Although only 21 Lakh people are employed.
7. Workers safety measures and policies are not clearly mentioned. Big retailers have a record of violating laws, not protecting workers' rights and aggressive anti- union conduct in the United States and elsewhere is observed.
8. Large international retailers mostly prefer to source majority of their products globally rather than investing in local products.
9. The big retail giants are particular and predefined in their operations, they would require very less amount of creativity from the franchisee's side which can hurt country's entrepreneurial skills.
10. India's labour productivity in food retailing is about 5% compared to Brazil's 14%; whereas labour productivity in non-food retailing is about 8% compared to Poland's 25%. McKinsey study mention that retail productivity of India is very low compared to international peer counterparts.
11. The rural India will remain deprived of the services of foreign players as they operate only in big cities and metros.
12. The government claims modern retail will create 4 million new jobs. But this cannot be true because Walmart, with over 9000 stores worldwide has only 2.1 million employees
13. Total retail employment in India, both organized and unorganized, account for about 6% of Indian labour work force currently - most of which is unorganized.
14. Global players may not prefer to enter into joint ventures with Indian firms may adversely affect the Indian firms.
15. Once the domestic players are wiped out of the market, foreign players enjoy a monopoly position that allows them to increase prices and earn profits
16. Inflation may be increased.
17. Small farmers will not be benefited by FDI policy.
18. Work will be done by Indians; profits will go to pockets of foreigners.

In order to correct the aforesaid anomalies, India need to have strong regulatory system for the sector. At the same time government should strengthen the Competition Commission of India before the entry of these Big Retailers into the Indian Territory.

11. SUGGESTIONS

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

1. The traditional Kirana stores should change their appearance, attitude and affairs.
2. They should modernise their shops, store, with more branded goods, provide home delivery service at ease.
3. The traditional Kirana stores should form a consortium and make bulk purchases to procure the goods at lower price
4. The state government should formulate different schemes and policies on priority basis.
5. Ease availability of financial assistance at concessional rate to the small medium unorganized kirana stores.
6. The small farming community should undertake joint supply of fruits and vegetables directly to the small retailers and / or customers.
7. There should be a monitoring agency established at the state level to keep watch on the operations of foreign players in retail sector.
8. There should be an agency to see that necessary investment is made by the foreign players in cold storages, transportation and logistics.
9. The possibility of starting malls of small retailers should be explored and a group of small retailers in a locality should come together and open such mall.
10. The educational institutions should constitute degree, diploma courses to the candidates both the theoretical and practical aspects of retail trade.
11. The wholesalers will be affected by the entry of foreign players because they will purchase the goods directly from the manufactures.
12. The wholesalers should also go in together to make collective purchases.
13. To improve the quality of products, encourage wholesalers to participate more actively in marketing of their produce in order to capture value added services in the supply chain.
14. There is a need to strengthen small farmer organizations by providing them with technical assistance to increase productivity for the cost competitive market.

12. FDI IN INDIAN RETAILING: ROAD AHEAD

Foreign direct investment in retail sector is very much debatable issue. The issue needs to be resolved by considering the interest of the stakeholders.

The decision to allow entry of foreign players in Multi Brand Retail is clearly a game changer for retail sector. By allowing FDI in retail trade, India will significantly benefit in terms of quality standards. Since the inflow of FDI in retail sector is definitely increase the quality standards and cost-competitiveness of Indian producers and marketers in all the segments. It also helps to integrate the Indian retail market with the global retail market. On the other hand, FDI in multi-brand retailing must be dealt cautiously. Because it has direct impact on a large mass of population. Foreign capital, if unchecked, may widen the gap between the rich and the poor.

Given the global experiences, it is important to keep the foreign food supermarket expansion slow by using mechanisms such as zoning, business licences, and trading restrictions. There are several instances in other countries where large stores are kept away from the traditional markets.

Thus, the entry of foreign capital into multi-brand retailing needs to be sheltered so that it results in a win-win situation both for India and global players. In short the line over FDI in retail gets over soon and India should embrace new era of retailing. Indian consumers are waiting to pamper. Therefore Indian consumers' balance sheet is still clean, ready to embrace great changes in retail sector which provide much of opportunity to consumption.

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UNDERSTANDING THE RELATIONSHIP BETWEEN ETHICAL LEADERSHIP BEHAVIOR AND ETHICAL CLIMATE IN PRIVATE SECTOR BANKS IN ERNAKULAM DISTRICT

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ABSTRACT

The rising importance of governance in organizations emphasizes on the concept of ethics. A strong governance system is an indispensable component of sustainable and equitable development. The concept of ethical leadership is inevitable part for the success of an organization. The study examines the relationship between ethical leadership behavior of the leaders and the ethical climate of the organization. Ethical leaders greatly influence the climate of the organization. It was found that ethical leadership behavior and ethical climate are positively correlated. The study also attempts to identify the important factors contributing to both ethical leadership behavior and ethical climate.

KEYWORDS

ethical leadership behavior, ethical climate, ethics, governance.

INTRODUCTION

With the passage of time, several changes take place in the community. The same is the case with the organizations. In recent times, a complete shift of focus has occurred towards the area of governance. A strong governance system has become an apparent pre-requisite for the continued existence of any organization.

According to Armstrong (2004), 'the purpose of good governance is to add value to the organization, reduce financial, business and operational risk, strengthen shareholder confidence in the entity, and assist in the prevention of fraudulent, dishonest and unethical behavior'. Here comes the importance of ethics in building a strong governance system. Ethics governs the behavior of individuals or organization through a set of principles or standards which helps in upholding the transparency and, thus, the goodwill of an organization. When it comes to the question of deciding whether an organization is on the right track, it is, undoubtedly, the leader who plays the key role.

Ethics and leadership can be considered to be mutually-reinforcing concepts. Leadership, in short, is a means of direction. It is rightly pointed out by Ciulla, (2003) that, 'the moral triumphs and failures of leaders carry a greater weight and volume as those of non-leaders'. The concept of ethical leadership has gained relevance at the beginning of the 21st century. It grew rapidly as a response to enormous unethical happenings in the business environment.

Ethical behavior of the individuals within the organization has a direct impact on its climate. The notion of ethical climate was introduced into literature by Victor and Cullen (1988). They defined ethical climate as, 'the behaviors that are perceived to be ethically correct and how issues regarding deviations away from those expected behaviors are handled in the organization'. Organizational leaders play a vital role in moulding the ethical climate by stating and implementing ethical policies and practices (Gbadamosi. 2004). According to Victor (1987), ethical climate contains cues that guide employee's behavior and reflect the ethical character of the organization. Ethical climate is said to have a direct impact on governance. Without effective and ethical leadership, the creation of an ethical climate is next to impossible, and in the absence of ethical climate, good governance at all levels in any organization is difficult to achieve.

The mission and the central tasks are the most important factors that differentiate private and public organizations. This difference is quite significant when it comes to the matters of ethics, governance and leadership. 'The primary aim of private organizations is generally to maximize profits, whereas that of public organizations are to execute and enforce democratic law and policy, serve the public interest and provide public services that are generally not sold on economic markets' (Dahl and Lindblom, 1953). Several researchers including Hughes (2003) and Rainey and Chun (2005) points out that, 'public organizations often make decisions and operate in ways that are not only coercive and monopolistic, but which also have a broader societal impact and greater symbolic significance'. This leads to ethical dilemmas to be more pronounced in public organizations. Private organizations, thus, are a step further in its adherence to ethics. The present study, thus, tries to understand the relationship between ethical behavior and ethical climate in the private sector banks in Ernakulam district.

THEORETICAL FRAMEWORK AND HYPOTHESIS

ETHICAL LEADERSHIP

According to Brown et al. (2005), 'ethical leadership refers to the display of behaviors consistent with appropriate norms, which are visible through leader's actions and relationships'. "Ethical behavior is defined as behavior which is morally accepted as "good" and "right" as opposed to "bad" or "wrong" in a given situation" (Sims, 1992). In the words of Brown et al. (2005) and Neubert et al. (2009), "ethical leadership is the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and it emphasizes the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making".

It's, in fact, a competitive advantage which acts as a vital factor in the management of an organization's reputation in the external environment and in comparison with competitors (Blanchard and Peale, 1996). "Leading ethically is believed to be a process of inquiry – asking questions about what is right and what is wrong – and a mode of conduct – setting the example for followers and others about the rightness or wrongness of particular actions" (Guy, 1990).

ETHICAL CLIMATE

Ethical climate is said to be the predominant perceptions about the procedures and practices of the organization that has ethical content or the prevailing perceptions of typical organizational practices and procedures that have ethical content (Victor and Cullen 1988). 'It refers to the behaviors that are perceived to be ethically correct and how issues regarding deviations away from those expected behaviors are handled in the organization'.

It is an established fact that the ethical behavior of the leader is a necessary condition to establish an ethical organization. Leaders play a great role in building the ethical base for an organization. Flynn (2008) rightly points out that, "the managers who engage in ethical leadership behavior must also act as virtuous agents in promoting an ethical climate". Ethical climate also affects the individuals' attitudes towards their jobs as well as their organization (Cullen et al. 2003).

HYPOTHESIS

Ethical leadership behavior has an influence on the ethical climate.

METHODOLOGY

Descriptive research is used in this study. Here survey method was used to get the response from the respondents. Structured questionnaire survey is used here. In this study, a five-point Likert scale was used, in which, 1 = “strongly disagree” and 5 = “strongly agree”

SAMPLE

The participants of the study were employees working in private banks in Ernakulam District. As the population size was unknown, a margin of error of ± 5% was fixed expecting a 0.5% variance at 90% confidence level. The questionnaire was administered to 275 employees who were chosen randomly.

MEASURES

‘Ethical Leadership Scale’ developed and validated by Brown et al (2005) was used to measure ethical leadership. The scale consists of 20 items. The Cronbach’s alpha for this scale was 0.758.

Ethical climate was measured using the 10 items ‘Ethical Climate Scale’ developed by Victor and Cullen (1988). The Cronbach’s alpha for this scale was 0.736.

DISCUSSION OF RESULTS

ETHICAL LEADERSHIP BEHAVIOR

A good level of ethical leadership behavior is an essential requirement for an organization to be considered successful in the eyes of all stakeholders in the 21st century (Terry and Susan, 2005).

TABLE 1: DESCRIPTIVE STATISTICS OF ETHICAL LEADERSHIP BEHAVIOR

Mean SD
Ethical leadership 78.9055 6.33365

Source: Data Analysis

The mean value of 78.90 indicates a fairly good level of ethical leadership behavior among the leaders. The respondents agree that their leaders have good leadership skills with a sound ethical base. According to Ciulla (1995), ‘an ethical leader is an effective leader’.

FACTORS CONTRIBUTING TO ETHICAL LEADERSHIP BEHAVIOR

Ethical leadership behavior is a total of certain factors. The factors were identified by Brown et al (2005) are:-

- (a) **People orientation:** - Resick et al. (2006) describe ethical leaders as people-oriented. According to Kanungo and Conger (1993), Treviño et al., (2003), ‘the people orientation component in ethical leadership reflects genuinely caring about, respecting, and supporting subordinates and where possible ensuring that their needs are met’.
- (b) **Ethical guidance:** -According to Brown et al. (2005), “ethical leaders guide followers in setting priorities and in ethical dilemmas they experience”. Organizations and top management set rules, standards and codes of conduct, which provide guidelines for ethical behavior (Beu and Buckley, 2001).
- (c) **Power sharing:** - As per De Hoogh and Den Hartog (2009), ‘ethical leaders allow subordinates a say in decision making and listen to their ideas and concerns’. Brown et al. (2005) advocates that ethical leaders provide followers with voice.
- (d) **Fairness:** - As per the observation of Brown et al (2005), “ethical leaders make principled and fair choices, are trustworthy and honest, do not practice favoritism, and take responsibility for their own actions”.

TABLE 2: DESCRIPTIVE STATISTICS OF THE FACTORS CONTRIBUTING TO ETHICAL LEADERSHIP BEHAVIOR

Factor Mean SD
1. People Orientation 18.5273 1.95794
2. Ethical Guidance 19.5927 1.95794
3. Power Sharing 20.0509 1.89051
4. Fairness 20.7345 1.66504

The results indicates that the leaders are people oriented, provide ethical guidance and power sharing and are also fair and are truly committed towards their organization and society at large.

ETHICAL CLIMATE

According to Victor and Cullen (1988), ‘ethical work climate is the predominant perceptions about the procedures and practices of the organization’. The managers who engage in ethical leadership behavior must also act as virtuous agents in promoting an ethical climate (Flynn 2008).

TABLE 3: DESCRIPTIVE STATISTICS OF ETHICAL CLIMATE

Mean SD
Ethical Climate 76.1527 7.67607

Source: Data Analysis

The results indicate that the organizations have a good moral work environment and also a fairly good level of ethics is being practiced within.

FACTORS CONTRIBUTING TO ETHICAL CLIMATE

There are some factors contributing to ethical climate were identified by Victor and Cullen (1988) in their ‘Ethical Climate Scale’. The factors are:-

- 1. **Self-interest and team interest:** - this shows the interest of the individual in their own matters as well as in the affairs of the team (entire organization). This factor shows how much the people are concerned about themselves and the organization.
- 2. **Rules, Standards and Social Responsibility:** - adherence to rules, policies and standards is very essential for building an effective and disciplined organization. A true organization must focus on supporting the society in which it operates.

TABLE 4: DESCRIPTIVE STATISTICS OF THE FACTORS CONTRIBUTING TO ETHICAL CLIMATE

Factor Mean SD
1. Self-interest and team interest 16.8621 2.90794
2. Rules, Standards and Social Responsibility 19.2315 2.65706

Source: Data Analysis

The result points out that both the factors show a good score. The organizations have an ethical climate which focus on the interests of the individual, organization as well as the society as well as are focused on following the rules and procedures.

RELATIONSHIP BETWEEN ETHICAL LEADERSHIP BEHAVIOR AND ETHICAL CLIMATE

As rightly said by Schein (1985) and Treviño et al. (1998), ‘manager’s ethical values and their fair and honest behaviors are important factors to shape the organizational climate’. An ethical leader holds the key towards creating a fair and ethical climate in an organization.

TABLE 5: CORRELATION OF ETHICAL LEADERSHIP AND ETHICAL CLIMATE

		Ethical leadership	Ethical climate
Ethical leadership	Pearson Correlation	1	.312**
	Sig. (2-tailed)	.000	
	N	275	275
Ethical climate	Pearson Correlation	.312**	1
	Sig. (2-tailed)	.000	
	N	275	275

Source: Data Analysis

The results show that Ethical leadership and Ethical climate are positively correlated. According to the words of Bandura (1977, 1986), 'social learning theory helps to explain why and how ethical leaders influence their followers'. Social learning theory is based on the idea that individuals learn by paying attention to and emulating the attitudes, values and behaviors of attractive and credible models. Most individuals look outside themselves to other individuals for ethical guidance (Kohlberg, 1969; Treviño, 1986). Ethical climate is also said to have an influence on the ethical behavior of the employees (Deshpande and Joseph, 2009). Elci and Alpan (2009) throws light into the fact that the ethical climate can improve relationships within an organization, employees' attitudes and behaviors, and enhance the performance of organizations. When employees feel the existence of ethical climate within the organization, they are more likely to provide better service and also foster good relationships with their customers and stakeholders (Weeks et.al, 2005). Ethical leaders are said to better understand and be aware of the importance of positive relationship with the stakeholders as well as being responsible towards the entire society. Resick et al. (2012) says that, 'ethical leaders play a leading part in understanding such natural form of relationship grow in an environment of integrity, respect and trust justice, equity as well as fairness. This focus on integrity, fairness and justice points towards the governance system of an organization. Ethical leaders, thus, influence the climate of the organization, which in turn helps to strengthen the system of governance.

CONCLUSION

Ethical leaders helps to communicate the importance of ethical standards and use the systems to hold employees accountable for their conduct. Ethical leadership behavior flows through the work environment and context and this shapes the ethical climate of the organization. "While establishing the ethical working condition as a role model, leaders' behaviors influence the other behaviors in the organizations, and their behaviors become the most important factor in this process" (Brown et al. 2005). Organizations require leader-managers who are efficient, effective and ethical. "Ethical leadership behavior also plays a part in helping to reduce people's anxiety about the uncertainty of the jobs or behaviors in the organizations by being considerate, open, trustworthy, and honest, and by stressing the importance of adherence to high ethical principles" (Treviño et al. 2003). Ethical leadership behavior leads to building the ethical climate that can play a critical part in strengthening the governance system.

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A STUDY ON LECTURERS' PERCEPTION OF STUDENTS' FEEDBACK ON COURSES AND TEACHING WITH REFERENCE TO PRIVATE INSTITUTIONS IN BANGALORE CITY

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ABSTRACT

The appraisal of courses and teaching by students is a procedure designed and adopted by the private colleges to elicit information from students on the quality of teaching and learning. It is meant to serve as a means of involving students in the institutional quality assurance system. I investigated private college lecturers' perception on the students' appraisal of courses and teaching. Data were drawn from survey conducted among lecturers in the private colleges of Bangalore University. The evaluation was rated on Disagree and Agree. Measuring teaching effectiveness is important because the evidence produced is used to make decisions on various facets of academic life. The sample size is 200. Majority of respondents accept students to evaluate them (64%), with 34% agreed that students possessed value judgments, which could enable them evaluate their lecturers. Further, some of the lecturers believe that feedback from the student appraisal practice promotes self-improvement (91%), while, 68% respondents were of the view that evaluation by students does not influence their teaching or compliance with rules and regulations. Thirty-Five respondents were of the view that Heads of Departments (HOD's) should be allowed to evaluate lecturers, while Twenty-four suggested assessment committees. The respondents were of the view that lecturers need to be consulted in designing student appraisal instrument in order to ensure ownership and acceptability.

KEYWORDS

assessment committees, students' appraisal, lecturers' evaluation, quality assurance system.

INTRODUCTION

Formal student evaluation systems have been part of the higher education landscape for decades and have prompted extensive debate in the literature about their usefulness for lecturers and students (Spiller, D., & Ferguson, 2011; Beran & Rokosh, 2009). Students demand for greater transparency around the outcomes of evaluations, lecturers' responses and institutional pressures for greater accountability across the universities are intensifying the focus on formal evaluations for quality purposes. The appraisal of courses and teaching by students could be explained as a periodic evaluation of lecturers' performance by students (Machingambi & Wadesango, 2011). It involves a systematic gathering and analysis of information, on the basis of which decisions are taken regarding the classroom effectiveness, efficiency and/or competence of the lecturer in realizing the set of professional goals and the desire of the institution to promote effective learning.

The Association of Africa Universities (AAUs) in the year 2000, after a meeting unanimously stipulated that each and every tertiary institution must have quality assurance system for internal accountability. The University of Bangalore upon this directive set up the Academic Quality Assurance Unit (AQAU) in 2001. In the year 2006, this office was upgraded to the Directorate of Academic Planning and Quality Assurance (DAPQA). The Directorate has been mandated for the internal monitoring and evaluation of institutional activities as well as conducting surveys to seek the views of other customers of the institution.

REVIEW OF LITERATURE

The role of lecturers is significant in improving the quality and standard of teaching. Improving the efficiency and equity of schooling partly depends on ensuring that, lecturers are highly skilled, well resourced, and motivated to perform at their best (Weinberg 2007; Santiago & Benavides 2009). On one hand, the effective monitoring and evaluation of teaching is central to the continuous improvement of the effectiveness of teaching in school. It is essential to know the strengths of Lecturers and those aspects of their practice which could be further developed and from this perspective Santiago and Benavides (2009) emphasized that, students' evaluation is a vital step in the drive to improve the effectiveness of teaching and learning and raise educational standards. The fundamental idea is that students, as stakeholders in the education enterprise and direct beneficiaries of the teaching activities, have the right to evaluate their lecturers.

Research in education has been faced with the problem of expectancies. Within universities, customers are classified in different groups of actors, and the obvious customers of education are those being educated, the students and those teaching, lecturers (Hewitt & Clayton 1999). The lecturers are the primary internal customers while the students are clearly the primary external customers of the teaching and learning process. The product of higher education is the education and then, depending on the role developed by them during the course, the students can be classified as internal or external (Kanji & Tambi 1999). The classification of the customers as internal and external emphasizes that the internal customers are those who work to the satisfaction of external customers (Juran, 1988).

It is worth noting that, students also have their well-defined characteristics which they expect lecturers to demonstrate. A lecturer who does not live up to his/her students' well defined expectations may run into disciplinary problems in trying to innovate in a traditional classroom. Hence, a study on students' appraisal of their lecturers is not unjustifiable. Measuring teaching effectiveness is important because the evidence produced is used to make decisions on various academic situations. For instance, the outcome of students' appraisal can be used to improve classroom instruction, student learning, foster professional growth of the lecturer and administrative purposes such as promotion, confirmation and renewal of appointment. Most academia would agree, however, that since many important decisions are made on the basis of information gathered in the evaluation process, it is crucial that the instruments used be both valid and reliable.

In spite of a popular conception that lecturers feel hostile to student evaluations, there is considerable literature that challenges this view. Schmelkin, Spencer and Gellman (1997) reported that lecturers' attitudes to the overall usefulness of student evaluations is positive, while Nasser and Fresko (2002) reported that the lecturers in their study were "mildly positive" about student evaluations. Braskamp and Ory (1994) also refute many of the common concerns associated with student evaluations, while the claim of a more positive view of evaluations is supported by the studies of Penny and Coe (2004) and Beran and Rokosh (2009).

However, while these studies challenge the reported academic hostility towards student evaluations, Beran and Rokosh (2009) cautioned that the acceptance of student evaluations does not correlate with perceptions of their usefulness for enhancing teaching or with actual usage of the instrument for teaching changes. These authors speculate that "since instructors find ratings to be of little practical value, their seemingly positive attitudes regarding student ratings actually reflect a neutral viewpoint or passive acceptance of the ratings in general" (P. 183). Similarly, Smith (2008) commented that "there is a few usage of the result for the development of the lecturers' mode of delivery" (P. 518). For instance, Hendry, Lyon and Henderson-Smart (2007) have reported a close alignment between teacher conceptions and the types of changes that teachers made to their courses as a result of student feedback. They further indicated that, teachers with a student-focused approach and who saw learning as involving strong conceptual change were more responsive to feedback and more positive about strategies for improving their teaching.

The literature on validity and reliability of student appraisals is relevant to the extent to which these may influence teachers' perceptions of the usefulness of student feedback. Costin, Greenough and Menges (1971) iterated that the usefulness of the evaluation results depends heavily on the confidence the lecturers have in the interpretation of the ratings. Surveys have shown that a majority of teachers believe that a teacher's raising the level of standards and/or content would result in worse evaluation for the teacher, and that students in filling out student's evaluation of teaching are biased in favour of certain teacher's personalities, looks, disabilities, gender and ethnicity (Birnbaum, 1999). A further reported concern is that students are not in a position to assess the effectiveness of the

teaching and learning experience until a passage of time has elapsed. Other misgivings relate to the notion that irrelevant variables influence students' perceptions of the merits of a course and the teaching; these include factors such as the difficulty of a course, the grading propensities of the teacher and the more general idea of teacher popularity.

The role of emotions in lecturers' responses to student evaluations and the use of the information to underpin teaching changes cannot be overlooked. It is relevant to recognize that; the teacher is the pivot around which the classroom tasks revolve. He has been vested with some autonomy which makes him the superior in the classroom. If the manager has to be assessed by subordinates, then it is ideal to investigate how the superior feels about the subordinate's introspection. Moore and Kuol (2005) studied on individual reaction to student feedback and reported that there is a definite link between individual reaction to feedback and the nature of subsequent attempts to enhance performance. Arthur (2009) also reported that all the interviewees in his study expressed emotional responses to feedback.

Marsh and Bailey (1993) (as cited in Machingambi & Wadesango, 2011) stated that literature on Students Evaluations of Teaching Effectiveness consists of thousands of studies and dates back to the 1920s and earlier. For instance, studies in the late 1920s, required students and expert evaluators to describe teachers they considered to be effective, and to rate characteristics of good teachers. In the 1930s, scales were devised for the evaluation of teachers based on qualities believed to be important in teaching (Velligan, Lam, Glahn, Barrett, Maples, Ereshefsky, & Miller, 2006). As a preliminary step in developing a system of teacher evaluation, Velligan et al. (2006) reported that Columbia University formed a committee to formulate criteria that served as the basis for teacher evaluations. The criteria consisted of a set of principles and objectives. For example, one of the principles was that both peer and student evaluations should be included in the evaluation process. Jackson (1998) identified nine approaches to teacher evaluation which included students' ratings, student achievement, peer-rating, self-rating, teacher interview, and indirect measures. Berk (2005) indicated twelve potential sources of evidence to measure teaching effectiveness which included student ratings, self-evaluation, administrator ratings, and teaching portfolios.

Among the approaches to teacher evaluations considered by DAPQA of UCC are students' ratings/interviews. Students ratings is the most influential measure of performance used in promotion and tenure decisions at institutions that emphasize teaching effectiveness (Emery, Kramer & Tian, 2003). According to Seldin, 1999, (as cited in Berk, 2005) student ratings have dominated as the primary measure of teaching effectiveness for the past 30 years. However, over the past decade there has been a trend toward augmenting those ratings with other sources of teacher performance. Hence most offices consider students' interviews as sources which serve to broaden and deepen the evidence base used to evaluate courses and assess the quality of teaching.

Students interviews furnish source of evidence that faculty are rated more accurately, trustworthy, useful, comprehensive and believable (Mohanty, Gretes, Flower, Algozzine, & Spooner, 2005). One type of student's interviews recommended for the appraisal of courses and teaching is the classroom group interviews. It was suggested that this should involve the entire class, but be conducted by third party other than the lecturer, usually a staff from a mandated office in the same institution like office of DAPQA in UCC or student services professionals.

Berk (2005) indicated that, it is imperative to measure teaching effectiveness because the evidence produced is used for major decisions about our future in academia, such as formative and summative decisions. Formative evaluation is usually performed by peer consultation where other experienced teachers will review one of their peer's instructions. Generally, peer teachers sit in on a few lessons given by the teacher and take notes on their methods, and later, the team of peer teachers will meet with the said teacher and provide useful, non-threatening feedback on their lessons. The peer team will offer suggestions on improvement, which, the said teacher can choose to implement.

Summative decisions are final and they are rendered by administrators or colleagues at different points in time to be used by teachers to improve the quality of teaching, or to evaluate the overall effectiveness of a teacher, particularly for tenure and promotion decisions (Mohanty et al., 2005). Summative student evaluations of teaching (SETs) have been widely criticized, especially by teachers, for not being accurate measures of teaching effectiveness (Dunegan & Hrivnak, 2003; Emery, Kramer, & Tian, 2003; Meritt, 2008).

The evidence that some of these critics cite indicates that factors other than effective teaching are more predictive of favorable ratings. In order to get favorable ratings, teachers are likely to present the content which can be understood by the slowest student (Entwistle, & Ramsden, 2015). Many of those who are critical of SETs have suggested that they should not be used in decisions regarding employment, retentions, promotions, and tenure.

The motivation factor for this current study is the three previous researchers who conducted same studies in developing countries of Nigeria, South Africa and Malaysia. In Nigeria, Yusuf, Ajidagba, Agbonna, and Olumori (2010) presented a paper entitled "University Teachers' Perception of the Students' Evaluation of Teaching on Instructional Practices in Nigeria" at the first international conference of collaboration of Education Faculties in West Africa (CEFWA) held at University of Ilorin, Ilorin, Nigeria from 9th to 11th of February, 2010. The purpose of the paper was to investigate the perceived effect of students' evaluation of teaching on university teachers' instructional practices in Nigeria. Three Hundred and Twenty-Six respondents were randomly drawn from three Nigerian universities. The result showed that although lecturers generally do not accept students' evaluation of their teaching, they perceived that the students' evaluation of teaching would bring about positive changes in their instructional practices.

Secondly, Machingambi and Wadesango (2011), from South Africa conducted a study entitled "University Lecturers' Perceptions of Students Evaluation of Their Instructional Practices" their article examines lecturers' perceptions of student evaluations on their instructional practices. A total of sixty lecturers from an institution of higher learning in South Africa participated in the study. Data were collected through a constructed 20-item Likert-scale questionnaire. Data were analyzed using frequency tables and the discussion revolved around the three research questions that formed the pillar of the study. The study established that, generally university lecturers had negative perceptions of students' evaluation of their instructional practices. The study specifically revealed that while lecturers were sometimes positive about the use of results of student evaluations for formative purposes, they were strongly opposed to the use of such information for summative purposes.

Then again, in Malaysia, Suriyati, Suguna Nurashikin and Wan Suriyani (2009), came out with a study entitled "Lecturers' perception on student evaluation at University of Kuala Lumpur, Malaysia. A total of 159 lecturers from different campuses took part in this study. Findings showed that there is significant difference between the perception and gender; however, there was no significant difference between perception and areas of specialization. Majority of the respondents agreed that students have the right to judge the quality of the teaching of their lecturers but are skeptical about the favoritism which might lead to misinterpretation of the lecturer's score.

IMPORTANCE OF THE STUDY

Students' appraisal of courses and teaching, once conducted in the right manner, would yield potential benefits to many stakeholders in the university education context, including lecturers, the university itself and the students. Specifically, the study investigated; how lecturers value students' appraisal of courses and teaching, the potential function of the outcomes of the exercise either for formative or summative or both functions and whether lecturers have other suggested mechanisms for lecturer's evaluation rather than student's appraisal of courses and teaching. Knowledge of lecturers' perceptions is critical as it will stimulate further discussions and thinking around the issue of strengthening the practice. In this regard, lecturers are given a voice and an active role in the evaluation process and it is hoped that they will be more likely to accept the results from students' evaluations. Furthermore, the exercise is driven by the desire to improve teaching and learning in the university, through effective feedback. Additionally, it would add up to existing literature on students' evaluation studies.

STATEMENT OF THE PROBLEM

Students are stakeholders in education. The implication here is that if students' appraisal of courses and teaching is made a part of the evaluative process, there could be improvement in teaching and learning in tertiary institutions (Maiwada 2001; Iyamu & Aduwa, 2005). Iyamu and Aduwa (2005) assert that there are really many questions about the reliability, validity and utility of student evaluation of lecturers, especially when they are for personnel development and other summative purposes. DAPQA's major activity since its inception in 2001 has been the monitoring and evaluation of lecturers through student interviews. Since 2002, DAPQA has been evaluating lecturers through the appraisal of courses and teaching by students. It appears that, not all the lecturers appreciate the outcome of the appraisal of courses and teaching. While the feedback they receive is beneficial and helpful for their development as lecturers, others do not. In spite of the

apparent high level of acceptance of the evaluation process among the lecturers, the perceptions of the lecturers regarding the evaluation has not been assessed. To make student evaluations more reliable and valid, it may be necessary to listing to all stakeholders involved. In the light of this, the lecturers' perception about the students' evaluation exercise would be a help to the design of standard instruments for the appraisal exercise. Again lecturers may need to be evaluated in a variety of types and levels of courses they handled, however do lecturers acknowledge the use of students' evaluations for formative purposes only, summative purposes only or both? This study, therefore, sought to engage lecturers in order to understand their perceptions of students' evaluation of their academic activities in a large University.

OBJECTIVES

The main objective for this study is to assess lecturers' perception of the students' appraisal of courses and teaching. The specific objectives are to:

1. To assess how lecturer's welcome student evaluation of this nature;
2. To identify the purpose that lecturers wish this evaluation exercise to serve;
3. To come out with other alternative items that lecturers wish to be included in the current students' evaluation exercise.

HYPOTHESES

The study is guided by the following hypotheses

- (a) The extent lecturers value students' appraisal of courses and teaching
- (b) Students' appraisal of courses and teaching serve formative function, summative function and/or both?

METHODOLOGY FOR SAMPLE SELECTION AND DATA COLLECTION

SOURCES OF DATA

The study is based on primary data collected from 200 lecturers from various colleges, by the way of questionnaire. Random Sampling Technique was applied and Statistical tools like Percentage Analysis and Graphs were carried out. The findings are given in the following paragraphs.

ANALYSIS AND INTERPRETATION

THE BACKGROUND INFORMATION OF RESPONDENTS

The background characteristics of the respondents are presented in Table 1. Eighty percent (160) of the total respondents constitute the female, with a trunk of the lecturers (70%) (140) found up to the age of 39 age bracket. Fifty six percent of the respondents have spent less than five years with the university, with 20% (40) of them spending less than ten years. In the case of the ranks of the respondents, 6% of them were in the Associate and full professorial rank, eighty percent were lecturers and below.

TABLE 1: BACKGROUND INFORMATION OF THE RESPONDENTS

SL. NO	PARTICULARS	CATEGORIES	FREQUENCY	PERCENTAGE
1	Gender	Male	40	20
		Female	160	80
2	Age(in years)	Up to 39	140	70
		40 to 49	56	28
		50 to 59	04	02
		60 and above	00	00
3	Duration of service (in years)	Less than or equal to 5	112	56
		6 to 10	40	20
		11 to 15	20	10
		16 to 20	20	10
		More than 20	08	04
4	Rank of respondents	Professor	04	02
		Associate Professor	12	06
		Lecturer	160	80
		Assistant Professor	24	12
5	Status of respondents	Full time	200	100
		Part time	00	00

N = 200

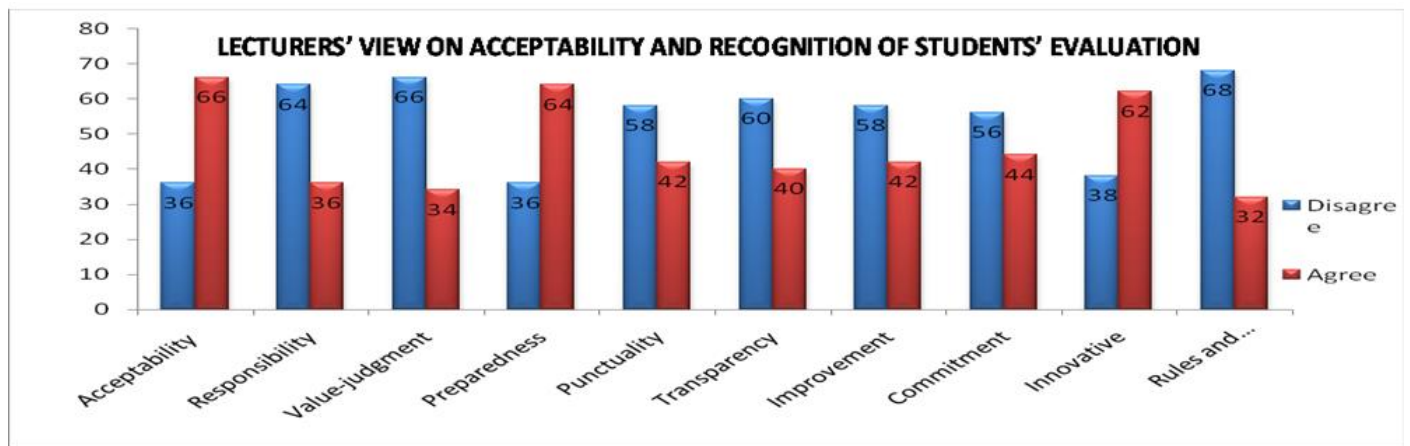
With respect to items that related to the components of punctuality, transparency, self-reflection and relationships with students, two out of three lecturers were of the view that evaluation could assist to promote effective working environment. For instance, 64% (128) respondents agreed that they would be more prepared for their teaching if they knew they would be evaluated by students. Thus the respondents established that students' evaluation creates a sense of awareness in lecturers. Fifty eight percent (116) of the lecturers disagreed that student's evaluation will make them punctual and committed to their work, with 60% and 38% (120 and 78) saying the evaluation cannot make them transparent to students and being innovative respectively.

TABLE 2: LECTURERS' VIEW ON ACCEPTABILITY AND RECOGNITION OF STUDENTS' EVALUATION

SL. NO	PARTICULARS	DISAGREE n (%)	AGREE n (%)
1	Student evaluating lecturer is acceptable	72(36)	132(66)
2	Students are responsible for enough to evaluate their lecturers	128 (64)	72(36)
3	Students possess good value-judgments to evaluate their lecturers	132 (66)	68(34)
4	Lecturers will be more prepared for their teaching/research if evaluated by students	72(36)	128(64)
5	Lecturers will be more punctual to class if they know that their students will evaluate them	116(58)	84(42)
6	Lectures will be more transparent to students if they know that they will be evaluated by their students	120(60)	80(40)
7	Student evaluations of lectures help improve lecture-student relationship	116(58)	84(42)
8	Student evaluations of Lectures help Lectures to be more committed to their jobs	112(56)	88(44)
9	Lectures will be more innovative in their teaching if they are evaluated by their students	76(38)	124(62)
10	Lectures will abide by the rules and regulations more if they know that their students will evaluate them	136(68)	64(32)

N=200

GRAPH 1



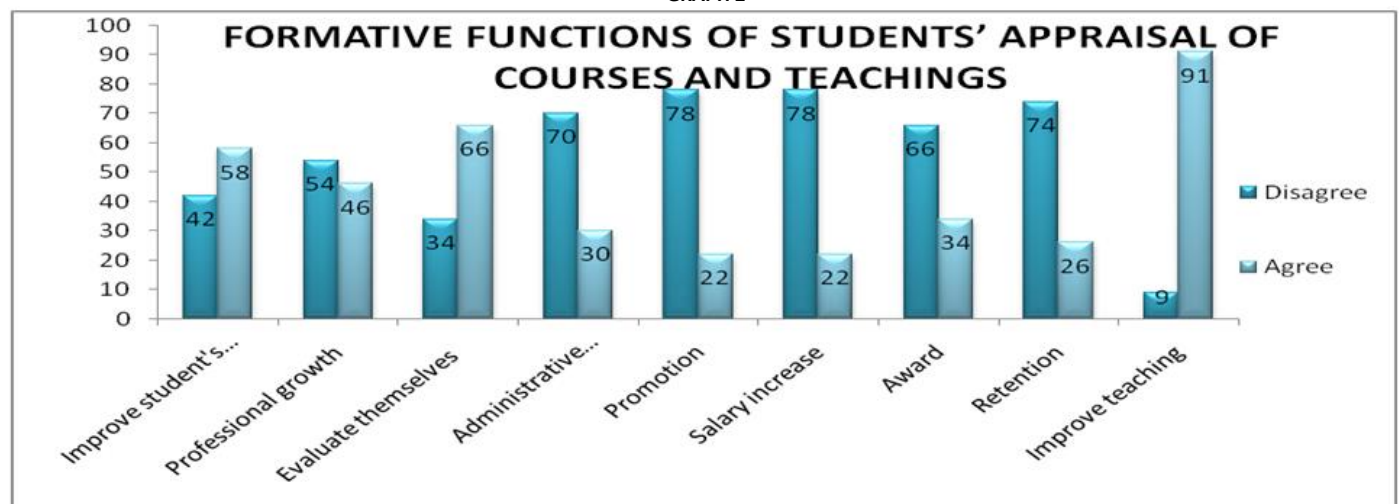
Results in Table 2 can be grouped into two categories: acceptability of the concept of appraisal and the implications of the appraisal for teaching and learning. Majority of the respondents (66%) (132) accept student evaluation, 36 percent (72) agreed that students are responsible enough and also possessed value judgments (34%) (68) which could enable them evaluate their lecturers. Thus lecturers have confidence in students as capable of assessing their output at work. This is consistent with the report of Nasser and Fresko (2002) that the teachers in their study were "mildly positive" about student evaluations, as well as the findings of Suriyati et al. (2009), where lecturers agreed that students have the right to judge their quality of teaching.

Sixty eight percent (136) of the lecturers were of the view that evaluation by students was not what was going to influence them to abide by the rules and regulations of teaching. One interpretation for this results is that lecturers are disciplined enough to abide by rules and regulations and would not need the assessment of students to enable them perform their expected functions. An alternative interpretation is that one would need more than the assessment of students to achieve adherence to rules and regulations. Therefore, this study though having 64% (32) of the lecturers in agreement, it still indicates the need to have multi-approach to achieve the desired outcome.

TABLE 3: FORMATIVE FUNCTIONS OF STUDENTS' APPRAISAL OF COURSES AND TEACHINGS

SL.NO	PARTICULARS	DISAGREE n (%)	AGREE n (%)
1.	Results of students' evaluation help to improve students' learning	84 (42)	116 (58)
2.	Results of students' evaluation can foster professional growth of lecturers	108 (54)	92 (46)
3.	students' evaluation reports help lecturers to evaluate themselves	68 (34)	132 (66)
4.	Results of students' evaluation are needed for administrative decisions	140 (70)	60 (30)
5.	students' evaluation result should be used for promotion of lecturers	156 (78)	44 (22)
6.	Results of students' evaluation are needed for salary increase for lecturers	156 (78)	44 (22)
7.	students' evaluation results are needed to select the best lecturers for awarding faculty	132 (66)	68 (34)
8.	Results of students' evaluation are used for decision on lecturer's retention	148 (74)	52 (26)
9.	Feedback on students' evaluation helps lecturers to improve on their teaching	18 (9)	182 (91)

GRAPH 2

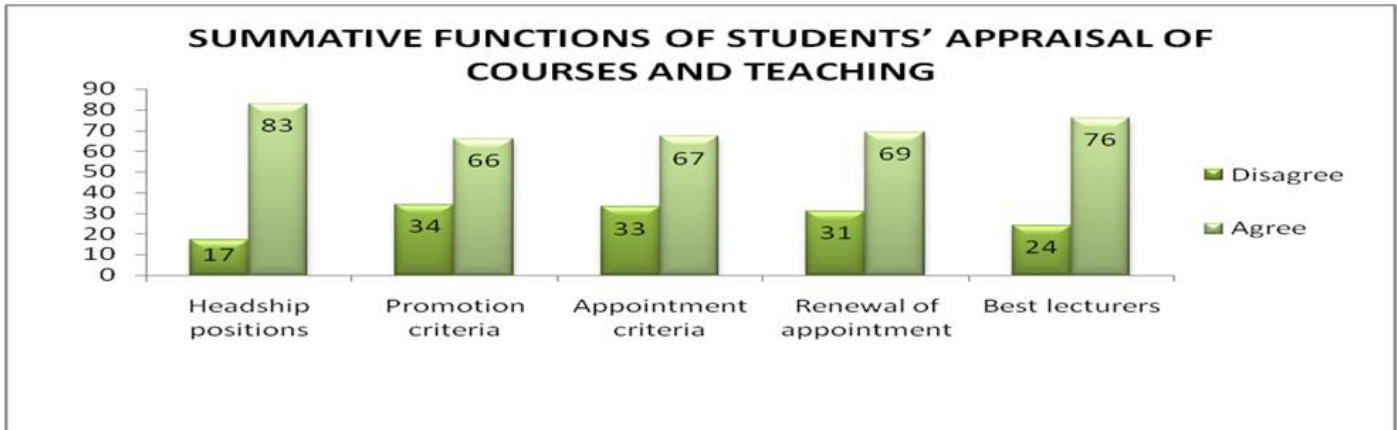


The question on what purpose should the results of student's appraisal serve, either for Formative, Summative or both are depicted in Tables 3 and 4. Sixty six percent (132) of the lecturers believe that feedback from the student appraisal promotes self-evaluation. That's lecturers use the information to make personal assessments of how they are performing on their job. Berk (2005) indicated that, it is imperative to measure teaching effectiveness because the evidence produced is used for major decisions about the future of academia. Responses from this study have shown that, generally, appraisal of lecturers by students serve as a ground for self-evaluation, while, 42% (84) is of the view that it will not improve students' learning. On the other hand, 78 percent of the lecturers disagreed to the idea of using student evaluation results for promotion.

TABLE 4: SUMMATIVE FUNCTIONS OF STUDENTS' APPRAISAL OF COURSES AND TEACHING

SL.NO	PARTICULARS	DISAGREE n (%)	AGREE n (%)
1.	Results of students' evaluation are relevant for headship positions (administration).	34 (17)	166 (83)
2.	Students' evaluation results should be part of the criteria for promotion of lecturers.	68 (34)	132 (66)
3.	Students' evaluation results should be part of criteria for confirmation of lecturers' appointments.	66 (33)	134 (67)
4.	Results of students' evaluation should be included in decisions on lecturers' renewal of appointment.	62 (31)	138 (69)
5.	Students' evaluation results should be part of the criteria for selecting the best lecturers for award in the Department/Faculty.	48 (24)	152 (76)

GRAPH 3



From the above table eighty-three percent (166) agreed on the use of the assessment results as part in selecting leadership for the Faculties showing a strong acceptance of the idea of basing administrative decisions on results from evaluation by students. 33 percent (66) disagreed using for confirmation and 31% disagreed for renewal of appointment. However, 76 percent agreed to be used for selecting the department or faculty awards. Although, the summative purpose of student's evaluations has been widely criticised for not being accurate measures of teaching effectiveness (Subramanya, 2014; Dunegan & Hrivnak, 2003; Meritt, 2008), this current study's finding is on the contrary. The findings from this study presuppose that majority of the respondents support the idea of student appraisal as a means for administrative decision making. The use of student evaluations of teaching would reveal whether a lecturer is doing his work well or not so that faculty can decide on how to encourage or remediate problems to enhance teaching and learning.

TABLE 5: ALTERNATIVE MECHANISMS SUGGESTED FOR THE APPRAISAL OF LECTURERS

SL. NO	SUGGESTIONS	FREQUENCY
1.	Heads of Department (HODs) should evaluate lecturers.	35
2.	Setting up an assessment committee to assess rather than students who normally mark down lecturers who are strict on them.	24
3.	Peer assessment- some lecturers appointed to assess colleagues.	30
4.	Supervision and observation of lecturers during lectures by mentors and senior colleagues.	11
5.	Online appraisal by HODs and the lecturers themselves.	10
6.	Self-appraisal by Lecturers.	20
7.	Research and Publication of lecturers to be used.	20
8.	Assessment of course outline and teaching methods of the lecturers.	20
9.	Contribution of lecturers to their Departments e.g. seminars and outreach activities.	28
10.	Evaluation of both lecturers and students at same time.	02

N = 200

SUGGESTED STRATEGIES TO MEASURE TEACHING EFFECTIVENESS

The study also recognized the experiences of the lecturers by asking them to make an input if there could be an alternate strategy to students' evaluation. Thirty five respondents were of the view that Heads of Departments (HOD's) should be allowed to evaluate lecturers, while 24 suggested assessment committees. The assessment by HOD's is already in place for summative; perhaps the way forward is to expand its scope. For those who proposed the setting up of an assessment committee, their main reason was that lecturers who were strict, disciplined and diligent in their work would always be marked down by students, especially students who are not serious in class. Other forms of assessment mechanism given by the respondents are shown in a descending order in Table 5.

DISCUSSIONS AND RECOMMENDATIONS

From the results of the data collected in this study, it could be concluded that generally lecturers have positive perceptions of the student's appraisal of courses and teaching. Lecturers also concurred that results from student appraisal studies should be used for summative and formative decisions such as lecturer hire, retention and extension of contracts. Further, the study also revealed that beyond the student's appraisal, lecturers desire other forms of assessment such as HOD ratings, committee and peer assessments.

Based on the findings from this study, it is imperative to continuously allow students to appraise their lecturers. Further, decision-making on lecturer confirmations, renewal of contracts and promotions, should have the results of students' appraisal as necessary requirement as information available from this study has suggested that lecturers view such information as valid representation of what they do.

One critical observation from this study is that, almost all the available methods for lecturer appraisal have got some set-backs. In order to reduce the effect of a single method, there is the need for a multi-approach. This could involve assessments from the perspective of students, HOD's, colleague lecturers and other relevant stakeholders. This would give a more concrete overview of the individual and a fairer evaluation results. Therefore, some of the suggested mechanisms for assessment by the lecturers must be considered as an additional assessment mechanism.

The study also sees it appropriate, that, for the evaluation of teaching effectiveness in colleges to be recommendable, it is important to have interaction with students by educating them on the need to be objective when evaluating lecturers. It is also, an important to have interaction with lecturers as well, on the need for the classroom evaluations.

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THE CHANGING DYNAMICS OF TALENT ACQUISITION IN RECRUITMENT SERVICE CENTERS: A CONCEPTUAL STUDY

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ABSTRACT

Talent management is a need for practicing the talent acquisition strategy and it is an area of growing concern. The organizations are adopting innovative recruitment practices to find the correct skill sets and competencies to meet the demand for talent with a specific skill set the purpose of this paper is to investigate talent acquisition and discuss some of these practices of employee engagement.

KEYWORDS

employee engagement, innovative recruitment methods, employees, talent management.

INTRODUCTION

Talent Acquisition is the process of finding, acquiring, assessing, and hiring candidates to fill roles that are required to meet company goals and fulfill project requirements. Talent Acquisition also ensures that newly hired employees are effectively and efficiently acclimated to the organization, enabling the organization to rapidly and fully benefit from their capabilities.

Today in the competitive world there is endemic talent shortages, challenging economic conditions, the rapid growth of web-based recruiting and opportunities in social media are combining to bring about significant change in the way organizations go about recruiting. From adopting techniques used by sales and marketing teams to assessing the business case for investment in web and other technologies, HR managers face a wide range of issues as they look to build an effective talent acquisition strategy.

FIG. 1



DEFINITIONS

"Talent acquisition is the process of finding and acquiring skilled human labor for organizational needs and to meet any labor requirement. When used in the context of the recruiting and HR profession, talent acquisition usually refers to the talent acquisition department or team within the Human Resources department."

"Talent Acquisition means a view of not only filling positions, but also utilization of the candidates and their skills that come out of rigorous recruiting process as a means to fill similar positions in the future also."

REVIEW OF LITERATURE

Organization of literatures on Talent Acquisition has been conceptualized mainly under four parts. Initially theoretical background of the subject is elicited through various definitions and theories pertaining to the area. The second part presents, various scales for measurement of work life balance while the third and fourth part is devoted to discussion on the various factors influencing TA's and their consequences. Studies undertaken in this direction internationally and nationally are presented separately.

As the employment market continues to tighten, it will become increasingly difficult for employers to find the quality, skilled candidates to meet their needs," said Joanie Courtney, senior vice president, global market insights at job site Monster. Attracting and retaining talent will remain a challenge as top candidates experience an increase of competitive job offers, along with better salaries and opportunities.

Companies will take an even more strategic approach to talent acquisition, "becoming increasingly inventive to attract and retain valuable candidates," said Byrne Mulrooney, CEO of Futurestep, a Korn Ferry company specializing in recruitment process outsourcing. "While 2015 indicated the start of this thoughtful attitude to hiring, we expect this approach to pay off" this year, he said.

Talent Acquisition remains an issue that requires considerable attention from organization. The changing nature of the global economy, where organizations expects the employees to operate on a 24/7 schedule and technological advances have made it possible for an employee to be connected at all times, has ushered the TA's issue into the forefront of the minds of many employees and organization.

STATEMENT OF THE PROBLEM

It is suggested that organizations should make efforts to build effective, practical and holistic talent strategies that are not only able to attract talent but also address employee engagement and the retention of key skills thus boosting the productivity and business performance. During talent acquisition, due diligence is required in assessing the person-organization fit and providing an enabling work environment to keep the talent anchored to the organization

OBJECTIVES OF THE STUDY

By reflecting recruitment and culture need fit, an environment is created at the workplace where employees feel more passionate about their work and exhibit the behaviours that organizations need to drive better results.

DISCUSSIONS

Talent acquisition is the ongoing cycle of processes related to attracting, sourcing, recruiting, and hiring (or placing) employees within an organization. This includes elements of employment branding, outreach, networking, and relationship building with potential candidate communities to continually build and enhance the talent pool for an organization.

By defining it like this, we can take into consideration all of the things that must be done to contribute to finding talent, either through direct efforts such as recruiting, or indirect efforts such as employment branding and networking.

Talent Acquisition will typically support the broader organizational goals, as well as talent management focused goals. A short summary of each Talent Acquisition sub-category, including examples, follows.

- **Requisitions** – measures that assess the volume of requisitions and hires from a recruiter perspective.
Efficiency examples: Requisition Rate, Total Requisitions per Recruiter, Average Filled Requisitions per Recruiter, Job-Posting Factor
- **Applicants & Interviews** – measures that quantify the sourcing and interviewing of candidates.
Efficiency examples: Average Interviews per Hire, Interview Rate, Referral Rate, Hire Rate, Percentage of No-Shows
- **Hiring activity** – measures that assess the volume, types, and sources of hires made.
Efficiency examples: Recruitment Rate, Percent of Hires Referred, Rehires Percent of Total Hires, Net Hire Ratio, Recruiting Source Distribution
- **Hiring cost** – measures that calculate or compare the cost of hiring.
Efficiency examples: Cost-per-Hire, Recruiting Cost Ratio, Sign-on Bonus Factor, Source Cost per Hire
- **Hiring process** – measures that assess the efficiency or effectiveness of the hiring process itself.
Efficiency examples: Recruiter Response Time, Time-to-Fill, Time to Start, 90-Day Separation Rate
- **Quality of hire** – measures that assess the quality of hires made.
Effectiveness examples: Hire Index, New Hire High-Performer Rate, First Year Separation Rate, Hiring Manager Quality of Hire Satisfaction

In addition, defining it as a cycle introduces the concept that the processes are connected and interrelated, rather than isolated events. This is especially important with networking and employee referral efforts that have historically resulted in better quality candidates and hires.

Therefore, this means that those involved in talent acquisition and management should take a holistic look at how candidates find and interact with your company, how your company engages them, and what makes your company a desirable employer. This includes leveraging relatively new tools, such as social networking and mobile recruiting, to increase the reach of your recruiting messages. It also gives a nod to efforts to make your company an employer of choice.

Whether you agree that talent acquisition is a new concept or just recycled, today's recruiting challenges mean that having a solid talent acquisition strategy, no matter what you call it, is critical to getting the right talent into your organization.

It is rightly said by somebody that "Change is the only CONSTANT thing in the world", rightly so human beings or rather HUMAN RESOURCES are continuously evolving with respect to time. Employees of the organisation are termed as Talent's and every organisation is having a deep urge to acquire the best of the best for their organisation.

Recruitment Department is known not only for its hiring skills but selecting a right fit for the right role designed. Technology has played a pivotal role in determining the dynamics of Talent acquisition at the time of sourcing CV's, designing Job Description, doing Job Analysis. The days are gone when people used to think of a dream PSU or TATA's and BIRLA's that would enable them to enrich their life and family with life time employment and growth. Current scenario is flooded with 100's of jobs and educational institutes such as IIM's, ISB's, IIT's, web –portals such as Naukri, Monster, Social media such as LinkedIn, Facebook are acting as a catalyst in fulfilling the requirement. Organisations are willing to pay the employee whose referred candidate is selected, as it saves time. New avenues have opened for players who want to reap the benefit from the entire process of talent acquisition for eg: employee background screening firm, recruitment consultants having separate consultant for different vertical.

So, finding a "Talent" in a digital world is not a big deal for any recruiter but finding a right candidate with Key skills is a big task. The spurt in technology has not only enhanced in simplifying the role of a recruiter at the same time it has also made them accountable of his association with the company for a longer duration of time. This is purely because of the fact that choices are many for a particular role and big pocket; profitable organisations are ready shell out handsome perks with incentives if he/she suits to their salary band.

FIVE RECRUITING TRENDS FOR CURRENT DYNAMIC ENVIRONMENT

1. FOCUS ON EMPLOYER BRANDING WILL GROW

Quality candidates are in the driver's seat. And job seekers today are more sophisticated job shoppers, according to experts. "They won't bother to apply to a company if they can't find enough information about the company online," said J.T. O'Donnell, CEO of Careerealism, a career services site based in the Boston area.

"With the evolution of social media and employer-brand-focused sites like Glassdoor, it's critical that companies focus on establishing and developing their brand in 2016," said Josh Tolan, CEO of Spark Hire, a video-interviewing company based in the Chicago area. "More and more companies are going to look for ways to showcase why candidates should apply to work there."

Candidates want to know as much as possible about the job, company, culture and corporate values, said William Tincup, CEO of HR consultancy Tincup & Co., based in Dallas. "Recruiters must be prepared to have robust and honest conversations about every aspect of the job. If you can't handle this, you'll lose talent."

Susan Vitale, chief marketing officer for Matawan, N.J.-based recruitment software provider iCIMS, recommended using actual employees in photos and videos to help illustrate employment brand, in addition to showcasing the company culture, key benefits and training opportunities on a careers site and social media pages. "Employees are a company's best brand ambassadors and their stories speak volumes more than a company mission statement," she said.

2. USE OF TALENT ANALYTICS WILL INCREASE

Analyzing and curating data to measure and improve hiring will become more prevalent in 2016.

Jennifer McClure, executive coach and CEO of Unbridled Talent, a management consultancy based in Cincinnati, predicts talent acquisition professionals will feel the pressure to move away from traditional recruitment methods dominated by instinct and begin to master the ability of turning everyday data into recruiting intelligence.

"HR and recruiting leaders will continue to seek better ways to get their arms around data and develop true insights about future and current employees," agreed Leela Srinivasan, chief marketing officer for Lever, an applicant tracking system based in San Francisco.

Many companies are already going beyond simply reviewing basic operational measurements like time-to-fill, cost-per-hire and source-of-hire, and are instead hiring full-time analysts to mine for more in-depth talent metrics, Mulrooney said. Some companies are using data to analyze competitor talent pools to find candidates with the right skills and potential to join the organization, and are examining data on whether full-time or part-time employees bring the highest return on investment. "Companies are using data to capture a whole-person analysis of candidates to determine if they have the competencies, experiences, traits and drivers to succeed," he added.

Srinivasan noted that "we're finally getting to the point where people can actually trust and filter the data real-time within their applicant tracking and HRIS [human resource information system] systems and use the data to make decisions about recruiting and managing employees."

Organizations are also beginning to store data in complex ways, thanks to the cloud, said Steve Lowisz, CEO of Qualigence International, a global recruiting and recruitment research firm based in the Detroit area. "Mass amounts of data can now be analyzed with higher speed, producing quicker results. Recruiters should make it a top priority for 2016 to understand the storing of data and its effect on hiring."

HR has to analyze talent data, concluded Sarah Brennan, CEO of talent advisory firm Accelir and founder of the HR Tech Blog. "I know this is a scary thing for HR to hear, but for too long HR has gotten a pass on lacking analytics because it's a 'people person' job or the technology to do it wasn't affordable. In 2016, neither are valid."

3. EMPLOYERS WILL BROADEN THEIR SOURCING SCOPE

Lacking enough qualified candidates, employers are going to have to get creative about hiring, O'Donnell said.

In addition to "a boom of apprenticeships and in-house training programs," O'Donnell predicts recruiters will look to similar industries to poach talent. And although it may seem counterintuitive, consider cross-industry hiring, Lowisz said. Employers can miss out on quality hires by taking too narrow a view on where they source talent.

"Individuals who have worked in various other fields often gain experience that translates directly to the job in question," he said. And they may also provide the company with cultural diversity that appeals to new markets, he added.

Experts predict an increased focus on developing talent internally and hiring for traits and motivations, instead of strictly skills and experience. "Sourcing internally has its benefits, from a shorter time to productivity to lower staffing costs, which as a result means better financial performance," Mulrooney said.

Tolan wholeheartedly recommends developing current employees for new roles; it "keeps them motivated and helps the organization as their knowledge compounds over time, which makes them more valuable the longer they are with the company," he said. HR will need to have systems for tracking how employees are doing so top performers can easily be identified, he added.

Companies are also increasingly looking beyond just the skills and experience candidates bring to the table, and considering what some call investment or program hiring.

"Companies are hiring people with the right traits and motivations who can be trained on-the-job for professions from software coding to customer service," Mulrooney said. "More often than in the past, these employers are becoming less adamant about hiring only college graduates and are evaluating people on their ability to perform in the future."

Hiring criteria will have to fundamentally change, O'Donnell said. From the big three criteria most often used to hire new talent—personality, aptitude and experience—it's experience that has the most wriggle room, she said. "You're not going to change a person's personality or aptitude for a job, but as long as you can identify a cultural fit, you can train a candidate to do the job."

4. HR WILL LOOK TO REPAIR THE CANDIDATE EXPERIENCE

Organizations are reviewing their recruitment processes to ensure candidates can easily find and apply for open positions. Failing to keep in touch with candidates after making initial contact, a lengthy and tedious application process, and lack of engagement from recruiters during the hiring process "leave the candidate feeling unappreciated and disrespected," Lowisz said.

More employers are measuring candidate experience as a form of recruiter and business performance, said Elaine Orlor, CEO and founder of talent acquisition consultancy Talent Function, based in San Diego.

"Every single candidate touch point—the online application experience, each interaction with the scheduler, the preparedness of the interviewers, the turnaround time in communicating with candidates, the way an offer is delivered—reflects on the employer, Srinivasan said. "If you're missing the mark, the world soon knows about it due to sites like Glassdoor, and highly skilled people juggling competing offers will certainly factor their experience as a candidate into their final decision, so it impacts offer acceptance rates," she said.

In 2016, candidates will drive the frequency and medium of communication, Tincup said. "They expect text messages and regular status updates. If you can't do that, or worse, won't do it, you've already shown yourself as someone who's slow to the game." They also want actionable feedback, he said. "If a candidate doesn't get a job, offer four ways he or she can improve and potentially land this job the next time [it's open]."

Improving the rejection process should be a priority. "How you choose to let somebody down says a lot about you as a company," O'Donnell said.

She recommended coming up with a more-helpful rejection letter that thanks the applicant for applying, offers free job search resources and serves to cultivate future talent pools. "That's better than not hearing anything, or getting a cold form letter."

Orlor said that treating rejected candidates fairly creates the opportunity for those candidates to provide referrals for other candidates, easing the burden for recruiters.

Send tailored, relevant communications about new job opportunities and other news about the organization, Vitale said. "This will help sourcers build a pipeline of engaged candidates for future openings."

Mulrooney said that 2016 will see more personalized candidate concierge services. "Recruiters will be expected to deliver the white-glove treatment for candidates. Giving special tours of other departments within the company, developing presentations on the company culture and providing lunch between interviews will be de rigueur."

5. HR TECHNOLOGIES WILL CONTINUE TO INTEGRATE (SLOWLY)

Experts predict that HR technology consolidation and cross-platform expansion will continue this year, but at a slow, incremental pace, as talent acquisition technology shifts into new areas.

"HR technology will become more streamlined as clients turn from multiple vendors to bundling their human capital management, applicant tracking systems and video interviewing, all on one platform," Mulrooney said.

Integration is not happening as quickly as had been forecast in years past. "While the HR technology vendors are working on this, it isn't advancing as quickly as I would have liked to see four to five years ago when the road maps were being talked about," Brennan said. "What we find instead is a few talent acquisition suites starting to take hold, and even most of them use partners to achieve this vs. being a true all-in-one platform."

Brennan said she's seen more of the traditional talent management platforms starting to expand and enhance their recruiting solutions, but the smaller "bolt-on solutions outside of ATS/CRM [applicant tracking system/candidate relationship management]" will be slower to come. "If you're a CHRO or VP of HR that truly wants to find a system that excels in all the various recruiting-related products and has talent management as well as HRIS-type functions, you'll have better luck winning the Powerball lottery."

And that might be OK, because the technology to achieve a truly integrated and effective all-purpose suite may not be there yet. "The number of vendors you work with is far less critical than having technology that integrates, and integrates seamlessly," Srinivasan said. "In fact, relying on one vendor to do it all can be much less effective because no one player is best-of-breed at everything, and you can end up with ill-thought-out software that poorly supports critical workflows and processes."

Brennan agreed, saying that "the problem with being an all-in-one suite is that while you are strong in one or two areas, the other areas are often average or even substandard versions of the point solutions."

Orler stressed that while the market continues to shift, the most important consideration for organizations looking for technology solutions is to ensure they are clear about what they need and why.

CONCLUSION

Even if talent acquisition is automated as a single HR discipline, the greatest benefits come when it's addressed in the context of a broader human capital strategy, particularly in relation to performance management, employee development, succession planning and contractor management.

Technology has improved people's lives in many different ways. People can live longer, healthier lives because of technological advancements. Global markets have opened up and communication has allowed instant access to local expertise, enabling income streams and relationship building anywhere in the world.

The dynamics of business are changing at a rapid rate. Organisations are continuously finding ways to adjust to the dynamism of the environment simply because to stay in the race of a "Great Organisation or Best Employer" one has to adapt swiftly with the current happenings of the world. Therefore, it all begins with the source provider, those who are filling the resources for the organisation to be where it wants to be.

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THE AMALGAMATION OF SBI AND ITS SUBSIDIARIES: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

before 3 or 4 years an issue of consolidation of Indian nationalise banking industry had discussed, but now a days this deliberations are emphasize obtain about merging of Associate banks into State Bank of India (SBI) who is one of the largest Nationalise bank in our countryside. The present paper focus on the impact of consolidation on Indian Economy and Business concern.

KEYWORDS

SBI and its associates banks, pros & cons of consolidation, contemporary issues.

INTRODUCTION

In our country State bank of India plays an vital role in Economical background to small account transaction which smoothly touch the heart of every Indian. the banking sector in India are widely spread across the nation. the main purpose of banking to make commercial business and transactions not only in India but also in global world. in this research paper we are study about the Merging of State bank of India(SBI) and its subsidiaries, what implications on economic concerns and how the business of India are execute enormously.

Initiative of merging procedure

The negotiations for merging of 5 associate banks State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore and Bharatiya Mahila Bank by acquire their businesses including assets and liabilities with SBI started in 2016. The merger of these six subsidiaries was approved by Union Cabinet on 15 June 2016. The State Bank of India and all its associate banks are identified by the same blue keyhole logo. The State Bank of India word mark usually has one standard typeface, but also utilises other typefaces.

The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six. Then on 19 June 2009 the SBI board approved the absorption of State Bank of Indore. SBI holds 98.3% in State Bank of Indore. (Individuals who held the shares prior to its takeover by the government hold the balance of 1.7%).

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets will inch very close to the 10 trillion mark (10 billion long scale). The total assets of SBI and the State Bank of Indore stood at 9,981,190 million as of March 2009. The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

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 2014-15, it had assets of INR 20,480 billion (USD 310 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.

State Bank of India is one of the Big Four banks of India, along with ICICI Bank, Bank of Baroda and Punjab National Bank. 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.

OPERATIONS

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 14 regional hubs and 57 Zonal Offices that are located at important cities throughout India. Under the Pradhan Mantri Jan DhanYojana of financial inclusion launched by Government in August 2014, SBI held 11,300 camps and opened over 30 lacs accounts by September, which included 21.16 lacs accounts in rural areas and 8.8 lacs accounts in urban areas.

DOMESTIC PRESENCE

SBI has 18,354 branches in India. In the financial year 2012-13, its revenue was INR 200,560 Cores (US\$36.9 billion), out of which domestic operations contributed to 95.35% of revenue. Similarly, domestic operations contributed to 88.37% of total profits for the same financial year.

INTERNATIONAL PRESENCE

As of 2014-15, the bank had 191 overseas offices spread over 36 countries having the largest presence in foreign markets among Indian banks.

It has branches: Singapore, Moscow, Colombo, Dhaka, Frankfurt, HongKong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas and Bahrain, and representative offices in Myanmar, Bhutan and Cape Town. SBI has 7 retail banking branches in Singapore. The Canadian subsidiary SBI Canada Bank (previously- State Bank of India (Canada) also dates to 1982. It has six branches, four in the Toronto area and two in the Vancouver area. SBI operates several foreign subsidiaries or affiliates.

In 1990, it established an offshore bank: State Bank of India (Mauritius). SBI (Mauritius) has 15 branches in major cities/towns of the country including Rodriguez. SBI Sri Lanka now has three branches located in Colombo, Kandy and Jaffna. The Jaffna branch was opened on 9 September 2013. SBI Sri Lanka, the oldest bank in Sri Lanka, celebrated its 150th year in Sri Lanka on 1 July 2014.

In 1982, the bank established a subsidiary, State Bank of India (California), which now has ten branches – nine branches in the state of California and one in Washington, D.C. The 10th branch was opened in Fremont, California on 28 March 2011. The other eight branches in California are located in Los Angeles, Artesia, San Jose, Canoga Park, Fresno, San Diego, Tustin and Bakersfield.

In Nigeria, SBI operates as INMB Bank. This bank began in 1981 as the Indo-Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria.

In Nepal, SBI owns 49% of SBI Nepal (State Bank in Nepal) share with Nepal Government owing the rest and SBI NEPAL has branches throughout the country in each and every city as banking has become the major part of daily life for Nepalese people.

In Moscow, SBI owns 60% of Commercial Bank of India, with Canara Bank owning the rest.

In Indonesia, it owns 76% of PT Bank Indo Monex.

The State Bank of India already has a branch in Shanghai and plans to open one in Tianjin.

In Kenya, State Bank of India owns 76% of Giro Commercial Bank, which it acquired for US\$8 million in October 2005.

In January 2016, SBI opened its first branch in Seoul, South Korea following the continuous and significant increase in trade due to the Agreement signed between New Delhi and Seoul in 2009.

As of 31 March 2016, SBI has 49,577 ATMs & SBI group (including associate banks) has 58,541 ATMs.

EMPLOYEES

SBI is one of the largest employers in the country having 222,033 employees as on 31 March 2014, out of which there were 45,132 female employees (20%) and 2,610 (1%) employees with disabilities. On the same date, SBI had 42,744 Schedule Caste (19%) and 17,243 Schedule Tribe (8%) employees. The percentage of Officers, Assistants and Sub-staff was 36%, 46% and 18% respectively on the same date Hiring drive: 1,776 Assistants and 1,394 Officers joined the Bank in FY 2013-14, for expansion of the branch network and to mitigate staff shortage, particularly at rural and semi-urban branches. Staff productivity: As per its Annual Report for FY 2013-14, each employee contributed net profit of INR 4.85 lacs.

Major Competitors:- Some of the major competitors for SBI in the banking sector are large private sector banks ICICI Bank, HDFC Bank, Axis Bank, IndusInd Bank, small regional banks and other public sector banks Canara Bank, Bank of India and Union Bank of India. However, in terms of average market share, SBI is by far the largest player in the market.

Turnover of Associate Banks of SBI: SBI now has one associate bank, down from the eight that it originally acquired in 1959. All use the State Bank of India logo, which is a blue circle, and all use the "State Bank of" name, followed by the regional headquarters' name.

1) State Bank of Patiala:- His Highness Bhupinder Singh, Maharaja of Patiala State, founded the Patiala State Bank on 17 November 1917 to foster growth of agriculture, trade and industry. The bank combined the functions of a commercial bank and those of a central bank for the princely state of Patiala. The formation of the Patiala and East Punjab States Union in 1948 led to the bank being reorganized, being brought under the control of the Reserve Bank of India, and being renamed Bank of Patiala. On 1 April 1960 Bank of Patiala became a subsidiary of State Bank of India and was renamed State Bank of Patiala.

Presently, State Bank of Patiala has a network of 1445 service outlets, including 1314 branches, in all major cities of India, but most of the branches are located in the Indian states of Punjab, Haryana, Himachal Pradesh, Rajasthan, Jammu & Kashmir, Uttar Pradesh, Madhya Pradesh, Delhi, Gujarat and Maharashtra.

The talk of bank merger is thicker in the air now, than never before. At this subject point no 129. And page no 24 of Union Budget 2014-2015 submitted, so question strongly arises about what will be the effect of bank merger? what impact on bank employees? what are implications and consequences? whether bank mergers in good or bad in Indian context? we analyse these points hereunder

Competitors:- Some of the major competitors for SBP in the banking sector are State Bank Of India, Axis Bank, ICICI Bank, HDFC Bank, Punjab National Bank, Bank of Baroda, Canara Bank and Bank of India. However, in terms of average market share, SBP is by far the largest player in the market.

Branches and ATM Service:- The State Bank of Patiala has more than 1300 branches, spread across the major cities of India. The majority of its branches are located in Punjab, Haryana, Himachal Pradesh, Uttar Pradesh, Rajasthan, Jammu& Kashmir Delhi, and Chandigarh. The Bank provides easy access to money to its customers through its ATMs spread over 21 states and 2 union territories of India. It was the first bank in India to go on CORE 100%.

2) State Bank of Mysore:- State Bank of Mysore was established in the year 1913 as The Bank of Mysore Ltd. under the patronage of Maharaja Krishna Raja Wadiyar IV, at the instance of the banking committee headed by the great Engineer-Statesman, Bharat Ratna Sir M. Visvesvaraya. During 1953, "Mysore Bank" was appointed as an agent of Reserve Bank of India to undertake Government business and treasury operations, and in March 1960, it became a subsidiary of the State Bank of India under the State Bank of India (subsidiary Banks) Act 1959. Now the bank is an Associate Bank under State Bank Group and the State Bank of India holds 92.33% of shares. The Bank's shares are listed in Bengaluru, Chennai, and Mumbai stock exchanges.

This bank has 976 branches and 10627 employees (June 2014) and the Bank has 772 branches (79%) in Karnataka State. The bank has regional offices in Bengaluru, Mysuru, Mangaluru, Mandya, Hassan, Shivamogga, Davangere, Ballari, Tumakuru, Kolar, Chennai, Coimbatore, Hyderabad, Mumbai and New Delhi. The bank's turnover in the year 2013-2014 was around US\$19 Billion and Profit about US\$46 Million.

3) State Bank of Bikaner and Jaipur:- State Bank of Bikaner & Jaipur came into existence on 1963 when two banks, namely, State Bank of Bikaner (established in 1944) and State Bank of Jaipur (established in 1943), were merged. Both these banks were subsidiaries of the State Bank of India under the State Bank of India (Subsidiary Bank) Act, 1959.

4) State Bank of Hyderabad:- The bank was the central bank of the erstwhile Nizam state under the name Hyderabad State Bank. It was established on 8 August 1941 under the Hyderabad State Bank Act, during the reign of the last Nizam of Hyderabad, Mir Osman Ali Khan. The bank managed the Osmania Sicca, the currency of Hyderabad state, which covered the present-day Telangana, some districts later known as Hyderabad-Karnataka of Karnataka and Marathwada of Maharashtra. (At the time a number of the princely states had their own currencies.) The bank also carried out commercial banking. The bank opened its first branch at Gunfoundry, Hyderabad on 5 April 1942. The Imperial Bank of India, which had established a branch in Hyderabad in 1868 and another in Secunderabad in 1906, provided officers and clerical staff in the initial stages, and later provided training for new recruits. The first secretary of Hyderabad State Bank was Muhammad Saleh Akbar Hydari, son of Sir Akbar Hydari. After Partition, on 17 September 1948, the Indian Army conducted Operation Polo, which resulted in the annexation of Hyderabad to India. By 1950, the bank had some 50 branches, including branches in parts of the then Hyderabad State that would later be transferred to other states.

In 1956, the Reserve Bank of India took over the bank as its first subsidiary and renamed it State Bank of Hyderabad. That Aurangabad, Beed, Parbhani, Nanded and Osmanabad merged with Maharashtra state. Gulbarga, Bidar, Raichur, and parts of Osmanabad were merged with Karnataka state. The remaining districts formed part of Andhra Pradesh state, until the formation in 2015-16 of the state of Telangana. After the trifurcation, the branches of Hyderabad State Bank continued to conduct government transactions in their new states as well.

The Bank's head office is situated at Gunfoundry Area, Hyderabad, India. SBH has over 2,000 branches and about 18,000 employees. The Bank's business has crossed Rs. 2.4 trillion as on 31.12.2015 with a net profit of Rs. 8.12 billion.

5) State Bank of Travancore:- SBT was established in 1945 as the Travancore Bank Ltd, at the initiative of Travancore Divan C. P. Ramaswamiyer. Following popular resentment against his dictatorial rule, the bank no longer credits his role. Instead, the Bank now considers the Maharaja of Travancore as the founder, though the king had little to do with the founding. Although the Travancore government put up only 25% of the capital, the bank undertook government treasury work and foreign exchange business, apart from its general banking business. Its registered office was at Madras. In 1960, it became a subsidiary of State Bank of India under the SBI Subsidiary Banks Act, 1959, enacted by the Parliament of India

SBT as of March 31, 2015 has a network of 1,157 branches and 1,602 ATMs, covering 18 states and three union territories. As of March 31, 2015, SBT has a total business of ₹1.61 lakh crore (US\$25.23 billion), comprising total deposits of ₹91,077 crore (US\$14.29 billion) and gross advances of ₹69,907 crore (US\$10.96 billion). The bank has reported a net profit of nearly ₹192 crore (US\$30.12 million) in the fourth quarter of the fiscal year 2014-15, compared with ₹48.6 crore (US\$7.62 million) a year ago, registering a growth of 295%. For the full fiscal year 2014-15, profit came in at ₹336 crore, against ₹304 crore a year ago.

6) Bhartiya Mahila Bank:- is an Indian financial services banking company based in New Delhi, India. Former Indian Prime Minister Manmohan Singh inaugurated the system on 19 November 2013 on the occasion of the 96th birth anniversary of former Indian Prime Minister Indira Gandhi. Although initially reported as a bank exclusively for women, the bank allows deposits to flow from everyone, but lending will be predominantly for women. India is the third country in the world to have a bank especially for women, after Pakistan and Tanzania

Capital:- The Bank's initial capital consists of Rs 1,000 core. The government plans to have 25 branches of the said bank by the end of March 2014 and 500 branches by 4th year of operation (2017). US-based FIS Global, in partnership with Wipro is leading the race for a Rs 1,000-crore contract to provide IT systems at the country's first women-focussed bank, it is reliably learnt.

Branches:- The Bank currently has 103 branches and is planning to open more than 700 branches within 2 years. Currently Bhartiya Mahila Bank's branches are located at the following places- Mumbai-Nariman Point, Central Mumbai-Ghatkopar, Thane, Pune, Patna, Noida, Chandigarh, Bhubaneswar, Panchkula, Kochi, Vadodara, Ahmedabad, Indore, Bhopal, New Delhi-Nehru Palace, New Delhi-Model Town, Chandigarh, Gurgaon, Patna, Ranchi, Raipur, Kolkata, Guwahati, Shimla, Shillong, Gangtok, Thiruvananthapuram, Chennai, Coimbatore, Madurai, Bengaluru, Mangalore, Hyderabad, Visakhapatnam, Jaipur, Alwar, Dholpur, Komargiri, Kakinada, Goa-Panji, Agartala, Agra, Haridwar, Kanpur, Lucknow, Dehradun, Daddapalya, Kutiyatu, and Lalithadripura.

IMPACT OF MERGING

TABLE 1

Factors	SBI (2016)	SBI Associates (2016)	Merging (2016)
Net Profit(in Corer)	9951	1,639	11,589
CAR(%)	13.12	11.59	12.66
Gross NPA	98,173	23,796	1,21,969
Gross NPA(%)	6.50	5.98	6.40
Net NPA	55,807	13,087	68,894
Net NPA(%)	3.81	3.39	3.73
Restructured Advances(in corer)	66.117	35.396	94.569
PCR(%)	60.69	60.03	60.56
Not including in calculations 1)Equity capital of Rs.1000 of Bhartiya mahila bank	2)assets can be revaluated of Associates 400cr approx and SBI 1000cr approx. If included CAR over 85 bps		

TABLE 2

Sr.no	Opportunities	Challenges
A) Overall Picture	1) After Merging the Indian banks can manage their liquidity short terms and long terms so that SBI don't borrow their money at every moment to RBI	After merger in shifting/closure of ATMs, branches and controlling offices, it is not prudent and so much economical in urban and metropolitan centres.
	2)The no. public sector banks will come down to 6-7 after this consolidation.this will increases intense and professional competition into banks as well as leads unhealthy practises and regulatory violations are present	Merger results in job losses and immediate VRS and slows down or stoppage in recruitment. this will worsen the unemployment which leads law and order disturbances.
	3)The public sector banks holds 77% market so that banks having to use more money after merging as well as SBI being gain higher ratings and recognition, after consolidation the inter transaction will come down which improves clearance of accounts	After merging their is financial delay occur in enforcing government aided schemes, grants and subsidies. the bank account linked to ECS so it is Expansive. the head office of the banks are now places at far distance may be in one side corner in country and branches are in other side.
B) Banks financial Health	1)Synergy of operations and scale of economy are higher profits. many controlling offices are closed and this will reduces in posts like GM,ED,CMD and RM.	We can't prevent lethargy, conflicts and discontentment among staff for the top positions those bank will reduce the will tough and ugly competition facing.
	2)After merging, there is reduction Govt. nominees, RBI delegates which so much make interference in bank proceedings.	This my loosen the control RBI in banks, which leads spoils the reputation and credibility of RBI.
C) Organizational climate &cultural	1)in new entity, employee works better with healthy environment and comfort unless the employee enable in working he will not getting direct punishment.	It is so much challenging job when merging happen there are large no branches are tackle to difficult and over response given to system may increase domination.
D) Human Resources	1)After merging, the banks strength is more & visible. Employees are bargain for wages and service conditions	Bank forcefully implement the scheme of VRS after age of 50 employee complete their 25 yrs service of merging.
	2)after merging bank offers more money for training programs & development for employees.	After merging promotion conditions lay down employee in SBI having greater chances to promote first, it grows in prevalence & unemployment.
E) Trade Union	in new environment unions have more numerical strength which flushed with funds & no dominance on different no. unions.	In new setup union leader lose their position and new leaders are arrogant and self-centred.
F)Customer service	In new setup bank gives better service quality with honest response and acceleration to customer problems.	After merging, customer have no option to use its parent bank service.
G) monitoring, regulation &control.	After merging, banks are comes in single pillar so that it is easy to control and regulate bank business.	Merging, problem of corruption occurs in bank accounts, subsidies, aid etc. when a big bank books huge loss or crumbles the there will be a big jolt in banking industry.
H) shareholders	The fall in share price is temporary and it grows up coming soon and loss in dividends are made by increase in stock market.	After merger the rates of share price are fallen down and dividend also diminish forever.
I) General public	1)After merger all public sector banks extending all types of services.	1)it will confused after merging, the remembrance of bank grouped together.
	2)While deposit interest rates may go up marginally, loans may become cheaper.	2)poor people will hesitate to enter in bank, looks posh furniture, fully air conditioned branches increases exponentially.

SUGGESTIONS

- 1) After merging, shares Indian banks not be sold in foreign banks or institution beyond any limit.
- 2) Whenever further divestment takes place, the government shareholding not followed below 51% under any circumstances. so it ensures that the government of India monitors all activities of SBI.
- 3) For consolidation process it requires careful study in depth and sufficient time to implement this scheme. in my assessment 2 yrs time is more convenient, reasonable and adequate to merging.
- 4) The decision regards with selection of smaller banks to larger company is to be taken carefully and grouping of various banks for this purpose is key issue involved. The government shall not take risk of political socio-economical pressure.
- 5) The acquiring bank shall not attempt to dominate or subsume the acquired bank. Good aspects of both bank should be combined, in ordered to make confidence within stakeholders.
- 6) Personnel absorbed from acquired banks will be required to undergo carefully, intermittent training programmes with the philosophies, processes and technology in the new environment. The management must be ready with a good roadmap for this and allot considerable budgetary resources for this purpose.
- 7) The inconvenience and discomfort brought by bank employees are about job losses, reduction of VRS, forcefully resignation, as me thought adequate amount of compensation must be awarded who quite their service, after consolidation.

Recent Developments:-on completing this paper SBI chairperson Hon. Arundhati Bhattacharya announces some conflict resolution and criticism made by union of subsidiaries.

TABLE 3

After Consolidation	Factual Happenings to subsidiaries from SBI
1) Increase the assets of SBI about 37lacs corer	1) Shareholders of SBBJ having get 28 share in case it invest 1 share
2) Higher ratings in world as a 45 th bank	2) The SBM, SBT shareholders get 22 shares in his 10 shares of each
3) Increment in no. Branches around 22,500	3) In case of BMB 100 corer share of having price 10 rs each get 4,42,31,510 shares
4) More than 58,000 ATM centres	4) After consolidation the emoluments, allowances of present employee remains same as well as after retirement also.
5) More than 50 corers of customers	

CONCLUSION

From my paper as me thought the ideology and criticism are eliminating about the merging Associate banks into SBI. After merging happens it is easy, comfort and sophisticated duty followed by employees. so i pay my warm greetings for this consolidation.

REFERENCE

www.wikipedia.com/mergingofbanks

ORGANIZATIONAL RESOURCES AND CAPABILITIES FOR KNOWLEDGE STRATEGY IN HIGH VELOCITY ENVIRONMENTS: THE PERSPECTIVE OF BUSINESS STRATEGY ALIGNMENT

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ABSTRACT

Knowledge is perceived as one of the firm's most important resources and arguments are put forward that differences in knowledge resources or in the capability to create and renew them are the major determining factors of the firm's competitive advantage. Modern strategic management theories like Resource Based View (RBV) proposed that Resources that are Valuable, Rare, imperfectly imitable and Non-substitutable (VRIN) are the sources of firm's competitive advantage while Dynamic Capabilities Framework (DCF) insisted on renewal of resources and reconfiguring them into new capabilities from time to time for attaining sustainable competitive advantage. Knowledge Based View (KBV) extended RBV by placing knowledge as a specialized organizational resource. Yet, in practice, knowledge is seen more as an outcome of Information systems rather than strategic resource. Since competitive advantage is short lived in competition-intensive high velocity environments, knowledge strategy that works around knowledge related resources and capabilities needs constant renewal and has to be aligned with business strategy so as to ensure sufficient knowledge resource for strategic intent. Knowledge management capability follows knowledge strategy. This paper is to review and examine the organizational resources and capabilities of knowledge strategy namely organizational culture, organization learning, flexible Information infrastructure and knowledge management capability that can be aligned with business strategy. Consequently, the study proposes a comprehensive conceptual model for knowledge and business strategy alignment for high velocity environments. The importance of this research is reflected in the fact that the alignment of knowledge-business strategies has an impact on maintaining and improving its competitive position.

KEYWORDS

business strategy, competitive advantage, dynamic capabilities, knowledge management, knowledge strategy.

1. INTRODUCTION

High velocity environments are characterized by extensive globalization, limited barriers to entry, high competition (Dutta & Segev, 1999), rapid use of Social Media, Mobility, Analytics & Cloud technologies (SMAC) along the value chain, information transparency & near-zero information search costs resulting in bargaining power of customers & suppliers and in turn resulting in economic uncertainties. In times when uncertainty is the only certainty, it is critical for businesses to assess the resource and capability base from time to time so as to remain competitive. Renewal of existing resource base and reconfiguring them into new capabilities on a continuous basis, explains the source of competitive advantage for firms in moderately competitive environments (Eisenhardt and Martin, 2000; Teece et al., 1997). Knowledge is perceived as firm's one of the most important resources and arguments are put forward that differences in knowledge resources or in the ability to create and renew them are the major determining factors of the firm's sustainable competitive advantage (Grant, 1996; Kogut and Zander, 1992). To establish competitive advantage that can be sustainable, it is not sufficient enough to have efficient access to internal and external information sources alone. Knowledge strategy has to reflect the integration of new information as well as learning from past experiences with organization's existing knowledge base. This new knowledge has to be operationalized into renewal of production routines. It has been found that production/ operations routines allow firms to accumulate capabilities (Nelson and Winter, 1982) which, over a period of time, may transform into competencies that allow a particular firm to gain competitive advantage due to the inimitable basis upon which competencies are formed. Hence, managing knowledge continuously from information sources and experience is critical for firm's competitive advantage. Most of the organizations do not possess well developed strategic models linking knowledge-oriented processes, technologies, and business strategy. Some organizations do have a knowledge strategy, but without adequate fit with organizational strategy (Zack, 1999). This necessitates alignment of knowledge strategy and business strategy (Asoh, 2003). There is dearth of knowledge management models for the context of corporate executives (Earl, 2001) and proven knowledge management strategies (Asoh, 2003). The learning paradoxes of - taking advantage of existing capabilities and routines, while continually innovating; and transferring learning within the firm, while disallowing imitation by competitors - are the major dilemmas faced by managers (Vera and Crossan, 2004) for competitive advantage in data driven high velocity environments.

RESEARCH PROBLEM

The paper is organized around two primary research questions

1. In high velocity environments, what intent forms the basis for aligning knowledge strategy with business strategy?
2. As part of knowledge strategy (not knowledge management strategy), which organizational resource - capability combinations lead to sustained competency in high velocity environments when aligning with business strategy?

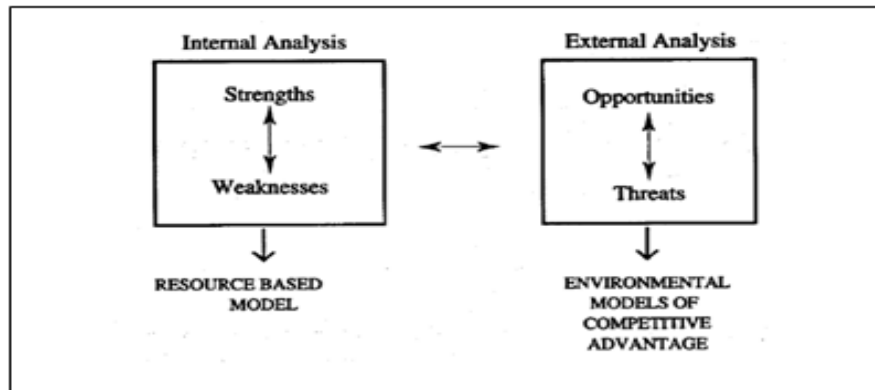
There have been questions regarding whether competitive advantage can be sustained in high velocity environments (Eisenhardt and Martin, 2000) since "Tomorrow's competitors do not even register on most firms' radar screens" (D'aveni, 1998). There are apprehensions too regarding strategic value of knowledge resource (Gupta and Govindarajan, 2000). In that case, Knowledge Strategy process has to align its resources and capabilities to support business strategy. As a subset of knowledge strategy, knowledge management process focuses on current knowledge gaps as opposed to future requirements, utilizing the unit level or firm level resources. Knowledge strategy has to aim at maximizing knowledge management capability. Firms with high KM capabilities in a key area can respond very quickly to strategic moves by competitors (Gold et al., 2001). Exploring the linkage between different dimensions of knowledge strategy and competitive advantage helps to model the alignment mechanisms that will support the business strategy in exploiting existing knowledge stores.

The paper is organized as follows. Firstly, it discusses the theoretical background of Resource-Capability-Competency model of Resource Based View and Dynamic Capabilities Framework. Secondly it attempts to position knowledge in RBV context with Knowledge Based View. And finally, resources and capabilities related to knowledge strategy namely knowledge management capability, organizational learning, organization culture and flexible information infrastructure are examined in the context of business strategy alignment literature to arrive at a conceptual model.

2. LITERATURE REVIEW

Strategic process is complex and dynamic (Mintzberg, 1990) and many economic theories and models have been proposed and practiced for organizational performance and competitiveness. The industrial and organization (IO) model proposed that firm’s competitiveness is a function of the characteristics of the environment in which it operates. This is extended by Porter in the “five forces” model with consideration of industry competitors, suppliers, buyers, substitutes, and potential industry entrants with advocacy for the analysis of strengths, weaknesses, opportunities and threats (SWOT) for maintaining a basic competitive advantage, either through low cost or product differentiation in narrow or broad target markets (Porter, 1980; Porter, 1985). While these are exogenous in nature focusing primarily on external environmental analysis(Lamb, 1984), early 1990s witnessed proliferation of endogenous theories of firm strategy that stressed on internal resource and capability analysis (See Fig. 1) for competitive advantage (Barney, 1995).

FIGURE 1: SWOT ANALYSIS



Source: Porter, 1980

2.1. RESOURCE-CAPABILITY-COMPETENCY MODELS

Modern strategic management theories have explained that the differences in firms’ performance are due to continuous renewal of sources of competitive advantage. They have differentiated resources and capabilities from competency. Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm (Daft, 1983). Essentially these are the strengths for conceiving and implementing strategies (Porter, 1985). Further studies have distinguished capabilities from resources. A capability is the organizational ability to execute production and daily operations repetitively, efficiently, and predictably. Contrary to this, a competency refers to a company’s ability to improve its performance continuously. A competency is the source of differentiation for the company for offering unique products, services, and solutions to customers. Established companies possess many more capabilities than competencies while new companies may have more competencies and fewer capabilities. To penetrate markets, resources, capabilities and competencies must be aligned effectively. Resource Based View(RBV) theorizes that Resources that are Valuable, Rare, Imperfectly-imitable and Non-substitutable (VRIN) by themselves or in combinations lead to competitive advantage (Wernerfelt, 1984; Barney, 1991) while sustainable competitive advantage needs continuous reconfiguring of resources to develop distinct dynamic capabilities (Teece et al., 1997). This finding is in line with Prahalad & Hamel’s core competencies. Core competencies that comprise distinct skills and technologies are difficult for competitors to imitate (Prahalad and Hamel, 1999).

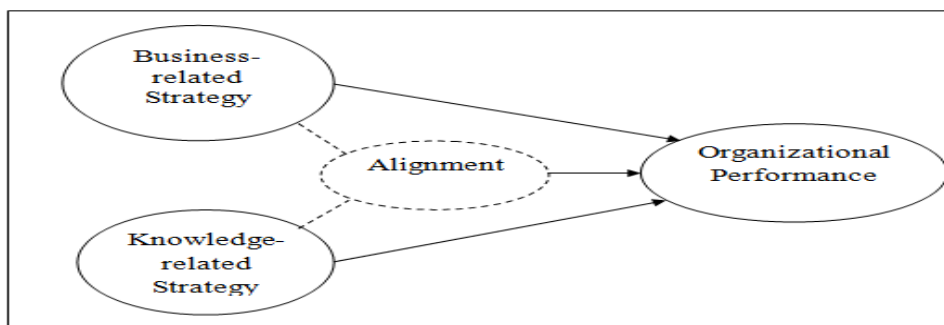
2.2. KNOWLEDGE BASED VIEW (KBV)

Based on the same philosophy as the RBV of the firm, the knowledge-based view (KBV) model of the firm has emerged focusing on knowledge as a specialized organizational resource. As “justified true belief”, knowledge is unambiguous and easily transferable Construct (Nonaka and Takeuchi, 1995). Earlier theories considered codified knowledge as organizational knowledge and that the knowledge is held by select individuals. Information systems perspective considers organizations as information processing machines for interdependent work and environmental uncertainty (Santos, 1999; Eisenhardt, 2000). Then there is distinction between explicit and tacit knowledge (Polanyi, 1962) and both are deemed to be key resources for production (Drucker, 1994). Tacit knowledge is linked to the individual, and is very difficult to articulate like intuitions, unarticulated mental models, or embodied technical skills while Explicit knowledge is meaningful set of information articulated in clear language including numbers or diagrams (Polanyi, 1962). Tacit dimension of Knowledge is a potentially significant resource to the firm as it may possess valuable, rare, inimitable and non-substitutable characteristics (Grant, 1996; Barney, 1991; Kogut and Zander, 1992) and provides core competences (Prahalad, C.K. and G. Hamel, 1999). Knowledge is described as dynamic, as it is created in social interactions amongst individuals and organizations(See Fig. 3) (Nonaka et al., 1994) and forms basis for firm’s dynamic capabilities (Teece et al., 1999) leading to sustainable competitive advantage (Alavi and Leidner, 1999; Grant, 1996). Since Tacit knowledge can get lost due to employee separation, transforming individual knowledge into organizational knowledge is one of the key management objectives (Kovacic et al., 2006; Rasula et al., 2012; Garvin, 1997). As a result, many organizations got engaged in multi-faceted activities collectively called as knowledge management (KM) to be competitive while coping with unpredictable business environments and shorter business cycles.

2.3. KNOWLEDGE STRATEGY- BUSINESS STRATEGY ALIGNMENT

Organizational effectiveness is driven by the “fit” among organizational processes and strategic decisions and thus contributes to competitive advantage (Quinn and Baily, 1994). Knowledge strategy is a set of guidelines and beliefs that shape an organization’s manipulation of knowledge resources and capabilities (Kasten, 2007) that might include identification, development, storage, management, retrieval, usage, and disposal of knowledge. Knowledge strategy is different from Knowledge Management (KM) strategy. KM strategy is the action taken by an organization to manage its knowledge. Knowledge management systems place knowledge strategy as the guiding principle. Basic drivers for creating knowledge strategy are: internally vs. externally sourced knowledge, enhanced vs. new knowledge, fast vs. slow speed of learning, and depth vs. breadth of knowledge base resulting in four generic knowledge strategies: explorer, exploiter, imitator, and passive learner (Bierly, 1999).

FIGURE 2: STRATEGIC ALIGNMENT MODEL



Source: Asoh, 2004

A Knowledge Strategy specifies how specific knowledge services will be implemented to bridge the gap between an organization's current knowledge capabilities and the capabilities needed to accomplish its strategic objectives. It also outlines opportunities for exploiting existing knowledge stores. The idea of a knowledge strategy is an attempt to relate an organization's competitive strategy with its intellectual resources & capabilities so as to provide knowledge required for offering products or services in ways superior to those of competitor (Bierly and Chakrabarti, 1999; Zack, 1999). At strategic level, knowledge has to ensure sufficiency of knowledge required to execute firm's strategic intent and gap analysis has to be done between existing knowledge and required knowledge (Zack, 1999). A knowledge strategy provides a link between the organization's strategic decisions and its knowledge structures & activities (Kasten, 2007). This infers that for each type of knowledge strategy there should be fit between strategic actions and other organizational practices & systems (Cabrera and Bonache, 1999). Thus The alignment between knowledge strategy and business strategy is an antecedent to predict organizational performance (See Fig 2) (Ulrich,1998).

P1: Alignment of knowledge strategy and business strategy positively impacts firm's competitive advantage.

2.4. DIMENSIONS OF KNOWLEDGE STRATEGY

2.4.1. KNOWLEDGE MANAGEMENT (KM) CAPABILITY

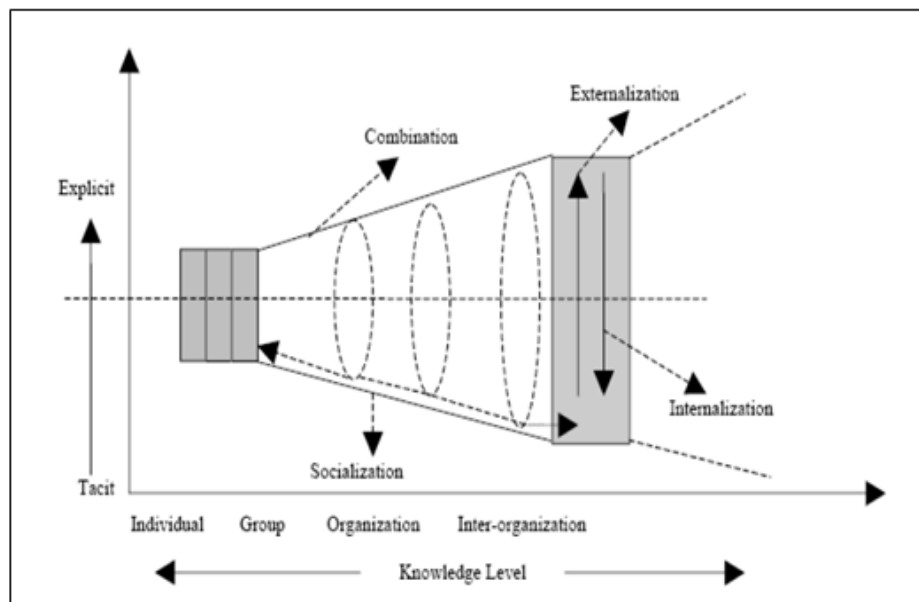
Knowledge Management (KM) is a systematic process for capturing and communicating knowledge that people can use and it is the ability to mobilize and deploy KM-based resources in combination with other resources and capabilities (Chuang, 2004). KM practices are found to have positive impact on organizational performance (Kiessling et al., 2009; Rasula et al., 2012) through innovation, product improvement and employee improvement (Darroch, 2005; Kiessling et al.,2009; Fugate et al., 2009; Mostafa et al., 2011). Leveraging KM resources to create unique KM capabilities determines a firm's overall effectiveness (Gold et al., 2001). The perspective that knowledge is slowly becoming the most important factor of production, next to labour, land and capital (Sher and Lee 2004; Sveiby,1997) has led to the development and implementation of knowledge management (KM) strategies (Earl, 2001). Combining the tacit-internal-oriented and explicit-external-oriented KM strategies indicates a complementary relationship, which implies synergistic effects of KM strategies on performance (Choi and Lee, 2002). Studies have highlighted leadership, culture, technology and best practice measurements as critical success factors for efficient KM implementation (Asoh et. al. 2002).

P2: Knowledge management capability has positive significant effect on competitive advantage.

2.4.2. ORGANIZATION CULTURE

Cultural KM resource, such as appropriate culture encourages employees to create and share knowledge within an organization (Holsaple and Joshi, 2001). The dynamic theory of organizational knowledge creation contains tacit and explicit knowledge types mutually complementing in individual or group human creative activities (See Fig.3). These interactions are socialization (from individual tacit knowledge to group tacit knowledge), externalization (from tacit knowledge to explicit knowledge), combination (from separate explicit knowledge to systemic explicit knowledge), and internalization (from explicit knowledge to tacit knowledge) (Nonaka and Takeuchi, 1995; Nonaka et al., 1996). Tacit knowledge development is dependent on other interpersonal relationships which may take years to develop (Mata et al., 1995) and tend to be highly local or organization specific (Sambamurthy and Zmud, 1992; Choi and Lee, 2002). Simultaneous management of both tacit and explicit knowledge is important for the organization (Nevis et al., 1995; Jordan and Jones, 1997). Combination of degrees of managing explicit and explicit knowledge as low and high in a two by two matrix, obtained four KM styles – passive, system-oriented, human-oriented and dynamic. Dynamic KM Style (high explicit-oriented and high tacit -oriented KM activities) could lead to higher corporate performance (Choi and Lee, 2002). An organization is conceptualized as an organic Ba (Nonaka and Toyama, 2003) rather than information processing machine. Ba is a shared context in motion, can transcend time, space, and organization boundaries resulting in new conceptual artifacts and structures for interaction providing for possibilities and constrain the entities in consequent knowledge creation cycles (Nonaka and Toyama, 2003). The results of the study conducted by Zheng et al.(2010) suggest that KM fully mediates the impact of organizational culture on organizational effectiveness.

FIGURE 3: KNOWLEDGE CONVERSION IN ORGANIZATION



Source: Nonaka(1994)

P3: organizational culture has a significant positive effect on knowledge management capability

2.4.3. ORGANIZATIONAL LEARNING

Information that is actively processed in the mind of an individual through a process of reflection and learning can be more useful than massive information (Alavi and Leidner, 1999). Organizational learning is the capacity within an organization to maintain or improve performance based on experience (Nevis et al. 1995) and it is an important ingredient in maintaining firm competency. Strong organizational boundaries that separate complimentary knowledge and prevent communication have the effect of fracturing core competencies since they disincentivize collaboration (Leonard-Barton, 1992). Quick imitation of knowledge resources is difficult since they require replication of time-consuming investments in learning (Mata et al., 1995). Superior capabilities can be developed through learning mechanisms, including repetition, experimentation, and even the analysis of small mistakes (Eisenhardt and Martin, 2000). When a competence no longer meets customers' needs or cannot be extended further is - an exhausted competence - and becomes a "core rigidity" (Leonard-Barton, 1992). Dynamic learning may fundamentally be the most critical factor to knowledge strategy since it lets unlearning of the obsolete (Prahalad, 1998). The ability of an organization to learn, accumulate knowledge from its experiences, and reapply that knowledge is itself a competency providing strategic advantage (Zack,1999; Chai et. al. 2003). This explains the need for dynamic learning, within a company for superior performance.

P4: Dynamic learning positively impacts knowledge management capability

P5: Organization culture has significant impact on dynamic learning

2.4.4. FLEXIBLE INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE

KM activities are supported by information infrastructures (Holsaple and Joshi, 2001, Sher and Lee, 2004; Tanriverdi, 2001; Zack, 1999). Information infrastructure facility often resulted in greater information infrastructure capabilities (Sher and Lee, 1994). Sher and Lee (2004) further suggested that more attention should be paid to the storage and retrieval of knowledge. This includes knowledge about products, production processes, customers, marketing strategies, financial results, strategic plans, goals etc. Thus storage of organizational knowledge constitutes an important aspect of organizational competitive advantage. It is found that an organization which was high quality in both KM and IT (a high-high fit) achieved high KM performance and satisfaction more frequently than those whose quality fitted low on either dimension or both. IT infrastructure of a firm may vary with firm resources, industry characteristics, information intensity etc. If information intensity is very high, then IT infrastructure is a strategic necessity. While innovating, IT infrastructure reduces cost and time of developing new systems. Though IT contradicts the requirements of Resource Based View (RBV) for being a competitive resource due to its imitability (Carr, 2003) ; continuous improvements in IT infrastructure or adding other resources to IT - adds to firm's competitive advantage. IT infrastructure flexibility is very critical since users are expected from time to time to do things that are not designed to be done by existing systems. IT infrastructure flexibility follows alignment of Information Systems (IS) objectives with that of business objectives. (Nancy Bogucki Duncan,1995).

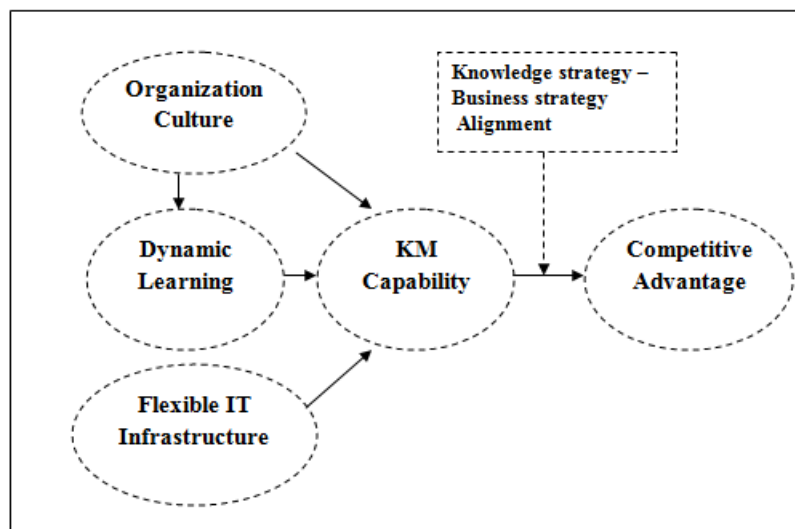
P6: Flexible IT infrastructure has a significant positive direct effect on knowledge management

3. DISCUSSION & FINDINGS

High velocity environments are characterized by limited barriers to entry and hyper competition, which may restore the social welfare benefits of perfectly competitive markets (Barney, 1991). To stay competitive, business has to assess and predict the opportunities and threats in the environment and accordingly renew its business strategy. The role of knowledge resource in this context is, availability in plenty with adequacy. There has to be sufficient knowledge base available for strategic renewal needs, which means that there is a need for knowledge strategy that exploits organizational resources and capabilities so as to ensure creation and utilization of tacit and explicit knowledge. That implies there have to be a favourable organization culture to allow knowledge conversions as noted by Nonaka et al (1995), a culture that facilitates dynamic learning according to the organizational knowledge needs. Information technology infrastructure that can invite external information, store it, process it, disseminate it- has to be flexible enough to adjust the data resources, storage needs and process requirements; which then contributes to dynamic knowledge management capabilities. This capability to create & utilize knowledge is the most important source of a firm's sustainable competitive advantage (Nonaka I and Toyama R, 2003). The conceptual model depicted in Fig. 4 demonstrates these dimensions of knowledge strategy. Only when knowledge strategy is aligned with business strategy, competitive advantage is created.

Dynamic capabilities are the core of the mechanism that allows firms to obtain economic returns from their ownership of knowledge assets (Teece, 2000) by way of facilitating better decision making, reducing costs and increasing profits. Knowledge management capability as a core competence is difficult for competitors to imitate due to complex harmonization of individual skills (tacit knowledge), technologies (IT infrastructure) and production skills (dynamic learning culture)(Prahalad and Hamel, 1999). Effective knowledge management typically requires an appropriate combination of all the above factors as indicated in the framework.

FIGURE 4: CONCEPTUAL MODEL OF ORGANIZATIONAL KNOWLEDGE STRATEGY



Source: Authors, Developed for this study

4. CONTRIBUTION AND IMPLICATIONS FOR FURTHER RESEARCH

Most of the research in knowledge area is more on knowledge management which focuses on project specific or process specific domains or on organizational knowledge requirements in general. There is limited literature on knowledge strategy for high velocity environments. At the outset, present study contributes to literature in two ways. First it tries to distinguish knowledge strategy from knowledge management strategy and highlights the knowledge needs for strategic intent. Thus sets the context for strategic alignment. Secondly it explores the resources and capabilities that can be part of knowledge strategy for getting aligned with business strategy. The importance of this research is reflected in the fact that the alignment of knowledge-business strategies has an impact on maintaining and improving its competitive position.

Knowledge strategy requires first understanding the business needs. Since technology investments are expensive and cultural change management is time consuming, trial and error may prove costly for the organization. There have been frameworks for selecting knowledge strategy that is appropriate to the organization culture and KM project context (Kamara et al., 2002). Further research can provide insights into knowledge strategy choices and selection for high velocity environments.

5. CONCLUSION

The dynamic capabilities approach of strategic management seeks to explain why some organizations are more successful than others in building competitive advantage within dynamic markets. Knowledge strategy has to encompass knowledge management strategy that meets the knowledge requirements for strategic intent. Flexible IT infrastructure, dynamic learning, knowledge culture are found to be the factors for KM capability that meets the alignment requirements of knowledge and business strategy. Though knowledge is a resource, the way in which knowledge is managed and used will affect the quality of services of the firm. Hence firms' competitive advantages are not so much linked to their overall knowledge pool but are rather derived from the ability to create and renew it. Effective knowledge management, a dynamic capability in its own right, is also critical to the sustainable competitive advantage of the firm because it underpins the effective use of resources, development of other capabilities and innovations resulting in improved performance.

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FINANCIAL DISTRESS AND ITS IMPACT ON STOCK PRICES OF MINING SECTOR FIRMS IN INDONESIA STOCK EXCHANGE

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ABSTRACT

The stock price is one of the factors considered by investors because it related to the company's prospects. Additionally, the analysis of financial distress are also other important factors that influence investors' assessment on the firm. The purpose of this paper is to identify the occurrence of financial distress as well as empirically examine the impact of financial distress, financial characteristics and macroeconomic on stock prices of mining firms as listed on Indonesia Stock Exchange. This paper uses data sourced from seven mining firms listed on Indonesia Stock Exchange (IDX) during the period of 2005 - 2015. Data analysis used panel data regression with fixed effect model. The findings of the research show that there are some firms that have experienced financial difficulties. In addition, the empirical test result shows that financial distress, financial characteristics, and inflation are significantly affecting stock prices. This research examined the impact of stock prices of the mining firms listed on Indonesia Stock Exchange which was assessed from both internal and external factors of the firm.

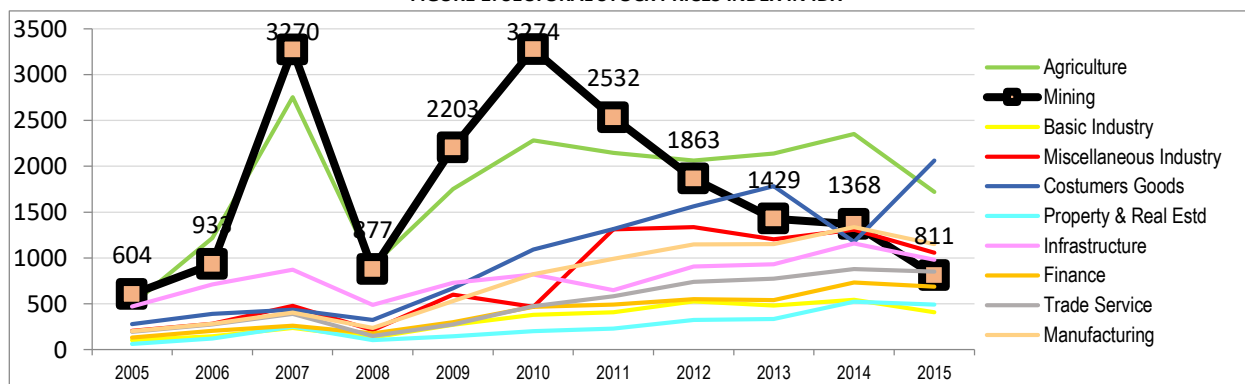
KEYWORDS

financial characteristics, financial distress, macroeconomic, panel data regression, stock prices.

INTRODUCTION

The development of Indonesia capital market throughout 2015 showed a positive achievement accompanied by a number of new records. It can be seen from the increasing number of issuers who enlisting themselves in Indonesia Stock Exchange (IDX), reaching 521 numbers of issuers enlisted on 9 sectors of IDX. The composite stock prices were also reportedly increased by 295 percent in 2015, compared to the stock prices of 2005. The increasing of IDX composite is not regardless of the role of each sector in IDX. Figure 1 shows the stock prices index in all sectors as listed in IDX during the period of 2005 to 2015.

FIGURE 1: SECTORAL STOCK PRICES INDEX IN IDX



Source: Indonesia Stock Exchange Annual Report 2005 – 2015

The development of sectoral stock prices moves quite fluctuating, but the sector that showed a highly fluctuating level occurred in mining and excavation sector. The stock prices index of mining sector continued to decline since the year of 2010 to 2015. Mining sector is considered to be one of the sectors that have an important role in both IDX composite and Indonesia economic growth. This indication is seen from the contribution of the state revenue that is annually increasing. Besides, the mining sector also provides 1.6 to 1.9 multipliers that gives the positive impact to the growth of other sectors and provides employment opportunities for around 34 thousand direct labor. However, the recent stock prices were reportedly continued to decline in each year.

Stock development is one of the things taken notice by external parties including investors and potential investors. This happens because the share prices have a big impact for the firm capability in defraying new investment (Leitner, 2007). Brealey et al (2007) states that firms' performance that makes up firms' value is sometimes shaped in accordance with the stock prices. Therefore, a firm should be able to maintain its stock prices at the level which attracts investors' interest, which means that the firm's prospect in generating future profits for the potential investors is promising.

Based on the previous research, there are many factors that could affect stock prices from both internal and external firm. On the internal side, one of the causes of the declined stock prices is the corporate performance that is continually to decline. Firm performance can be assessed from both financial and non financial

aspects. The decline of financial performance or commonly referred to financial distress is one of the aspects that affect the stock prices. Platt and Platt in Fahmi (2012) define financial distress as a stage of declined financial conditions that occurs prior to the onset of bankruptcy or liquidation.

Firms that are experiencing financial distress and are unable to cope with the situation appropriately could potentially terminate their business activities. The information of firm's financial performance, more importantly from firms that are experiencing financial distress, will give impact on the stock prices of those firms. This happens due to the declined investors' confidence on the potential profits to be earned in the future due to the poor financial performance of the firm. However, studies on the impact of financial distress on the stock prices, especially the z score value as the financial distress predictor, is still relatively limited and has not been found in Indonesia. In general, the factors that affect stock prices are examined from either firm's internal or external aspect only.

Research that examined the company's external and internal factors financial distress and its effects on the firm's stock prices is relatively limited. Meanwhile, there are numbers of researches that analyze the impact of macroeconomic variable and financial characteristic on stock prices. Unfortunately, the results are mixed. Research conducted by Dadrasmoghadam and Akbari (2015), Aktas and Unal (2015), Menike and Prabath (2015), revealed that the characteristics of financial profitability share a positive impact towards the stock prices. In contrast, the research result conducted by Supriadi and Arifin (2012) revealed that profitability does not share any impact towards stock prices. On macroeconomic side, Safitri and Kumar (2014) and Chukwudum and Akpan (2014) examined the impact of macroeconomic factors towards the stock prices and revealed that the inflation level does not share any significant impact towards stock prices index. Meanwhile, Khumalo (2013) found that inflation poses a negative significant impact towards the stock prices in South Africa.

This study aims to examine not only the impact of firms' internal factors, firm's characteristics on stock prices, but also the impact of firms' external factors especially the macroeconomic factor towards firms' stock prices. The firms analyzed in this study are mining sector firms as listed in Indonesia Stock Exchange in the period of 2005-2015 which met the criteria to never being indicated on sector-switching or delisting during the period of the study. The data used in this study are secondary data in the form of firm's financial statements and Indonesia macroeconomic data from 2005 to 2015 which were obtained from Indonesia Data Exchange (IDX) and Bank of Indonesia.

This research is expected to give an overview related to factors that are able to be controlled by firms to maintain their stock prices so financial distress can be avoided. The overview is aimed to become an input for investors in understanding the firm's financial condition that varies between firms and changing from time to time, thus it can be taken as a consideration in funds investment. The results of this research is also expected to be the subject of consideration for regulators in determining the policy direction to support the growth of mining business, and more importantly, to support for the better Indonesia capital market development.

REVIEW OF LITERATURE

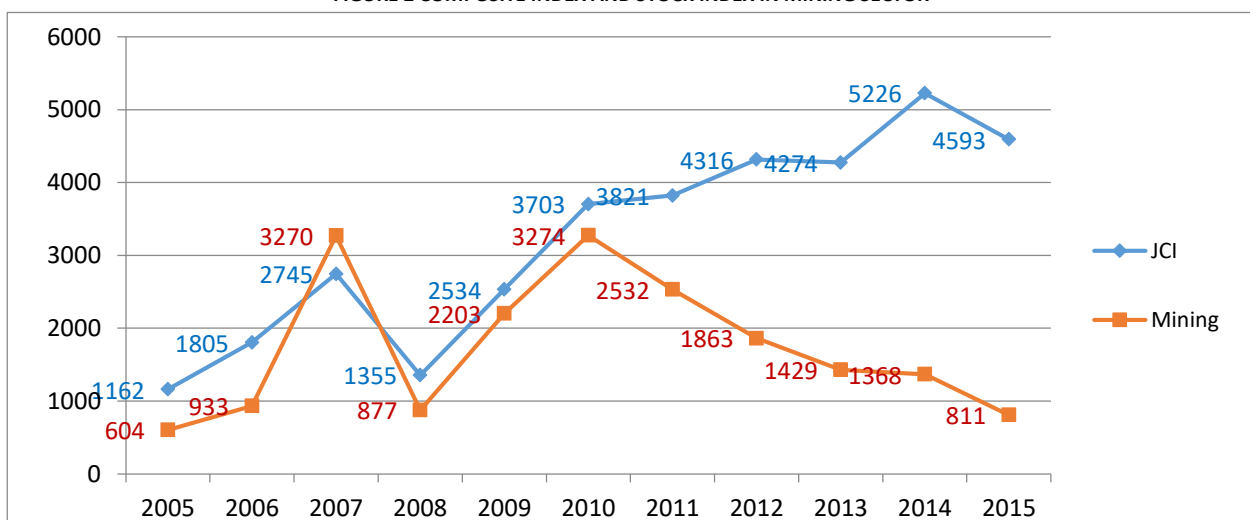
Capital markets according to the Capital Market Law No. 8 of 1995 is concerned with the activities of the Public Offering and Trading of Securities, Public Company relating to securities issuance, as well as institutions and professions related to the securities. Capital market has an important role for the Indonesian economy. Capital markets functions as business funding or a means for companies to raise funds from the public. Besides the capital market is also a means for people to invest their money. The capital market also has a strategic role as a tool in order to collect and allocate the funds from domestic and overseas. The role of capital markets as a vehicle for the mobilization of these funds is increasingly important given the need for a source of financing a substantial investment in the context of economic development. With the above roles, the capital market presence as one of the non-bank financial institutions which is becoming increasingly important for the development of the overall economy.

There are nine sectors listed in Indonesian capital market or commonly known as Indonesian Stock Exchange, such as Agriculture, Mining, Basic Industry and Chemical, Miscellaneous Industry, Customer Goods, Property Real Estate and Building Construction, Infrastructure Utilities and Transportation, Finance, and Trade Service and Investment.

Figure 2 showed stock price in mining sector ramped up in 2007 and fell in the middle of 2008 as the impact of local financial crisis. This can be conclude from the mining index which surged from 933 in the end of 2006 into 3.270 in the end of 2007 and plummeted into 877 in the end of 2008. During 2009-2010, stock price in mining sector reflected such parallel trend with Composite Index, of which the occurrence of such increase that led into strong stock index in mining sector by 3.274 in the end of 2010.

But in the beginning 2011, stock index in mining sector continuously dropped, which rose a decline in stock index in mining sector into 811 in the end of 2015. While composite index tended to show an increase during period 2008-2012 even it should experience one more fall out in 2013, not significant though, in which it started to rise again in 2014. However, the composite index was back to drop into 4.593 in 2015.

FIGURE 2 COMPOSITE INDEX AND STOCK INDEX IN MINING SECTOR



Source: Indonesian Stock Exchange

Mining sector itself consists of 4 (four) subsector, namely: Coal Mining, Oil and Natural Gas Mining, Metals and Other Minerals Mining, Hard core mining. But basically mining is a capital intensive industry, has a long enough period of time, and very thick with risk, it requires that mining companies take advantage of the capital market as a source to obtain funds to finance its operations.

The mining sector (mining) is one sector that is quite attractive for business players. There is growing number of issuers who list themselves in mining sector. This increase occurs because of the new mining stock to be listed in Indonesian Stock Exchange or there are many issuers who move from other sectors into the mining sector, until September 2015, there were 41 companies listed running its business in mining sector.

OBJECTIVES

The main objectives of this paper are:

1. To analyze the financial characteristics of mining sector firms in IDX.
2. To identify the occurrence of financial distress and non-distress of mining sector firms in IDX.
3. To analyze the effect of financial distress, financial characteristics, as well as macroeconomics to the stock price mining sector firms in IDX.

HYPOTHESES

Based on the previous research, the hypothesis of this research are:

1. The z score has positive effect on stock prices of mining sector firms in IDX.
2. The current ratio has positive effect on stock prices of mining sector firms in IDX.
3. The debt ratio has negative effect the share price of mining sector firms in IDX.
4. The earning per share has positive effect on stock prices of mining sector firms in IDX.
5. The return on asset has positive effect on stock prices of mining sector firms in IDX.
6. The inflation has negative effect on stock prices of mining sector firms in IDX.
7. The GDP growth has positive influence on stock prices of mining sector firms in IDX.

RESEARCH METHODOLOGY**DATA DESCRIPTION**

The study uses a secondary data quarterly time series from 2005 to 2015. The data used is shows in Table 1.

TABLE 1: TYPE AND SOURCE OF DATA

Variable	Unit	Data Source
Stock Price	Rupiah	Bloomberg
Working Capital / Total Assets	Rasio	Bank Central of Indonesia
Retained Earnings / Total Assets	Rasio	Bank Central of Indonesia
Earnings Before Interest and Taxes / Total Assets	Rasio	Bank Central of Indonesia
Capital Market Value / Total Liabilities	Rasio	Bank Central of Indonesia
Current Ratio	Rasio	Bank Central of Indonesia
Debt ratio	Rasio	Bank Central of Indonesia
Return On Asset	Rasio	Bank Central of Indonesia
Earning Per Share	Rupiah	Bank Central of Indonesia
Inflation	Percent (%)	Bank Central of Indonesia
GDP growth	Percent (%)	Bank Central of Indonesia

METHODOLOGY

The object researched are firms in the mining sector in IDX since 2005 to 2015, that published complete financial statements, never experiencing delisting, and never experiencing sector switching during the period of 2005-2015. The numbers of researched firms were seven issuers, i.e. Aneka Tambang Tbk (ANTM), Bumi Resources Tbk (BUMI), Energi Mega Persada Tbk (ENRG), International Nickel Indonesia (INCO), Medco Energi Internasional (MEDC), Tambang Batubara Bukit Asam Tbk (PTBA) and Timah Tbk (TINS).

The research is conducted to analyze financial characteristics, identify the occurrence of financial distress condition and empirically test the impact of financial distress condition, financial characteristics, and macroeconomic towards the stock prices.

1. The financial characteristics analysis method used is the financial ratio, which is obtained from the financial reports of each issuer, i.e. current ratio, debt ratio, return on asset, as well as earning per share.

- a. **liquidity ratio value (current ratio)**

$$(1) \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- b. **leverage ratio value (debt ratio)**

$$(2) \text{ Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

- c. **profitability ratio value (return on asset, earning per share)**

$$(3) \text{ Return On Asset} = \frac{\text{Net Profits}}{\text{Total Assets}}$$

$$(4) \text{ Earning Per Share} = \frac{\text{Net Profits}}{\text{Amount of Composite Stocks}}$$

2. Financial distress condition analysis method used was z score Altman model in Kumar dan Kumar (2012), which is formulated as follows:

$$Z'' = 6.56X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4 \quad (5)$$

In which:

X_1 = working capital/total assets,

X_2 = retained earnings/total assets,

X_3 = earnings before interest and taxes/total assets,

X_4 = market value equity/book value of total liabilities

The classifications of a healthy and broken firm based on the value of the modified z score Altman model are

- a. If the value of $Z'' < 1.1$, a firm is seen to be bankrupt;
- b. If the value of $1.1 < Z'' < 2.6$, a firm is seen to be in grey zone (is not able to be determined whether the firm is healthy or suffering from bankruptcy); and
- c. If the value of $Z'' > 2.6$, a firm is seen to be in a good condition (not in a bankrupt condition)

3. The research model used in this study was panel data regression which refers to several studies including researches conducted by Dadrasmoghadam & Akbari (2015), Apergis et al (2011), and Alam & Uddin (2009), conducted to examine firms' internal and external factors that affect stock prices. Thus, the research model is formulated as follows:

$$HS_{it} = \beta_0 + \beta_1 ZSCORE_{it} + \beta_2 CR_{it} + \beta_3 DR_{it} + \beta_4 ROA_{it} + \beta_5 EPS_{it} + \beta_6 INF_{it} + \beta_7 GDP_{it} + e_{it} \tag{6}$$

Description:

HS are stock price, i means the order of the observed firm, t means period (timeline), β_0 are *intercept* (constant), $\beta_1 - \beta_7$ are coefficient regression, e means *error*, CR are for ratio of current assets against current liabilities, DR are for ratio of total liabilities against total assets, ROA are for ratio of net income against total assets, EPS are for earnings per share (rupiah), INF are for inflation rate (%), GDP are for economic growth (%)

RESULT & DISCUSSION

FINANCIAL CHARACTERISTICS ANALYSIS

Table 2 shows that issuer with the highest current ratio (CR) value is ANTM with the level of 11.13 in the period of 2012, while issuer with the lowest value is BUMI, in the level of 0.13. The low CR value experienced by BUMI shows that BUMI's ability in meeting its short-term liabilities is relatively low. This could share a bad impact on the failure in paying liabilities and in the future may cause harm to the firm. The low CR value resulted from the increased current liabilities which is greater than the current assets of the firm. The CR average value for all issuers is 2.77, however if seen from the average value between issuer, BUMI and ENRG are issuers with the average value far below the average value of the overall issuers.

Debt Ratio (DR) is a comparison of the total assets and debts. Based on the calculations result, it is revealed that issuers with relatively low debt usage are INCO and ANTM, with debt level of 0.14 and 0.15. Meanwhile, issuer with gradually increased DR is experienced by BUMI which reached the level of 1.36 in the period of 2015. The increasing DR number experienced by BUMI is caused by the depreciation of the firm assets and also the increasing firm's total liabilities. Increasing liabilities level experienced by BUMI also includes the increasing of issuers' current liabilities that also lowers the CR ability. The increasing of overall liability experienced by BUMI occurred in 2010-2015, this due to the increasing of substantial business debt for third parties and related parties.

Financial characteristics observed based on the return on assets (ROA) and earnings per share (EPS), each have the average value of 9.64 and 281.48 for overall issuers. Whereas, if observed based on the average value of each issuer, BUMI, ENRG and MEDC are issuers with the average ROA acquisition below the average value of the overall issuers. This condition occurred due to the ROA of the three issuers tended to decline, due to the declined firm's net profit. Aligned with this finding, according to the annual report of the respective issuers, this decline occurred due to the declining sales revenue, declining coal demand since the last few years causes the decline in average sales prices, weak exchange rate, as well as the rising production costs.

Issuers that were able to maintain the ROA value to be relatively stable are PTBA, though in the period of 2012-2015 the firm's ROA value tended to show a decline. This due to the firm's records that showed a decreasing firm's net profit throughout the years of 2012-2015, while the total assets of the firm was increased. It is in an accordance with the information served in the annual reports that the decline in net profit was caused by a decrease in the average both domestic and export selling price of the firm's coal. INCO is also issuer with a higher ROA and EPS values, compared to other issuers that were also experiencing a decline in the late period. The ROA decline was caused by the declined firms' net income, compared to the continually increased total assets. Besides, the INCO annual report revealed that the decline of the net income is the reflection of the lowering sales margin per unit nickel in matte, along with the lowering average sales price and the sales volume. Meanwhile, the INCO earning per share tended to decline due to the number of the composite stocks that were experiencing a significant increase.

TABLE 2: DESCRIPTIVE STATISTICS OF THE FINANCIAL CHARACTERISTICS OF THE RESPECTIVE ISSUERS

No.	Firm Code	CR	DR	ROA	EPS
1	ANTM	4.35	0.34	12.87	139.73
2	BUMI	0.93	0.85	2.72	37.73
3	ENRG	1.16	0.66	0.04	2.22
4	INCO	4.16	0.23	16.03	867.36
5	MEDC	2.16	0.64	2.92	92.71
6	PTBA	4.13	0.31	21.29	492.62
7	TINS	2.56	0.36	11.59	338.04
Average		2.77	0.48	9.64	281.48
Deviation Std.		1.84499	0.24074	12.56416	801.56726

FINANCIAL DISTRESS CONDITION ANALYSIS

Based on the data analysis results as served in table 3, it is seen tha the z score maximum value is generated by INCO in the number of 37.96 while the z score minimum value (10.00) is generated by BUMI in the period of 2015 that indicates that BUMI was experiencing financial distress condition. The average zscore value of the overall issuers is 6.97 with deviation standard of 7.28 that indicates that there is significant diversity between the z score value of each issuer. BUMI and ENRG are firms that were most frequently experiencing financial distress during the period of 2005-2015. This due to the significant decline of the stock market value of the composite stocks compared to the amount of the liabilities that are continually increased. The increase of the liabilities includes the increase of the current liabilities as well as the long-term liabilities.

In addition, BUMI and ENRG are issuers with a never-suspend history in Indonesia Stock Exchange. BUMI was experiencing four times of suspend conditions on October 7– November 6 2008, October 10-18 2013, June 11-12 2014, and September 25–October 7 2014. BUMI tended to experience financial distress condition since June 2012 to 2015. Meanwhile, ENRG was experiencing two times of suspend conditions, on October 8–November 18 2008 and May 14–15 2009. In line with that, the ENRG financial distress condition tended to perform in a higher frequency since late 2008 until 2015.

Financial distress condition experienced by BUMI and ENRG are mainly caused by the company's total liabilities that are continually increasing in each period. Besides, the z score value of each firm that shows the distress or non distress condition could also affect other financial characteristics aspects. It is seen that issuers with lower z score value potentially lead to experience financial distress. It is due to the relatively low CR value and the relatively high DR value condition, in which it is influenced by debt issuers themselves.

TABLE 3: DESCRIPTIVE STATISTICS OF THE Z SCORE VALUE OF THE RESPECTIVE ISSUERS

No.	Firm Code	Z – Score
1	ANTM	8.64
2	BUMI	0.95
3	ENRG	0.76
4	INCO	10.07
5	MEDC	3.11
6	PTBA	17.78
7	TINS	7.49
Average		6.97
Deviation Std.		7.28767

THE ANALYSIS OF THE IMPACT OF FINANCIAL DISTRESS CONDITION, FINANCIAL CHARACTERISTICS AND MACROECONOMIC TOWARDS SHARE PRICES

The feasibility (goodness of fit) of the employed regression model was first assessed before examining the impact of each independent variable towards the dependent variable. The result of data processing with e views 9 shows that the R-squared value is 0.805046, indicates that the independent model used (financial distress, financial characteristics and macroeconomic) are able to explain the dependent variables (stock prices) amounted to 80.5%. The assessment of each impact of financial distress, financial characteristics and macroeconomic towards stock prices is served in Table 4.

TABLE 4: THE IMPACT OF FINANCIAL DISTRESS CONDITION, FINANCIAL CHARACTERISTICS AND MACROECONOMIC TOWARDS STOCK PRICES

	Variable	Coefficient	Prob.
Constant	C	6.906177	0.0000
Financial Distress Condition	ZSCORE	0.084519	0.0000***
Financial Characteristics	CR	-0.000545	0.0302**
	DR	-0.008890	0.0891*
	ROA	0.012987	0.0025***
	EPS	0.077153	0.0590*
Macroeconomic	INFLASI	-0.023466	0.0120**
	GDP	0.068274	0.2123

Description: ***= significant at (α) = 1%, **= significant at (α) = 5%, *= significant at (α) = 10%

Source: Data processing result with Eviews 9

Table 4 shows that the financial distress condition (zscore) and profitability (return on asset) share a significant impact towards stock prices of mining sectors with the error tolerance level (α) of 1%. While liquidity (current ratio) and inflation share a significant impact towards stock prices of mining sectors with the error tolerance level (α) of 5%. While solvency (debt ratio) and profitability (earning per share) share a significant impact towards stock prices of mining sectors with the error tolerance level (α) of 10%.

The financial distress condition variable (zscore) share a significant impact and have a positive coefficient towards stock prices of mining sectors. The zscore value which is a combination of number of financial ratios in the financial statements is considered to be able to serve as one of information for assessing the financial condition of issuers that is useful for investors, before eventually going to affect investors' decisions thus causing changes in stock prices. The better the issuers' financial condition (high zscore) indicates a positive signal to investors to invest in the form of shares to the issuer. Signaling theory also suggests that the quality of investor decisions is influenced by the quality of the information disclosed by the firm in their financial statements.

The current ratio variable shares a negative significant impact towards stock prices. The negative impact between current ratio towards stock prices is rarely found, yet this condition may occur since a prudence process is required in interpreting the issuer's CR value. The low CR level is commonly seen as a condition where the firm is experiencing liquidity problems. However, the CR value that is too high does not always be considered as good, because the too-high CR value can also be interpreted by investors as a sign that:

1. The cash value within the firm is relatively too high, that the issuer is seen to not perform a good investment.
2. The firm's accounts receivable value is too high, yet most of them are not collectible.
3. The supplies value is not saleable.

Debt ratio variable shares a negative significant impact towards stock prices of mining sector. Debt Ratio (DR) is used to measure the extent of firm's total assets that are financed with debt. The higher the ratio, the greater the amount of capital loans that is used for investment in assets to generate profits for the firm. The higher the debt is, the higher the risks tendency will be. According to Brigham Houston (2010), the lower the risk issued by the issuer is, the higher the stock prices will be. This also corresponds to the pecking order theory that suggests that the order of preference of the funds usage is from internal to external parties so that the increasing debt ratio is not in line with the rise in issuers' stock prices.

Return on assets shares a positive significant impact towards the stock prices. The research result is in line with the theory of Modigliani and Miller which suggests that the value of a firm is determined by the earning power of the firm's assets. The positive ROA value indicates the more efficient the asset turnover so that the profits earned by the issuers are increased thus attract investors' interest that finally raise the stock prices. Moreover, based on the random walk theory, the information about the high level of return on asset indicates an efficient assets management thus it will be able to maximize the firm's value and also raise their stock prices. Brigham and Houston (2010) stated that firms with good performance lead to a good profit and a continually rising stock price.

Earning per share variable shares a positive significant impact towards the stock prices of the mining sectors. One reason for the investors to make stocks investments to certain issuer is related to the potentially obtained benefits, including dividends. If the earning per share value is small, the possibility for issuers to distribute dividends on investors will be small. Investors will tend to choose stocks option with high earning per share than those with the low one. Low earning per share will likely tend to make the share prices to decline. This is in accordance with Brigham Houston (2010) statement that suggests that if the presented earning per share is high, it will cause the firm's stock price to be high.

Inflation variable shares a negative significant impact towards the stock prices of mining sectors. This because, when the inflation begin to raise uncontrollably, the impact is that the operational costs of the firms became increasingly rising. As a result, net income of the issuers will potentially decline, thus the stock prices flow follows to decline. This relates to the decision of each investor in making investment to gain profits either in the long term or short term.

RECOMMENDATION / SUGGESTION

According to analysis carried out on the variables that affect the price of mining stocks can be formulated several managerial implications that can be done by the management company, investors and regulators or the government to continue to encourage investments in the mining sector in BEI.

a. For firm's management

In order to increase the stock price or maintain the stock price at a good level, the companies are required to consider the factors that affect stock prices. All factors that affect the stock price should be able to be managed well by the company to the company's goals for the prosperity of shareholders can be achieved. Accordingly, based on the findings of the study, the company should be able to maintain financial condition in order to avoid financial distress. BUMI and ENRG as issuers who often experience financial distress are expected to manage the debt policy better. It is associated with a relatively low value indicating zscore issuers experiencing financial distress.

b. For investor

Based on the results of research and analysis of financial distress influence on stock prices has been done, it is known that the variables that affect the stock price significantly is the z score, debt ratio, current ratio, return on assets, and earnings per share as an internal indicator. While external factors are inflation that is capable of affecting the stock price significantly. With so for investors who invest in the short term and long term can be taken into consideration in making investment decisions by looking at the indicators that exist in the financial statements in order to assist investors in realizing the expectations on the investment made. Those indicators include financial characteristics including ROA and EPS are able to be created by the issuer. In addition zscore high value indicates that did not happen on the issuer's financial distress can also be used as a reference in the decision of investors.

c. For regulator

Based on the research results show that the issuer with financial distress in a sustainable manner is BUMI and ENRG. Moreover, if viewed by history of stock trading at the Indonesian Stock Exchange, both companies are also a couple of times to get suspended from the Exchange. Therefore, the regulator is expected to provide the right policy for trade creation effect an orderly, fair and efficient sustainable as the mining sector to be one of the driving economics sectors in

Indonesia. Seeing the financial distress that keeps experienced by both issuers, regulators may consider delisting policy to both issuers. In addition, regulators may also consider the policy to suspend both companies.

CONCLUSIONS

This study presents an analysis of financial ratios and empirical examination of whether the condition of financial distress is able to affect the stock prices of mining sector firms listed in Indonesia Stock Exchange in the period of 2005-2015. This research employed current ratio, debt ratio, return on asset, and earnings per share models. In addition, this research also employed z score Altman ratio model to identify the financial distress condition which further being examined to see its impact towards the stock prices.

The findings of this research show that BUMI and ENRG are firms with relatively less good performance proven by the financial characteristics (current ratio, debt ratio, return on asset, and earnings per share). In corresponds with that, in the analysis of financial distress condition, PTBA, TINS, and INCO are indicated as firms that were never experiencing financial distress condition during the period of the study. Meanwhile, BUMI and ENRG are firms that were frequently experiencing financial distress condition. The empirical test results revealed that z score, return on assets, and earnings per share have a positive and significant impact towards stock prices. Meanwhile, current ratio, debt ratio, and inflation, share a negative significant impact towards the stock prices. The suggestion to investor is to use z score as one consideration on investment decision.

LIMITATIONS

The research was limited to a few companies in the mining sector listed on the Indonesia Stock Exchange 2005-2015 period and measurement of financial distress only use the modification of Altman z score models.

SCOPE FOR FURTHER RESEARCH

In future research to do the following things:

- a. Conduct research using other models of financial distress.
- b. Re-do some research on each sector, so that can know the factors that affect stock prices associated with the characteristics or the uniqueness of each sector.
- c. Moreover, it can also do research that separates mining company based on capital ownership (foreign capital enterprise / FDI and domestic investment / domestic) so as to provide clearer inputs to the government related to the determination of policy on mining or energy sectors.

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DISTRICT WISE SITUATION OF THE CHILD LABOUR (AGE 5-14) IN ANDHRA PRADESH

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ABSTRACT

ILO defined the term "child labour" as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. ILO estimated approximately 114 million (53%) child labour are in Asia and the Pacific; 14 million (7%) live in Latin America; and 65 million (30%) live in sub-Saharan Africa. As per the recent Census 2011 in India, 42% of India's total population is children and sadly India is the home to the largest number of child labourers in the world. According to estimate there are over 60 million child labour in India constituting nearly twenty-five per cent of the working children of the world (Reported in Mishra, 2004, pp.1-3). Notably, Constitution of India prohibits child labour in hazardous industries (but not in non-hazardous industries) as a Fundamental Right under Article 24 and the law in Indian (called The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986, Amendment Act, 2016) says that any no child below age of 14 shall be employed or permitted to work in any occupation or process. Andhra Pradesh has 13 districts with 5 crores population. As per 2011 Census above 52 (0-6 years) lakh children are living in the state. The state had the dubious distinction of having the largest number of child labour compared to other States in the country till 2001. In order to reduce the number of child labour in the State, the government of Andhra Pradesh adopted a proactive approach on child labour and as a result of all these measures, there has been a substantial decline in child labour in the State between the periods 2001 and 2011, the percentage of child labour being 24.96 in 2001 compared to 14.10 in 2011. With this background this paper analysed child labour situation in all the districts of Andhra Pradesh. The main objectives of the paper to highlight the districts specific number of child labour in the state and find out the trends of the state in decreasing/ increasing the number of child labour.

KEYWORDS

child labour, hazardous, child and adolescent labour (prohibition and regulation) act, 1986, amendment act, 2016.

INTRODUCTION

Child labour is a visible manifestation of violations of a range of rights of children and is recognized as a serious and enormously complex social problem not only in India but in entire world. Working children are denied their right to survival and development, education, leisure and play, and adequate standard of living, opportunity for developing personality, talents, mental and physical abilities, and protection from abuse and neglect. Under extreme economic distress, children are forced to forego educational opportunities and take up jobs which are mostly exploitative as they are usually underpaid and engaged in hazardous conditions.

ILO defined the term "child labour" as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. ILO estimated approximately 114 million (53%) child labour are in Asia and the Pacific; 14 million (7%) live in Latin America; and 65 million (30%) live in sub-Saharan Africa. The UNICEF estimates that India with its larger population has the highest number of labourers in the world less than 14 years of age. As per the recent Census 2011, 42% of India's total population is children and sadly India is the home to the largest number of child labourers in the world. Child labour is the practice of having children engages in economic activity, on part- or full-time basis. The practice deprives children of their childhood, and is harmful to their physical and mental development. Poverty, lack of good schools and growth of informal economy are considered as the important causes of child labour in India.

Before the development of the industrial sector, child labour was vastly engaged in agriculture and informal sectors. Agriculture and small industrial sector consisting of match industry, diamond industry, brass ware industry, carpet industry, lock making industry, slate industry, handloom and power loom industry, zari work, hosiery, pottery industry, beedi industry are some of the units which absorb large number of child labour in India. The 1998 national Census of India estimated the total number of child labour, aged 4–15, to be at 12.6 million, out of a total child population of 253 million in 5–14 age group. A 2009–10 nationwide survey found child labour prevalence had reduced to 4.98 million children (or less than 2% of children in 5–14 age groups). According to Census, 2011 found the total number of child labour, aged 5–14, to be at 4.35 million, and the total child population to be 259.64 million in that age group.

According to (2004-05) NSSO estimates 68.14 percentage of Child Labour is working in agriculture followed by manufacturing trade and hotels in India. The percentage of Child Labour engaged in agriculture is still high in the States like Madhya Pradesh, Maharashtra, Karnataka, Uttaranchal, Himachal Pradesh, Gujarat, Chhattisgarh, Rajasthan and Orissa. It is found very low in Kerala and Tamil Nadu. This can be attributed to the social development activities initiated in early 1980's in the southern states. The population of Child Labour engaged in manufacturing sector is high in Kerala, Uttar Pradesh and West Bengal as compared to other states in India. According to 1991 Census the number of working children in A.P was 16.61 lakh which reduced to 13.63 lakh in 2001, which was second largest number after Uttar Pradesh.

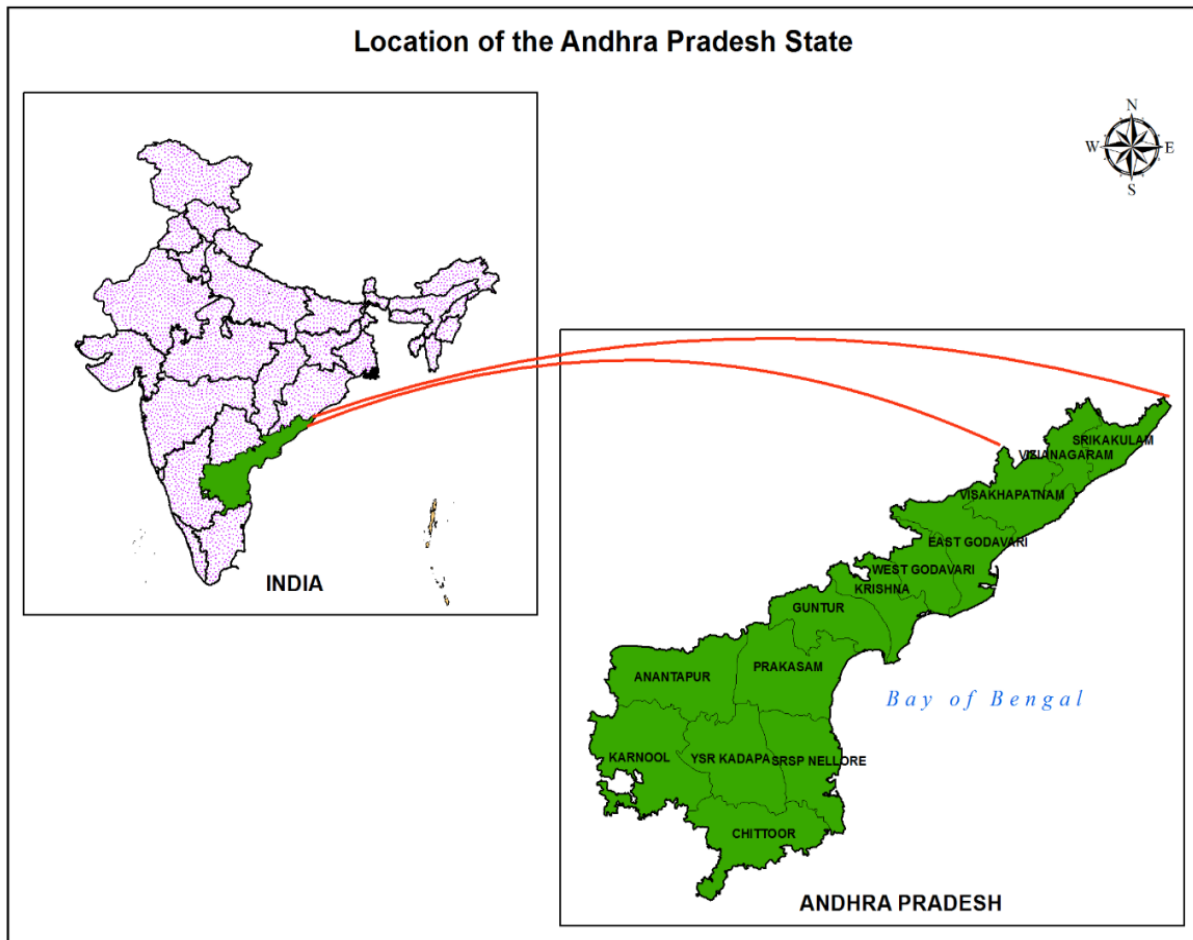
OBJECTIVES OF THE STUDY

1. To highlight the districts specific number of child labours in the state and find out the trends of the state in decreasing/ increasing the number of child labour.
2. To give recommendations to the policy makers to tackle the issue in the changing socio-economic and political context.

OVERVIEW OF ANDHRA PRADESH STATE

Andhra Pradesh state has 162000 sq. km area (Approx.) and it has 13 districts; these districts have 670 revenue Mandals with 4 crores 95 lakhs population. 248 lakhs male and 247 lakhs female population are living across the state.

FIGURE 1: LOCATION OF THE STUDY AREA



Rural Population is 70.4% and urban population 29.6%. It has 1crore 26 lakhs households. In those 90 lakhs and above are located in rural areas rest of the households (36 lakhs) in urban areas. State has two regions, one is Coastal Andhra and other one is Rayalaseema. These regions are having 9 and 4 districts respectively (See Figure 1). Godavari and Krishna and its tributaries are flowing through the state. It has a coast line of 974 Kms. Running from Ichapuram in the North to Sullurpet in the south. Visakhapatnam, Vijayawada, Kurnool cities are major in the state. After bifurcation of the two states (Telangana state and Andhra Pradesh) central government declared Hyderabad as a joint capital city for the 10 years period. Recently Andhra Pradesh government declared Amaravati as the capital city of the state.

CHILD POPULATION

As per the 2011 Census figures, the total population of Andhra Pradesh is 4.93 crores, in that the child population (5-14 years) share is 17.8% (88 lakhs) and male child population is 45.2 lakhs and female children are 42.8 lakhs. 0 - 6 years age share is only 10.5% to the total population on of the state. Among all the 13 districts, YSR Kadapa (21%) has highest child population followed by Prakasam (18.7%). Only YSR Kadapa district has above 20% child population. Four districts like Chittoor, Anantapur, Srikakulam and Vizianagaram districts are having above the state (17.8%) average. Visakhapatnam, SPSR Nellore, Guntur, East Godavari and Kurnool districts are having between 17 to 17.8% of the child population.

TABLE 1: DISTRICT WISE TOTAL POPULATION AND CHILD POPULATION IN ANDHRA PRADESH (AGE 5-14)-2011

District Name	Total Population	Child Population (5-14)	% of Child Population	Boys	Girls
YSR Kadapa	4053463	851218	21	438592	412626
Prakasam	3397448	635312	18.7	328557	306755
Chittoor	2882469	536371	18.6	277683	258688
Anantapur	4081148	746174	18.3	385245	360929
Srikakulam	2703114	492358	18.2	254381	237977
Vizianagaram	2344474	418819	17.9	215010	203809
Andhra Pradesh	49386799	8808502	17.8	452751	4280987
Visakhapatnam	4290589	760993	17.7	389461	371532
SPSR Nellore	2963557	514870	17.4	266793	248077
Guntur	4887813	843988	17.3	435554	408434
East Godavari	5154296	885491	17.2	448660	436831
Kurnool	4174064	719789	17.2	371042	348747
West Godavari	3936966	664222	16.9	336907	327315
Krishna	4517398	738897	16.4	379630	359267

Source: Census 2011

West Godavari and Krishna districts having 16.9 and 16.4% respectively. Among the 13 districts, Krishna has least child population with 16.4%. The table 1 shows the state total population and child population figure. Male child population is more than female child population. East Godavari, YSR Kadapa and Guntur districts are having more than 4.3 lakhs male child population and lowest is Vizianagaram. It has only 2.1 lakhs male child population were as female child population East Godavari is in top position with 4.3 lakhs child population followed by YSR Kadapa with 4.1 lakhs population.

CONSTITUTIONAL SAFEGUARDS

Indian constitute has given articles and it is protecting to the children from various situation. They are explained in the below box.

TABLE 2

Articles	Contents
Article 21A	The State shall provide free and compulsory education to all children of the age of six to fourteen years.
Article 23	Traffic in human beings and beggar and other similar forms of forced labour are prohibited and any contravention of this prohibition shall be an offence punishable in accordance with law.
Article 24	No child below the age of 14 years shall be employed to work in any factory or mine or engaged in any other hazardous employment.
Article 39 (e)	The State shall, in particular, direct its policy towards securing the health and strength of the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength.

STATUTORY PROVISIONS TO ELIMINATE CHILD LABOUR:

In relation with the above mentioned Constitutional provisions, the country has enacted various laws time to time to address the issue of child labour in the line with ILO Conventions and various international standards including Convention on the Rights of Child (CRC). The legal provisions prohibiting child labour are as follows

TABLE 3

Name of the Act	Prohibition of child labour	Penalties
The Children (Pledging of Labour) Act, 1933	An agreement to pledge the labour of a child shall be void. [section 3]	Parent or guardian, contractor, and employer of a child shall be punished with fine up to Rs. 200. [sections 4, 5 & 6]
The Factories Act, 1948	No child who has not completed his fourteenth year shall be required or allowed to work in any factory. [section 67]	The occupier and manager of the factory shall each be guilty of an offence and punishable with imprisonment up to two years or with fine up to one lakh rupees or with both. [section 92]
The Mines Act, 1952	No person below 18 years of age shall be allowed to work in any mine or part thereof. [section 40]	The owner, agent or manager of such mine shall be punishable with fine up to Rs. 500. [section 68]
The Apprentices Act, 1961	A person shall not be qualified for being engaged as an apprentice to undergo apprenticeship training in any designated trade, unless he is not less than 14 years of age. [section 3]	He shall be punished with imprisonment up to six months or with fine or with both. [section 30 (1)]
The Beedi and Cigar Workers (Conditions of Employment) Act, 1966	No child shall be required or allowed to work in any industrial premises. [section 24]	He shall be punished with fine up to Rs. 250. [section 33]
The Bonded Labour System (Abolition) Act, 1976	According to the definition given in section 2(g) of the Act, bonded labour represents the relationship between a creditor and a debtor wherein the debtor undertakes to mortgage his services or the services of any of his family members to the creditor for a specified or unspecified period with or without wages accompanied by denial of choice of alternative avenues of employment, or to deny him freedom of movements.	Every offence under the Act is cognizable and bailable. Offences for contravention of provisions of the Act are punishable with imprisonment for a term, which may extend to three years and also with fine, which may extend to two thousand rupees.
Child and Adolescent Labour (Prohibition and Regulation) Act, 1986, Amendment Act, 2015	The Act prohibits employment of children (a person who has not completed 14 years of age) in any occupation and Process and also prohibits employment of adolescents (a person who has completed his fourteenth year of age but has not completed his eighteenth year) in certain hazardous occupations and processes.	He shall be punished with imprisonment for three months to one year or with fine Rs. 10,000 to Rs. 20,000 or with both. [section 14 (1)]
The Juvenile Justice (Care & Protection of Children) Act, 2015	The Act prohibits punishment for exploitation of a child employee.	For exploitation of a child employee, a person shall be punishable with imprisonment for a term which may extend to 5 years or with fine of one lakh rupees

PERCENTAGE OF CHILD LABOUR TO CHILD POPULATION

Andhra Pradesh state has 5.1% of Child labour to child population which is less than India's (6.03%) average. Asper the Census 2011, Kurnool (9.53) district having highest child labour in the state and other district such as Visakhapatnam (6.6) and Anantapur (5.6) districts are having above the 5% of child population and only these three districts are having above the state average (See figure).

FIGURE 2: PERCENTAGE OF CHILD LABOUR TO CHILD POPULATION (5-14 YEARS)

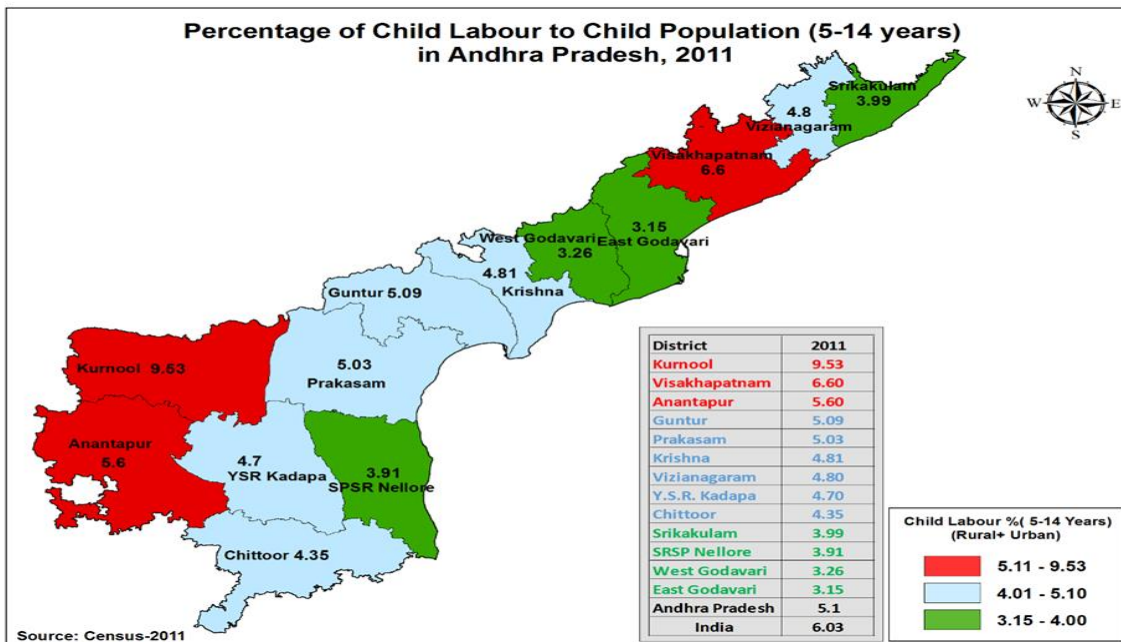


Figure 2 indicates the %age of child labour to child population. The red color values are indicate districts having child labour above the state average, blue color indicate these districts are having medium average child labour like Guntur, Prakasam, Krishna, Vizianagaram, YSR Kadapa and Chittoor districts fall under this category (4% - 5.1%). Rest of the four districts (Srikakulam, SRSP Nellore, West Godavari and East Godavari) are having very low (below 4%) child labour population. East Godavari (3.15%) district is having lowest child labour population in entire Andhra Pradesh state.

Government of Andhra Pradesh with ILO support made effort to reduce the child labour in Kurnool district. It sponsored Elimination of Child Labour Project but starting it not functioning well and not achieving the hundred percentage. Asper the Complied from 2001 Census data, 138326 no. of Child Labour were found in the Kurnool district. The NCLP Schools have been sanctioned to the selected districts on priority basis in 1995-96. But, at present the number of the schools has declined in Kurnool district since 2010-11. NCLP schools 93 in 1995 but 2010 -11 only 9 schools are functioning (Office records of NCLPs).

PERCENTAGE OF CHILD LABOUR TO TOTAL WORKER POPULATION

Andhra Pradesh state having total 2.46 crores total worker population in 2011. Guntur (24.9 lakhs) districts having highest total worker population followed by East Godavari (22.5 lakhs). Anantapur, Krishna and Kurnool having 21 lakhs and above total worker population. Visakhapatnam, Chittoor, West Godavari and Prakasam districts are having 18 to 20 lakhs workers population. And other four districts like Srikakulam (15 lakhs), YSR Kadapa and SRSP Nellore districts are having 14 lakhs workers population and Vizianagaram (12.6 lakhs) having the lowest workers population in entire Andhra Pradesh state.

FIGURE 3: PERCENTAGE OF CHILD LABOUR TO TOTAL WORKER POPULATION (5-14 YEARS)

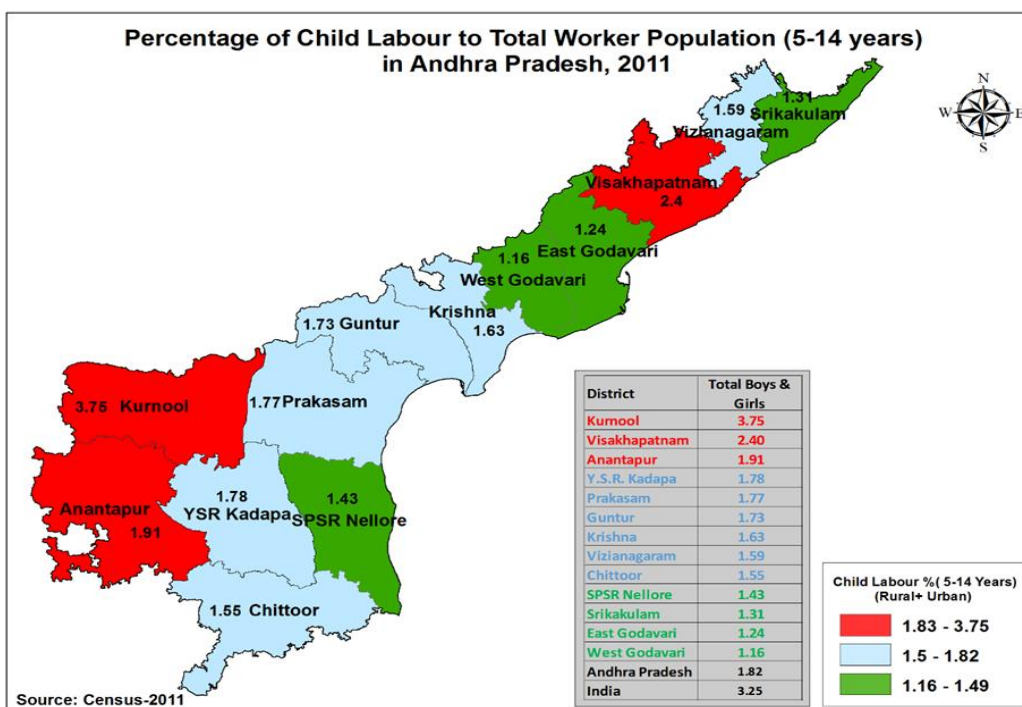


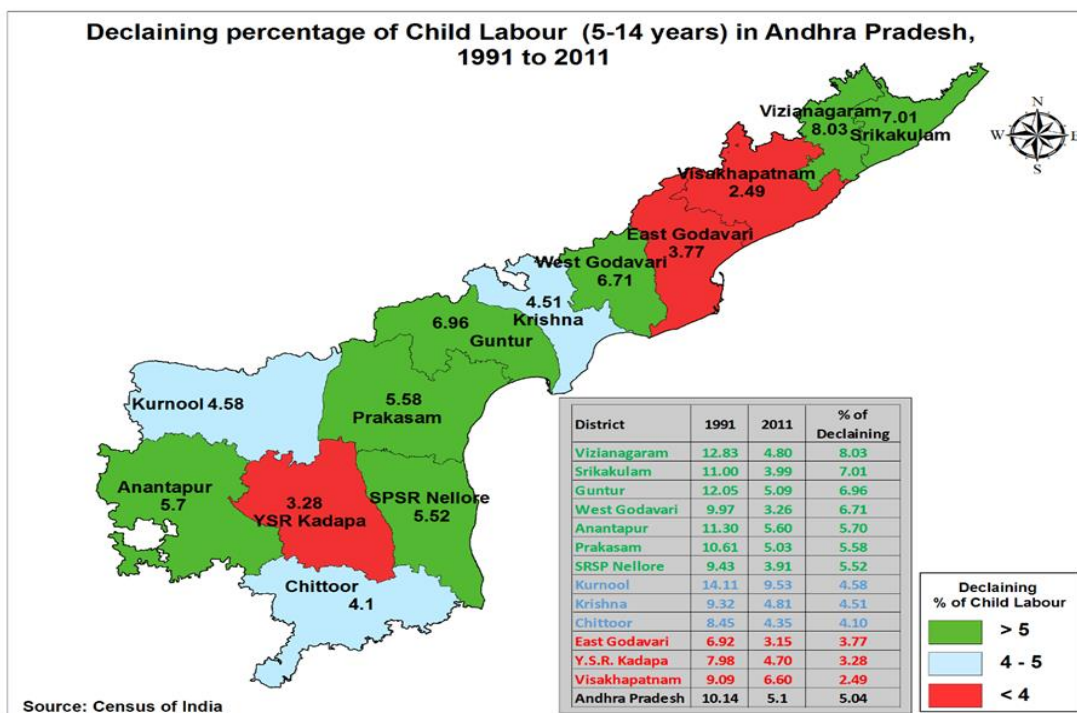
Figure 3 depicts, child labour to the total worker population in the state. The data reveals that again Kurnool (3.75%) district having top place. Visakhapatnam (2.4%) and Anantapur (1.91%) districts are also having high percentage of the child labour to the total worker population. The state average is 1.82% but it is very low when compare to the country average (3.25%). Out of 13 districts 10 districts are having below the state average. SPSR Nellore, Srikakulam, East Godavari and

West Godavari districts are having below 2% of the child labour to the total worker population. West Godavari (1.16%) has least child labour percentage to the total worker population. Rest of the 6 districts are having 1.5% to 1.8% of child labour to the total worker population.

Declining Percentage of Child Labour

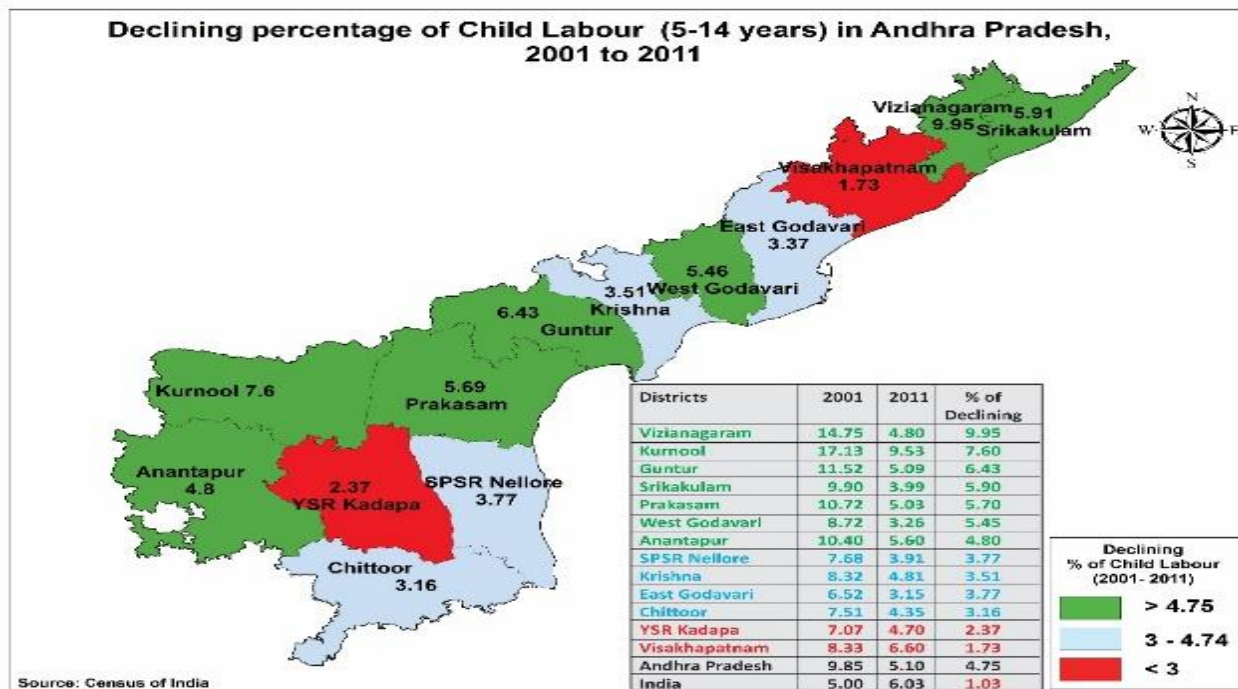
The recent figures shows the Child labour percentage in Andhra Pradesh is declining stage. Asper the Census data from 1991 to 2011, 5.04% of the child labour declined. In 1991 it was 10.14% but while the 2011 Census data showing 5.1% only. The figure 4 showing the % of the declining rate in all the districts of the Andhra Pradesh state. Past two decades Vizianagaram has registered highest declining rate with 8.09% followed by the Srikakulam district with 7.01%. Out of 13 districts, 7 districts are recorded above the state declining (5.04%) rate. Guntur, West Godavari, Anantapur, Prakasam and SPSR Nellore districts are showed 5 to 7% declining rate. Kurnool (4.58), Krishna (4.51) and Chittoor (4.1) districts are also in positive way in the context of the declining rate. Other three districts such as East Godavari (3.7), YSR Kadapa (3.2) and Visakhapatnam (2.49) districts are recorded lowest declining rate. Among the all districts Visakhapatnam noted least declining rate.

FIGURE 4: DECLINING PERCENTAGE OF CHILD LABOUR FROM 1991 TO 2011 (5-14 YEARS)



The figure 5 showing declining percentage of child labour from 2001 to 2011. State average of the child labour declining rate from 2001 to 2011 is 4.75% and it is less compare to 1991 to 2011 average of the state (5.04%). In last decade, the child labour population in Andhra Pradesh has declined at the rate of 4.75%. Vizianagaram district displayed highest declining rate at 10% and districts of Kurnool, Guntur, Srikakulam, Prakasam and West Godavari displayed more than 5% decline rate. SPSR Nellore, Krishna, East Godavari and Chittoor districts are registered 3 to 4% declining rate. Visakhapatnam district reported lowest decline at 1.73% followed by YSR Kadapa district at 2.37%. From 2001 to 2011, Country wise declining percentage of child labour increased from 5 to 6.03% but the Andhra Pradesh state has in declining stage (4.75%) in the same period.

FIGURE 5: DECLINING PERCENTAGE OF CHILD LABOUR FROM 2001 TO 2011 (5-14 YEARS)



RECOMMENDATIONS

- Innovative ways of ensuring retention among children in schools and in this context the need for provision of child friendly bridge courses and remedial teaching methodologies
- Set up and strengthen Block level and Village level child protection committees (BLCPC and VLCPC) as mandated under Integrated Child Protection Scheme (ICPS) to track child labour in household/village/block level
- Appropriate budgetary allocations for children in need of care and protection and to ensure overall development of children
- Mapping of 'hot spots' and vulnerable pockets/ communities of the district through the District Needs Assessment (DNA) under ICPS and through surveys. Link the needy children with sponsorship support to eliminate and prevent child labour
- Notify guidelines and strengthen sponsorship support under ICPS to the vulnerable families to prevent children from being engaged in work and also to ensure that the child continues his/her education within their own families
- Putting adequate monitoring mechanisms in place for ensuring that children are not made to work in occupations/processes hazardous for their health in family based occupations or in the informal/unorganised sectors.
- Ensuring inter departmental coordination to prevent and eliminate child labour in Andhra Pradesh
- Creating mass awareness among various stakeholders including parents and teachers on the need for sending children to school and ensuring that children do not drop out of school.
- Reviving the NCLP schools culture as a transitory mechanism for mainstreaming working children into regular schools
- Monitoring the implementation of the MGNREGS scheme and plugging in loopholes in the implementation of this scheme.
- Working in close collaboration with civil society organisations and corporate houses as part of the Public Private Partnership (PPP) model

CONCLUSION

As per the Census-2011, the Kurnool district has highest child labour in the state followed by Visakhapatnam and Ananthapur. These three districts are having more than 5% of child labour to total child population. Overall Child labour percentage declined from 1991 to 2011 in the state. Vizianagaram district recorded highest declined rate were as Visakhapatnam has the lowest declined rate.

In order to reduce the number of child labour in the State, the government of Andhra Pradesh adopted a proactive approach on child labour, resulting in a number of welfare programmes and regulatory measures. The ILO AP State based project (Phase II) implemented during 2007 -2009 has facilitated drafting of State Action Plan for Elimination of Child Labour 2009. The implementation of SAP 2009 witnessed sea changes in the legislation with the emergence of RTE Act, 2009 that translated the constitutional right to education into a statute mandating the state to provide free and compulsory education to all children in the age of 6-14 years which required amendment of Child Labour (P&R) Act, to provide for total prohibition of employment of children up to the age of 14 years, which is in active process. In the changing socio-economic condition, the state government again revised the SAP and came up with an updated "State action plan for elimination of child labour 2013". The new State Action Plan (SAP) for prevention and elimination of child labour 2013 aims at total prohibition of employment of children up to the age of 14 years by December 2015. The SAP, 2013 approaches child labour with a wide definition that all children out of school are either child labour or potential child labour and the employers engaging the child labour as well as the public consuming the goods and services produced by the child labour abetting the offence, are employers. These measures included stricter punitive action against employers of children, stricter enforcement of child labour legislation etc. As a result of all these measures, there has been a substantial decline in child labour in the State past two decades.

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INVESTIGATION OF UNEMPLOYMENT REGISTRATION SYSTEM IN ADDIS ABABA: THE CASE OF BOLE, ARADA AND YEKA SUB-CITIES

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ABSTRACT

The unemployment data record by concerned different sectors is not found to be complementing each other, and has not a uniform data base that enabling to fill the gap how many of them got job opportunities and to evaluate or to know by how much unemployment was decreased. This paper aims to investigate the current unemployment registration system in Addis Ababa especially in Bole, Yeka and Arada sub-city, and assess the unemployment data and examine the registration procedure in light of the international best practices and there after establish an integrated system of registration. The study uses mixed (qualitative and quantitative) research approach. Data collecting tool for the study are interview with officials & experts, questionnaires for secondary data and focus group discussion with job seekers. The study has identified that there is no system to register unemployment from lower level of government to upper. Employers prefer newspapers and other advertising mechanisms and also private brooking agencies rather than using central unemployment registry i.e. registry used by labor and social affairs. Challenges encountered in documentation of uniform and harmonized unemployment data were due to lack of coordination among stakeholders facilitating job creation objectives, after registration tasks are not going according to planned, there is no networking system which integrates data on unemployment from woreda to bureau levels. Thus, online networking system should be established vertically and horizontally with concerned sectors. The job seekers should have a requirement of carrying identification card while the employment process is going on shall be established.

KEYWORDS

labour and social affairs (LSA), micro and small enterprises (MSE), sub-city, unemployment registration system, and woreda.

1. INTRODUCTION

Currently, there is no uniformly established job seekers registration system at the national level and the number of job seekers in Addis Ababa in each sub-city. The unemployment data record by in different sectors is not found to be complementing each other. It has not a uniform data base that enabling to fill the gap how many of them got job opportunities. And also enables to evaluate or to know by how much unemployment was decreased.

In Ethiopia, Micro and Small Enterprise is one of the institutions given recognition in the country's industry development policy. It also serves as vehicles for employment opportunities at urban centers fostering the economic development. MSE serves as sources for sustainable job opportunities not only for developing countries like ours, but also for developed countries like USA. Thus, they should be given prior attention as they are important and serve for sustainable source of job opportunities and economic development in the country.

According to Federal Micro and Small Enterprises Development Agency in Ethiopia job seekers are defined as those citizens who have not permanent source of income from age 18 and above up to age 60. Illiterate and those who exist in different educational level have the capacity and need to work but neither they creates their own job nor employed on permanent job can be registered as job seekers. But those sectors, Micro and Small Enterprises Development Offices, Office of Labour and Social Affairs, Woreda Administrations, Women and Children Affairs Offices, Youth and Sports Offices, which have intent to have data on unemployed? Generally, the roles and mandate of different stakeholder is not clearly defined and known.

Regarding the registration system undertaken by the Labour and Social Affairs offices, the Employers prefer to advertise vacancies on print and electronic media or via posting on their own websites rather than requesting the offices to provide those lists of registered job seekers. Due to this reason failure to register the unemployed in a uniformly manner or within a preset time line as well as the inability to gather, organize, analyze, distribute and disseminate to users is also being experienced.

2. REVIEW OF LITERATURE

INTERNATIONAL EXPERIENCE ON UNEMPLOYMENT DEFINITION AND DATA COLLECTIONS

In principle, unemployment is easy to define. A person is unemployed if he or she desires employment but cannot find a job. The unemployment rate is then obtained by expressing the number of unemployed persons as a percentage of the total number of people willing and able to work (the so-called labour force). In practice, the definition and measurement of unemployment is quite complicated. As far as the definition is concerned, there is a difference of opinion as to whether or not a person who desires work but who makes no effort to find work should be classified as unemployed. According to the strict definition, only those people who take active steps to find employment, but fail to do so, are regarded as unemployed. The expanded definition, on the other hand, includes everyone who desires employment, irrespective of whether or not they actively tried to obtain a job.

In South Africa, the official definition of the unemployed is that they are those people within the economically active population who (a) did not work during the 7 days prior to the interview, (b) want to work and are available to work within a week of the interview, and (c) have taken active steps to look for work or to start some form of self-employment in the 4 weeks prior to the interview. The expanded definition excludes criterion (c). It therefore includes discouraged work seekers who have failed to take active steps to obtain employment in the 4 weeks prior to the interview. Statistics South Africa, the agency responsible for estimating unemployment in South Africa, uses both definitions, but currently the strict definition is regarded as the official one. In 1999, for example, the South African unemployment rate was 23.3% according to the strict (official) definition and 36.2% according to the expanded definition. Irrespective of the definition used, there can be no doubt that unemployment is the most important socio-economic problem in South Africa.

Based on ILO definition, unemployment is grouped into three categories, i.e. unemployed, ready to employ and seeking jobs. In the study, the reference period for seeking work includes four weeks before the data collection process started. The reference period of availability for work begins with one week after data collection started. The scope of data collection includes urban and rural population and the data is collected every quarter (four times within one year).

Information is gathered from families in the household who live in the house at least 4 days within seven days and for those who leave their families for different reasons. None settled populations such as militaries and a student who attained regular class at all levels of education institution are excluded from the study. The age group in for the study includes 15+ years. The urban unemployment rate was 24.9% in 2013.

In Nigeria, definition of unemployment is based on ILO definition. The reference period for availability for work is defined in the national context and is defined as those who are not working for 39 hours prior to one week before the study started and seeking for jobs. The scope of data collection includes urban and rural population and the data is collected four times in a year (March, June, September and November). Age group in for the study includes from 15 to 65 years. Urban unemployment rate was 23.9% in 2013

In Egypt, the definition of unemployment is based on ILO definition. The reference period for seeking work is defined in the national context and comprises nation who search jobs within the last three months before data collection is started in the study. On the other hand, reference period of availability for work is those who are searching for a job within the time period in which two weeks before data collection is started.

The scope of data collection includes urban and rural population; it has been collected four times in a year (January, April, July and October). Information is gathered from those who are living in the household for the last 6 months and are permanent members of the household and in some case families who leave the families during the study period. None settled populations such as militaries, foreigners, and a student who attained regular class at all levels of education institutions are excluded from the study. The age group in for the study includes 6years and above. Urban unemployment rate was 13.9% in 2013.

In Germany, support of unemployed persons is regulated by the Third Volume of the Social Code (SGB III). It contains, among other things, legislation on the eligibility of unemployment benefits as part of the social security system. It distinguishes between persons in or not in employment, job seekers, unemployed persons, disabled persons and re-entrants. Persons are counted as not in employment, if they are not employed or are employed for less than 15 hours per week, and are searching for employment of at least 15 hours with compulsory social insurance contributions. This means that the person has to and is willing to Endeavour all possibilities to end the period of having no job, including being at the disposal for a placement through the Federal Employment Service. This availability to work is more precisely defined as being capable of work and willing to take up a reasonable employment under usual or standard conditions. Jobseekers are defined as persons looking for dependent employment with duration of more than seven calendar days at home and abroad. They have to register at the Federal Employment Service for placement, must be capable and allowed to pursue the achieved occupation and to reside in Germany. Unemployed persons are jobseekers, who are temporarily not in employment but searching for employment with compulsory social insurance contributions and have registered at the Federal Employment Service personally. This definition also includes persons who are not receiving benefits. On the other hand, the criteria of receiving unemployment benefits is not sufficient to be counted as unemployed, which is the case for persons who cannot take up work because of illness up to six weeks.

The population of the United States of America can be divided in to broad groups. One group consists of America can be divided into broad groups. One group consists of persons who are under 16 years of age, in the armed forces, or institutionalized, the second group, which consists of all others in the total population. The civilian non-institutionalized, in turn, can be divided in to, person not in is unemployed, if any one of the following conditions is relevant:

1. Did not work during the survey week, has actively for work with the past four weeks, and is currently available for work.
2. Is waiting to be called back to a job from which he or she has been laid off.
3. Is waiting to report to a job within 30 days. (Roger A. Arnold, 2004. P. 139).

In our context (Ethiopia), unemployment includes discouraged job seekers in addition to persons satisfying the standard definition. In completely relaxed definition, unemployment includes persons without work and who are available for work, including those who were not seeking work (CSA, 2005). Having the above definition as a base, the researcher focus on the economically active labor force, civilian non-institutionalized labor force available for and seeking work. According to (ILO, 1990) unemployment is measured on the following three criteria:

- a) without work
- b) available for work
- c) seeking for work

However, this definition varies in the context of developing and developed countries. In the developed countries where the labour market is largely organized and the labour absorption is adequate, therefore, the standard definition of unemployment relies on the seeking work criteria. The standard definition of unemployment that is based on the "seeking work" criterion can be interpreted as activity or efforts searching for job by non-working persons during a specified reference period (CSA, 2013).

3. NEED/IMPORTANCE OF THE STUDY

The study has used to explore whether there is a uniform registration system or not. It has also investigated the efficiency of the system, the dissemination of the gathered data in reliable manner. Moreover, the study has provided possible initial policy recommendation options for policy makers and feedback to the concerned sectors. Furthermore, the study gives a clue for the researchers for further deep study.

4. STATEMENT OF THE PROBLEM

Despite the preparation of a guideline, there is an absence of uniformly established job seekers registration system at the national level. In Addis Ababa, there is not any kind of reliable database with regard to the number of prospective job seekers, the employment opportunities that are being created.

There are no any systematically organized job seekers registration system put in place for the micro and small enterprises. The reasons: Centralized authority for similar registration format or data center haven't been established; Unless the job seekers appear in person and register, there is no any alternative system that allows a door to door registration mechanism or issuance of ID cards for the identification of the registered from those who haven't done so. Furthermore, even those who are currently registering are already engaged in some other petty vocations selecting to either change their occupations or look for better alternatives employment opportunities. Hence, it has become quite difficult to differentiate the unemployed from the ones who are employed. Subsequently, Micro and Small Enterprises Development Offices, Office of Labour and Social Affairs, Woreda Administrations, Woreda Women and Children Affairs Offices, Youth and Sports Offices drawn from three sub-city of Addis Ababa in collaboration with the Central Statistical Agency have come together to assess the unemployment data and examine the registration procedure in light of the international best practices and there after establish an integrated system of registration.

5. OBJECTIVES

The main objective of this study is to investigate the existing unemployment registration system of the three sub-cities (Bole, Yeka, and Arada) in Addis Ababa and to propose best unemployment registration system for the sub-cities.

6. RESEARCH METHODOLOGY

The study uses both quantitative and qualitative research approaches to get a secure and authentic data. Because is used to collect data in different way and to crosscheck one method by others. Target groups are three bureaus at city level, four offices from each sample three sub-cities and six woredas, individuals from two bureau, three sub-city and six woredas officials and senior experts. Data gathering tools for the study were interview, questionnaires and focus group discussion with job seekers. The researcher has used both probability and non-probability sampling techniques. Simple random sampling was used to select job seekers from six Woredas. Purposive Sampling was used to select the head officials and senior experts Interview purposively made to get qualitative data from relevant sector officials and experts who work directly affiliated with the study subject matter. In addition, key informants for focus group discussion (FGD) were conducted possible to take a simple random sampling method of choice to select job seekers. The purpose of FGD to crosscheck the data collected from officials, experts and secondary data how the registration actually performed.

7. RESULTS & DISCUSSION

Data gathered from an interview with managers and experts were separately presented and discussed. Secondary data collected from relevant offices were discussed and analyzed to make triangulation. Moreover, it makes some review if there was some difference in the two sources i.e. primary vs. secondary data sources.

7.1 SITUATIONAL ANALYSIS OF AN AUTHORIZED BODY TO REGISTER UNEMPLOYMENT

According to proclamation 377/96 article 172 and 173 and proclamation 34/2004, Addis Ababa city administration labour and social affairs bureau has the duties and responsibilities to stimulating the labor market service in the city administration, i.e. create enabling environment for job seekers, facilitate appropriate labor

supply for employers, conduct research on the labor market, registered and supply appropriate candidate (job applicant) to employers based on vacancy requirement to be recruited and registering an individual job who are in the required age limit and supply necessary documents for registration. Labor market information serves as a tool for human development and effective utilization and a strategy to guide for labor market by government and stakeholders. Generally, labor market information plays a critical role in forecasting labor demand and supply in a given economy and enables to bring healthy and sustainable growth and reduction of poverty in a country.

7.2 REGARDING UNEMPLOYMENT DEFINITION

Under this topic unemployment is defined based on international and national context. The three institutions defined unemployment based on their mandate. Definition from the federal democratic republic of Ethiopia's Central Statistics Agency, Federal Micro and Small Enterprises and Ministry of Labour's and Social Affairs Sector definitions are adopted and presented as follow.

A) DEFINITION BY CENTRAL STATISTICS AGENCY

The International Labor Organization (ILO) measure of unemployment assesses the number of jobless people who want to work, are available to work and are actively seeking employment. However, applications of the definition vary based on level of development i.e. developed versus developing nations. In the developed nations, data on labor market is well established and easily accessible and getting employment is not a problem, unemployment is measured based on Standard Definition of Unemployment.

In developing nations data on labor market is not well-established and getting employment in the labor market is a difficult task, so that seeking employment as indicator for unemployment is not appropriate measurement. So that definition for unemployment is relaxed and it includes discouraged job seekers are persons who want a job but did not take any active step to search for work because they believe that they cannot find one.

Relaxed Definition of Unemployment adopted by central statistics agency definition as the concept of relaxed definition is appropriate for national context of unemployment. Thus any one is considered as unemployed either not participated or not ready to participate any income generating activities.

To collect data on child labor abuse, in the national Labor Force Survey and Urban Employment and Unemployment Survey, information is gathered five years age and above. However, the national labor force participation report incorporates definition on unemployment those persons aged ten years and above who had no work or did not work, available or willing to work if jobs were available.

B) MINISTRY OF LABOUR'S AND SOCIAL AFFAIRS DEFINITION

Among duties of ministry of Labour's and Social Affairs are registering job seeker and gather, processed and disseminate data to beneficiaries in the labor market. In developing national indicator of labor market, the ministry use Census and labor force survey as source data, and the data are collected by central statistics agency. Unemployment Rate is one indicator in the labor market. In developing indicator for the labor market the ministry takes CSA's definition as working definition but on working age group the ministry adopted international standards i.e. age 14 years and above, who are not in retirement age, is considered to make international comparison on unemployment rate.

C) FEDERAL MICRO AND SMALL DEVELOPMENT ENTERPRISES DEFINITION

Under Federal Micro and Small Development Enterprises sector, definition: unemployment is age 18-60 years, has no permanent income source, seeking work and has capacity to work, but not able to create job for self or able to employed, no formal education and those in different education level are considered as job seeker. Graduates from university, technical and vocational training center from level I-V whom seeks employment are considered as unemployed.

7.3 HOW THEY DEFINE & UNDERSTAND TEMPORARY JOB?

Interviews were conducted with head officials in order to know how they understand temporary job and senior experts from four institutions, where this study focuses on viz. Labour's and Social Affairs, Micro and Small Enterprises Development Office, Women and Children Affairs, and Youth and Sports Affairs offices. The result shows that their understanding, especially about temporary employment varies among officials and experts of the four institutions. Accordingly, some consider time span as parameter, while others relate it with sustainability of the work.

The interviewee responses that consider time span of the work as parameter, still they mention different time span. An employment that ends between one month and three months is said to be temporary; while some others even, extends the time span ending from six months to one year. In addition, employment that is considered as unsustainable also used to differentiate temporary employment from permanent ones. However, the parameters are different among different offices, sub-cities and even among woredas within the same sub-city. Therefore, because of lack of or absence of standard definition for and uniform understanding of the term, it is common to find employees classified as temporary in one office while other offices consider an employee of the same position, experience, and recruitment as permanent.

Thus, it is important to have standard definition on the definition of temporary employment. What is more, temporary employment needs to be registered and put into database. To this effect, there is a need to establish an institution assigned with such a mandate.

7.4 ARCHIVE ADMINISTRATION OF LABOUR'S AND SOCIAL AFFAIRS OFFICE OF SUB-CITY

The research also reveals that information has kept in sub-city and woredas are not similar. Thus, there is no proper data administration. This is partly due to absence of appropriate system for registration and data administration.

TABLE 1: UNEMPLOYMENT DATA MANAGEMENT SITUATION OF LABOUR & SOCIAL AFFAIRS OFFICE

Woreda	Data at Woreda Level			Data at Sub city Level		
	M	F	T	M	F	T
Bole Woreda 07	373	205	578	354	217	571
Bole Woreda 10	568	455	1023	312	280	592
Yeka Woreda 11	662	361	1023	591	437	1028
Yeka Woreda 12	906	452	1358	1541	438	1979
Arada Woreda 05	1668	1076	1519	823	625	1448
Arada Woreda 07	1554	1917	3471	709	936	1645

Source: Data compiled from Sub-cities (2016)

As table 1 above shows some irregularity on the data in the sample sub-cities has observed that, the number of unemployment at woreda level is greater than that of the sub-city or vice versa. This may indicate that the registration system is not gone as per the manual registration is taken at woreda level and go up to central and come back after scrutinize it as the interviewee respond from higher officials. Thus one can conclude with this evidence what are more the figure on paper and the figure said in interviews with officials contradict. Moreover, the registration system is not proper and needs some revision.

According to Bole sub-city Labour's and Social Affairs office, the plan shows that about 21,000 job opportunities were planned in 2016 (2008 E.C.) but the actual figure indicates that 8,575 job seekers were registered. Of the actually registered job seekers only 3,220(15%) jobs are created. On the other hand the data reveals that in the current budget year among the registered 8,575 job seekers only 3,220(38%) jobs are created. When we see some of the woredas in the sub-city 1,600 and 1,800 job seekers were registered in woreda 07 and 10 respectively. As to the actual job opportunity created in the woredas the data reveals that it is 571(36%) and 592(33%) in woreda 07 and 10 respectively.

Arada sub-city planned to create 20,200 job opportunities in the year 2016 (2008 E.C.). However, actual performance is that only 15,294 job seekers are registered. The jobs created are 6,286 only 31% are achieved out of the plan job opportunities to be created. Comparing this with the registered on the same year 15,294 job seekers only 6,268 (31%) was achieved. In woreda 05 and 07 only 675(47%) and 182(11%) job opportunities are created out of the planed 1,448 and 1,645 respectively.

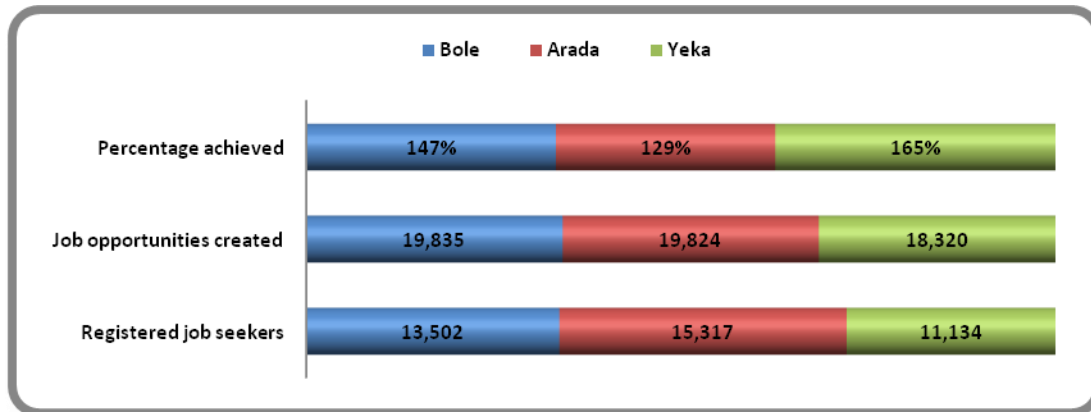
Yeka sub-city planned to create 1,500 job opportunities in the year 2016 (2008 E.C.). However, 15,116 job seekers were registered. The performance is, in fact beyond the plan. The created jobs compared to the plan were 99%, which is about 1,483 jobs, were created.

On the contrary, in the current budget year only 1,483 jobs are created which is 10% of the registered, 15,116. In two sample woredas in the sub-city, woreda 11 and woreda 12 1,028 and 1,979 job seekers were registered and only 82 (7.9%) and 44 (2.2%) respectively jobs can be created. This is very far from their plan.

7.5 ARCHIVE ADMINISTRATION OF MICRO AND SMALL ENTERPRISES OFFICES OF THE SUB-CITIES

In 2016 (2008 E.C.) at Woreda level of the three sub-cities targeted number of unemployment registered and job created were stated as below for comparison.

FIGURE 1: COMPARISON OF REGISTERED JOB SEEKERS AND JOB CREATED BY MICRO & SMALL ENTERPRISES OFFICE



Source: Data compiled from Sub-cities (2016)

In the budget year (2016) the above figure illustrates that, the implementation performance in terms of job creation is greater than the registered. Accordingly, in the three sub-cities, viz. Bole, Arada, and Yeka 147%, 129% and 165% are achieved respectively. This indicates that there are jobs created without being registered in the concerned offices. On the other hand, there are unemployed job seekers who are registered but do not get any job and still waiting for employment. What is more, it is superfluous to report amount of job created while many registered job seekers are not properly considered. This in turn undermines the significance for registering unemployment in one center. This is off course a problem related with information and data administration.

TABLE 2: UNEMPLOYMENT REGISTRATION DATA STATUS OF MSE OFFICE

Woreda	Data at Woreda Level			Data at Sub city Level		
	M	F	T	F	M	T
Bole Woreda 07	1928	975	2903	1928	975	2903
Bole Woreda 10	1394	913	2307	1394	913	2307
Yeka Woreda 11	662	361	1023	521	257	778
Yeka Woreda 12	906	452	1358	607	317	924
Arada Woreda 05	1668	1076	1519	1609	1067	2676
Arada Woreda 07	1554	1917	3471	607	758	1568

Source: Compiled from the Three Sub-Cities and Six Woredas (2016)

Table two, above demonstrates that there is irregularities of data between woredas and respective sub-cities, Bole is an exception. Witnessed from an interview held with an officer from Labour's and Social Affairs office of Arada sub-city the officer explains the reason why the numbers are dissimilar as: office of Micro and Small Enterprises contends those data which are transferred through local zonal committee. Such a data includes self-employed and employment created at neighborhood levels which are not passed through the registration process on unemployment registry and those who have no Addis Ababa city's resident's identity card. Hence, the number will increase.

Below is the table that clearly illustrates how offices of Labour's and Social Affairs and Micro and Small Enterprises in Bole sub-city organize and administer data in the 2015 (2007 E.C) budget year.

TABLE 3: UNEMPLOYED REGISTERED DATA HANDLING STATUS OF BOLE SUB-CITY

Woreda	Data of MSE			Data of LSA office		
	Registered Job seekers in 2015			Registered Job seekers in 2015		
	M	F	T	M	F	T
1	398	1102	1500	327	910	1237
2	512	156	668	113	194	307
3	362	540	902	325	514	839
4	729	1416	2145	749	1442	2191
5	279	650	929	206	570	776
6	965	1171	2136	396	917	1313
7	4747	2463	7210	1139	2099	3238
8	541	974	1515	586	896	1482
9	716	1410	2126	546	1543	2089
10	221	643	864	1038	2996	4034
11	1046	933	1979	543	829	1372
12	2720	824	3544	630	1574	2204
13	873	1749	2622	506	1570	2076
14	706	756	1462	250	715	965
Total	14815	14787	29602	7354	16054	24123

Source: Compiled from Bole Sub-city MSE & LSA (2016)

According to Addis Ababa city administration the unemployment data registration and managing processes, there is a one-window service. Two officers do registration and administration jointly from Micro and Small Enterprises and Labour's and Social Affairs offices. As a result, data and its administration is uniformly the same both at the center and at sub-cities. However, in 2015 (2007 E.C) as we can observe visible inconsistency in table 4 above the number of job seekers registered for job searches by Micro and Small Enterprises Development office exceeds by 5,479 job seekers that of Labour's and Social Affairs office. In this regard, interviews were held with the heads of MSE offices of the three sub-cities under discussion. accordingly they state that the reason for such variation is due to late beginning in October (second quarter) of the registration process by the Labour's and Social Affairs office while the Micro and Small Enterprises Development office started in early July (first quarter of the budget year). What is more, Micro and Small Enterprises office have a responsibility to register any person who shows interest to

organize him/herself any time. Thus, the result confirmed that as if the two institutions work at one window service registration for unemployed persons would not jointly perform their duties within the framework of a common plan goal which required coordinated effort among stakeholders and begin at the time. Contrary to the logical expectation, while it is the Labour's and Social Affairs office that should have been registering more unemployed persons following the reason that by definition the office registers any unemployed person above 14 years, it is a vice versa. From these facts, one can see that while the offices working in the one stop center they report different figures. Hence, it can be concluded that the two institutions have no common understanding of the importance of jointly registering unemployment at one center.

7.6 CHALLENGES ENCOUNTERED IN DOCUMENTATION OF UNIFORM AND HARMONIZED UNEMPLOYMENT DATA

Results from sampled interviewed obtained from sample studies confirm as though unemployment registration is conducted as intended, so many challenges were observed. Lack coordination among stakeholders facilitating job creation objectives, after registration tasks are not going according to planned, there was no networking system which integrates data on unemployment from woreda to bureau levels, and there were not regular follow-up systems established to monitor and evaluate how stakeholder are performing their individual and multiple responsibilities.

7.7 REASONS FOR NOT REGISTERED PASS THROUGH WITH ONE STOP REGISTRATION CENTER

Reasons mentioned for not registered in one stop center unemployment registration interviewed from six sample woredas were: - the central registry system i.e. labour and social affairs office is not accessible to all job seekers, current recruiting system does not force employers to recruit from registered job seekers, awareness problem, not requiring unemployment identification card as precondition for selection in recruiting employment for vacant post are listed.

On the other hand, participants in focus group discussions who are unemployed job seekers particularly graduates from higher institutions state the following reasons for not to go to concerned offices for registration are: they do not see persons employed through the system of the institutions, mismatch between training and interest of the job seeker, unavailability of jobs based on their trainings, and most of them prefer to join government employment.

7.8 IMPORTANCE OF DOCUMENTING UNEMPLOYMENT REGISTERED DATA

Respondents (experts and department heads) at all levels (woreda to bureau level) of jurisdictions were asked to give their view on the importance of documentation of registered unemployment. Their response on this issue has discussed as below.

- They believed that documentation can facilitate the labor market in supplying labor for manufacturing and service industries and job opportunities for job seekers.
- It plays a significant role in supplying appropriate data on labor market for beneficiaries.
- It has its own significances for policy makers to make informed decisions in policy formulation regarding unemployment reduction.
- Facilitating proper deployment for job seekers; consultation; and trainings on skills that enhance their employability;
- Can minimize cost for processing post for vacancy announcement on different Medias, selection and recruiting for employment.
- Can minimize challenges faced in facilitating labor market for employees and employers.
- It enables to know how much the number of employees and how much unemployed person existed in the labor market.

However this research does not find any enabling situations and factors to support all the above benefits, at least in its present institutions and practices. Among other things, documentation of registering unemployment is not appropriately organized and not easily accessible for beneficiary cannot allow realizing the above listed benefits. Now a day's both jobs seekers and potential employers are not utilizing the service to best of their benefit.

7.9 PROBLEMS ENCOUNTERED DURING REGISTRATION PROCESS

To identify problems encountered during registration process, senior experts and department head from Micro and Small Enterprise development office, Labor and Social Affairs, Women and Children's Affairs office, Youth and Sports office were interviewed and their response was as follow:-

- Employers prefer newspapers and other advertising mechanisms and also private brooking agency's rather than using central unemployment registry i.e. registry used by labor and social affairs.
- Unable to coordinate plan and reaching consensus among stakeholders i.e. labor and social affairs and micro and small enterprises development office in registering unemployment and creating job opportunities for graduates.
- Lack of coordination in awareness creation among stakeholders. When Public Service & Human Resource development office publicized vacancy for employment and registering applicants does not request unemployment identification card, this undermines the significance for registering in unemployment by Labour's and Social Affairs office. The same is true for Micro and Small Enterprise Development office as it doesn't request unemployment identification card when it mobilized for employment opportunities for graduates. Thus it is imperative to stress and recommend civil service and micro and small enterprises offices to develop a means of effective communication that helps timely information on unemployment related issues.
- Labour's & Social Affairs Office and Micro & Small Enterprise Development office do not start one stop registering service jointly. The MSE office alone registers and organizes unemployed job seekers starting early July without passing the formal registration process jointly. Due to this variation of data occurs.
- Unable to registered job seekers who have no residential identity card as one of the requirement to be registered is woreda residential identification card for individual who lived in a rental house getting residential identification is not an easy task. In addition, limitation to identify between employed and unemployed;
- Lack of pre-identification on the kind of job they want to deploy in, on the side of job seekers;
- Lack of proper attendance of the trainings given to unemployed job seekers or disruption & focusing on daily income only.
- Participation of unauthorized institutions on registration activities in the form of campaign;
- Limitation of capacity, improper or weak structure and lack of necessary materials; and
- Cost implication to conduct door-to-door registration.

8. FINDINGS

A) In Relation to Micro and Small Enterprises Development Office:

- 1) There is a complaint that the format for registration is not in alignment with the actual work of micro and small enterprises. It includes professions which cannot be threatening within the responsibility and framework of micro and small enterprises. For example, the form in Labour's and social affairs applied ILO standard and includes some professions like medicine which cannot be entertained or no possibility to give job opportunities at woreda level. Therefore it is meaningless to register and report such professions.
- 2) Once graduates forming a group and get employed if one group member leaves the group and employed in public sector, there was no follow-up mechanism to solve the problem proactively. Rather the solution has dissolved the business (group) and reorganized as a new one.
- 3) Data on temporary job were not collected and compiled according to the national or urban definition. The definition on temporary job vary based on local context (Sub-city and woreda), data on employment were collected and compiled based on local context and the result on temporary job where in some areas exaggerated and in some areas understated as result of errors in measurement for temporary job varies from contextual meanings.

b) In Relation to Office of Labour and Social Affairs:

- 1) It is observed that the office lacks due updating. For example, in Yeka sub-city woreda 12 and Bole sub-city woreda 07 one can see list of names who have already get employment but not canceled from the registration list. In the above mentioned woredas it is found that some of the names in the list are employed ones. This is, partly the result of absence of proper follow-up on the side of the office, in the sense that it should have obliged the employed to return the identity card and revoked from unemployment registry list.
- 2) Inconsistency of data among woreda and sub-city. What is more, because documents are kept in the hands of individuals' in charge of the work or left the institution it is common to leave even without delivering them to the substitute officers. As a result the new officers claim excuse by arguing they do not have the document.

- 3) Considering registration as an end result and lack of integration & link them with the potential employers and institutions among the Public Service & Human Resource Development office and registry organ to facilitate competition on employment. This makes the reason for individual's not to go and get registered in the concerned office.
- 4) Lack of coordination among registry organ on collecting, processing and disseminating data on unemployment.
- 5) There were problems in documentation of data and reporting registered unemployment from woreda to sub-city was inconsistency with the registered data at one stop center in woreda.
- 6) It is observed that once registered as unemployed those who have got jobs latter are not canceled from the list timely.

9. RECOMMENDATIONS/SUGGESTIONS

Based on the analysis and discussions done so far, the proposed solutions for the problems and challenges have been summarized as follows: 1) it is necessary to establish a system to carry out an identification card for the job seekers while the employment process is going on, 2) The one stop registration system that is launched in the Addis Ababa city administration shall be replicated or applied in the regional states in a similar fashion, 3) To integrate and harmonize the coordination of the registration system, the concerned relevant agencies shall designate their respective representative in the one-stop registration center, 4) The woreda labour and social affairs offices shall carry out employment opportunities audit on quarterly and uniformly basis, 5) There shall be clear and uniform definition on temporary job and a proper institution or agency needs to follow up activities accordingly, 6) An information exchange network that can be backed or endorsed by an online service and a sound data basis should be started on unemployment registration at Woreda level, 7) Both the Micro and Small Enterprise Development Agency and Bureau of Labour and Social Affairs shall jointly plan to meet the needs of job seekers in registering & creating job, 8) The city administration shall build the capacity of the relevant agencies, which are directly and indirectly involved in the task of registration. 9) There shall be a clear and scientific study at national level to address or explore a concrete solution for the problems related to meet the unemployed to employ of job assignment.

10. CONCLUSIONS

In Addis Ababa Administration, the agencies in charge of job seekers registration and documentation are not discharging their institutional responsibilities of organizing and maintaining complete data. That being the case, however, the one window service delivery system put in place is providing better and closer services to customers. Hence, it is much more necessary for concerned government agencies, which in one way or another are directly or indirectly involved in the registration of job seekers registration to cooperate, coordinate their activities, and discharge their respective responsibilities. In this regard, it is commendable for these institutions closely work with the Bureau of Labour and Social Affairs.

Due to lack of systematic data recording which is commonly an experience in woreda, sub-city as well as the city administration, the data is maintained under the custodianship individuals. For these reason individuals do not handover the data as other assets to their offices whenever they leave. Thus, the findings of the study indicate that new employees often face serious problem. In general, the double size of the employment opportunity created by MSEs when compared with the figures of the registered unemployed of the Bureau of Labour and Social Affairs is one of the indicators of the inconsistency of the recording of the registration process.

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POVERTY: A COLOSSAL PEST IN INDIA**KHEM RAJ****RESEARCH SCHOLAR****DEPARTMENT OF POLITICAL SCIENCE****HIMACHAL PRADESH UNIVERSITY****SHIMLA****ABSTRACT**

The focus of India's planning since independence was on the improvement of condition of rural areas by creating infrastructure and employment opportunities for rural population and poverty alleviation has been the main concern of our planners since First Five Year Plan (1951). In the early phase of planning era, the main thrust was laid on the implementation of policies and projects which were expected to achieve higher growth. This approach at that time was based upon the assumption that the benefits of higher growth will automatically trickle down to the masses and alleviate their poverty. Poverty and prosperity, deprived and affluent, landlords and serfs, have not and have, have always existed, are existed and will exist in all societies to cruelty of inequality and disparity cannot be avoided but its magnitude can be minimized, its widening gap can be bridged, rigours can be reduced. Social economic and political thinkers, professionals and statesmen have been concerned with the rising trends of poverty. They have evolved various methods strategies, theories and policies to eradicate poverty. In their treatise and planning they develop one or more biases and principles for either perceiving or measuring poverty the academicians and professionals bring out various facts of poor man's deprivation.

KEYWORDS

rural poverty, strive hunger, eradication of poverty.

INTRODUCTION

The word rural Development consists of two words Rural +Development. Rural means a fix number of people living in a community and development means a positive change in living standard of such people. Rural development connotes a complete process of change in rural areas which lead to improvement in rural income, employment opportunities, income distribution, rural welfare and other aspects of rural life. Thus, we can say that, rural development is a quantitative and qualitative change in the living of rural people by develop of agriculture and allied activities and it included not only agriculture development all round rural development by economic, social, political, cultural, environmental progress of rural areas.

In recent year, the call for the policy which enables the reduction of mass poverty in India has increased not only from scientific point of view, but also from political and practical standpoint. Mass poverty is a problem crucial not only for the people concerned, but also for the future of humanity as a whole, and one that cries out for rapid solution. Indians still have not succeeded in permanently improving the living conditions of big parts of their population measures in terms of economic growth expected by Indians over the past fifty years, the preliminary growth oriented development strategies pursued hitherto have not been unsuccessful. Many poor population groups continue to be from the economic growth. The "Trickledown effect" has failed and still fails to reach them.¹

NATURE OF POVERTY

Poverty becomes a problem when it is considered undesirable either by the persons concerned as by others. As Amartya Sen puts it "much about poverty is obvious enough". One does not need elaborate criteria, cunning measurement or probing analysis, to recognize row poverty and to understand its antecedents. It would be natural to be impatient with long winded academic studies on poor naked wretched with houseless heads and unfed sides and "looped: and windowed raggedness" to use king lears graphic description. And furthermore, it may also be the case as earlier fold the blind Gloucester, that a man may see how this world goes with no eyes". There is indeed much that is transparent about poverty and misery. Poverty thus, indicates deprivation of some sort or other but beyond that there is no uniformity as to what constitutes poverty. On conceptual level, poverty is distinguished between absolute and relative.

ABSOLUTE POVERTY

In the absolute standard, minimum physical quantities of cereals, pulses, milk, butter is determined for a subsistence level and then the price is being determined at the market rate. Aggregating all the quantities included and figure expressing per capita consumer expenditure. As per Dr. Kamta Prasad, absolute poverty is that concept of poverty which implies non-fulfillment of the objectively determined minimum standard of physiological need considered essential for human beings. The measurement of absolute poverty involves stipulation of a minimum level of per capita consumer expenditure which is adequate for purchasing the goods and services needed for the purpose. People who have income less than this figure are considered as poor. However, difficulties arise when what is to be included under essential needs and what is to be excluded has to be specified.

As per Robert S.M.C. Namara, Poverty "a condition of life so characterized by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality and low life expectancy as to be beneath any reasonable definition of human decency. While there is still a disassuagement about what should be the exact measurement of poverty it has to be simple as possible so that it can be applied by the field functionaries at the local level for identifying the poor and taking the required measures for the upliftment for the rural poor."²

RELATIVE POVERTY

The problem of poverty has continued to remain the central challenge of development at the global level. As per this concept of poverty, the whole population of the country is stratified on the basis of the income and then the living standard of the highest and lowest income groups are compared. Persons having standard of livings below a certain cut-off point fixed in the light of the income distribution of the population are viewed as poor. For example, the level may be fixed at half the median point of the distribution or it may be measured in terms of full dispersion between the highest and lowest standards.³

GENERATION OF POVERTY

Poverty is not static. It has a replicating effect. As per Dr. S.P. Gupta, an eminent sociologist "Low Occupation, in sanitary shelter, bad health, low education, large family and powerlessness all combine to generate poverty."⁴

UNDESIRABILITY OF POVERTY

Poverty is undesirable not only from an individual's but also from society's view point. People must not be allowed to become so poor that they offend or are hurtful to society. It is not so much the misery and plight of the poor but the discomfort and cost to the community which is crucial. We have a problem of poverty to the extent that low incomes create problems for those who are not poor.⁵ Rural Poverty in India has its origin in the semi-feudal relation of production in agriculture. Post-Independence land reform measures did not make any impact on the agrarian relation.

Hence, almost all agricultural labour households and a large proportion of small and marginal farmers and landless non-agricultural rural labour households are poor. People who are poor in terms of income also tend to be deprived of other privileges in the society. According to the Integrated Rural Development Programme (IRDP) definition, approved by the Ministry of Rural Development, as revised in May 1991, a rural household with an annual income of less than ` 11,000 described as a poor household. Region wise, rural poverty is lower in regions where the level of a agriculture output per head is higher, and vice-versa. Similarly, over a period of time, the regions experiencing a high rate of agriculture growth have shown a steeper reduction in rural poverty than the regions experiencing slower growth. State wise poverty status has been shown in table 1.1

TABLE 1.1: NUMBER AND PERCENTAGE OF POPULATION BELOW POVERTY LINE (BPL) BY STATES- 2011-2012

Sr. No.	States	Rural		Urban		Total	
		%age of Persons	No. of Persons	%age of Persons	No. of Persons	%age of Persons	No. of Persons
1.	Andhra Pradesh	11.0	61.8	5.8	17.0	9.2	78.8
2.	Arunachal Pradesh	38.9	4.2	20.3	0.7	34.7	4.9
3.	Assam	33.9	92.1	20.5	9.2	32.0	101.3
4.	Bihar	34.1	320.4	31.2	37.8	33.7	358.2
5.	Chhattisgarh	44.6	88.9	24.8	15.2	39.9	104.1
6.	Delhi	12.9	0.5	9.8	16.5	9.9	17.0
7.	Goa	6.8	0.4	4.1	0.4	5.1	0.8
8.	Gujarat	21.5	75.4	10.1	26.9	16.6	102.2
9.	Haryana	11.6	19.4	10.3	9.4	11.2	28.8
10.	Himachal Pradesh	8.5	5.3	4.3	0.3	8.1	5.6
11.	Jammu & Kashmir	11.5	10.7	7.2	2.5	10.3	13.3
12.	Jharkhand	40.8	104.1	24.8	20.2	37.0	124.3
13.	Karnataka	24.5	92.8	15.3	37.0	209	129.8
14.	Kerala	9.1	15.5	5.0	8.5	7.1	23.9
15.	Madhya Pradesh	35.7	191.0	21.0	43.1	31.6	234.1
16.	Maharashtra	24.2	150.6	9.1	47.4	17.4	197.9
17.	Manipur	38.8	7.4	32.6	2.8	36.9	10.2
18.	Meghalaya	12.5	3.0	9.3	0.6	11.9	3.6
19.	Mizoram	35.4	1.9	6.4	0.4	20.4	2.3
20.	Nagaland	19.9	2.8	16.5	1.0	18.9	3.8
21.	Orissa	35.7	126.1	17.3	12.4	32.6	138.5
22.	Punjab	7.7	13.4	9.2	9.8	8.3	23.2
23.	Rajasthan	16.1	84.2	10.7	18.7	14.7	102.9
24.	Sikkim	9.9	0.4	3.7	0.1	8.2	0.5
25.	Tamil Nadu	15.8	59.2	6.5	23.4	11.3	82.6
26.	Tripura	16.5	4.5	7.4	0.8	14.0	5.2
27.	Uttar Pradesh	30.4	479.4	26.1	118.8	29.4	598.2
28.	Uttarakhand	11.6	8.2	10.5	3.4	11.3	11.6
29.	West Bengal	22.5	141.1	14.7	43.8	20.0	185.0
30.	Punducerry	17.1	0.7	6.3	0.6	9.7	1.2
31.	A & N Islands	1.6	0.04	0.0	0.0	1.0	0.04
32.	Chandigarh	1.6	0004	22.3	2.3	21.8	2.3
33.	Dadra & Nagar Haveli	62.6	1.2	15.4	0.3	39.3	1.4
34.	Daman & Diu	0.0	0.0	12.6	0.3	9.9	0.3
35.	Lakshadweep	0.0	0.0	3.4	0.02	2.8	0.02
	All India	25.7	2166.6	13.7	531.2	21.9	2697.8

Source: www.rural.nic.in

Note:

1. Population as on 1st March has been used for estimating number of persons below poverty line. (2011) Census Population extrapolated)
2. Poverty line of Tamil Nadu is used for Andaman and Nicobar Island
3. Urban Poverty Line of Punjab is used for both rural and urban areas of Chandigarh.
4. Poverty Line of Maharashtra is used for Dadra & Nagar Haveli
5. Poverty Line of Goa is used for Daman & Diu.
6. Poverty Line of Kerala is for Lakshadweep

TABLE 1.2: DISTRICT WISE NUMBER OF BPL FAMILIES AND THEIR PERCENTAGE FOR THE 10TH FIVE YEAR PLAN IN RESPECT OF RURAL AREAS OF HIMACHAL PRADESH (2002 TO 2007)

Sr. No.	Name of District	Total No. of Rural Households	No. of BPL Families	%age of BPL families out of Rural Household
1.	Bilaspur	75051	17337	23.10%
2.	Chamba	85676	46393	54.15%
3.	Hamirpur	95795	19514	20.37%
4.	Kangra	289185	63250	21.87%
5.	Kinnaur	13255	2824	21.31%
6.	Kullu	69388	11267	16.24%
7.	Lahaul-Spiti	5517	2400	43.50%
8.	Mandi	206096	41339	20.06%
9.	Shimla	108999	31682	20.07%
10.	Sirmour	70439	13695	19.44%
11.	Solan	73733	17478	23.70%
12.	Una	89792	15191	16.92%
	Grand Total	1182926	282370	23.87%

Source: Rural Development Department, Government of Himachal Pradesh

Table 1.2 shows the district wise number of BPL families and their percentage for the 10th Five Year Plan in respect of rural areas of Himachal Pradesh (2002 to 2007). It is evident from the above table that, there were 11,82,926 rural households according to the tenth five year plan whereas, 2,82,370 were living below the poverty line. Out of total rural household, 23.87 per cent were from the BPL families. Table 1.2 illustrates that, Kangra district was the largest one having maximum population of rural households and district Lahul-Spiti was the smallest one having minimum population of rural households. On the other hand, District Chamba was the largest one having maximum percentage of BPL families out of total rural households and District Kullu was the smallest one having minimum population of BPL families out of total rural households.

CAUSES OF RURAL POVERTY

The causes of poverty in rural areas may be enumerated as:

- ❖ Improper implementation of poverty alleviation programmes.
- ❖ Erratic rainfall and lack of irrigation facilities.
- ❖ Too much dependence on non-agriculture. Low percentage of population dependent on non-agricultural pursuits.
- ❖ Education level is very low in rural areas especially among female folk.
- ❖ Low quality of livestock
- ❖ Traditional methods of cultivation and inadequate knowledge of modern skills results in low level of agricultural productivity.
- ❖ Lack of infrastructural facilities (link roads, communication facilities and markets) for development.
- ❖ Non-involvement of women in development activities and planned programmes.
- ❖ Absence of dynamic community leadership.

The pro-poor plan, which is recommended by the Planning Commission requires moving unambiguously on two fronts, to equally strong strategic fronts-one, the modernization/industrialization front and the other, the poverty eradication front -and this marks a fundamental departure from the hitherto adopted conventional ineffective development patterns. This requires an unswerving commitment of the Heads of State or Government to a total mobilization approach to poverty eradication in developing countries within an accepted time frame. Given the need for sustained political commitment, new institution-building, massive resource allocations, attitudinal changes and the considerable social transformation that has to be initiated by this "holistic approach" to development in which growth, human development and equity cannot be trade-offs, the State has to play an all-encompassing lead role.

The massive resource allocation required to this "holistic approach" to poverty alleviation also requires the State to play this all-encompassing lead role. The State cannot undertake poverty alleviation development activities as in the past. These tasks should be carried out mainly in cooperation with the organizations of the poor, community organizations, support organizations, non-government organizations, the new style banking systems and the private sector, who would be partners in the process in areas such as provision of labour-intensive industries and marketing.⁶

EMPLOYMENT STRATEGIES DURING VARIOUS FIVE YEAR PLANS

FIRST FIVE YEAR PLAN (1951-52 TO 1955-56)

Employment Objectives of the Plan: one of the objectives of the First Five Year Plan was to increase employment opportunities and to raise the standard of living of the masses. Among the measures intended to be taken to tackle the problem of unemployment, foremost consideration was given to the rural sector an account of the magnitude and seriousness of the problem there. Moreover, offer of better employment opportunities in the rural sector were considered to have a salutary effect on the unemployment situation in the urban sector. The extent of unemployment in rural areas was, however, difficult to estimate.

Of the various measures proposed to be taken in the First Plan to reduce the incidence of rural unemployment, major and minor irrigation works occupied the prime place. These were expected to irrigate over 19 million acres. There were large-scale land reclamation schemes which were expected to help relieve the pressure on the existing land resources. The large-scale unemployment and under-employment in rural areas could be tackled only by providing the village community with other avenues of employment in addition to agriculture. The revival and development of rural industries had therefore found a central place in the rural development programmes. These industries had been considered both economically and socially desirable because the requirements of capital and skill were low. For the same amount of capital investment, these industries provided more employment than large-scale industries.

Equally important was the revival of old handicrafts, the principal feature of which was skilled craftsmanship. The Plan made various suggestions for the rehabilitation of these handicrafts. The financial provision for village industries and handicrafts for the period of the Plan was ` 15 crore. The cess proposed to be levied on large-scale industries to provide finance for the development of small-scale industries was expected to encourage the stuffing of more small-scale industries and thus provide additional employment.

Two other steps to reduce the pressure on employment in rural areas were: (a) extension of mixed farming and (b) undertaking of public work programmes in slack agricultural seasons.

SECOND FIVE YEAR PLAN (1956-57 TO 1960-61)

The task to be faced during the Second Plan in the field of creation of employment opportunities was two-fold. Firstly, there were the existing unemployed in the urban and rural areas to be provided for. Secondly, it was necessary to provide for the natural increase in the labour force, which was estimated at about 2 million persons a year over the next five years.

Considering the magnitude of existing unemployment and additions to labour force, it was incorrect to hold out the hope that full employment could be secured by the end of the Second Plan. The goal had to be achieved by a series of planned efforts lasting over beyond the Second Plan. To hasten the process, however, particular attention had to be paid to maximizing the employment potential of projects included in the Plan consistent with long term needs.⁷

THIRD FIVE YEAR PLAN (1961-62 TO 1965-66)

Expansion of employment opportunities commensurate with the increase in the labour force over the Plan period was conceived as one of the principal aims of the Third Plan. In view of the numbers involved, provision of adequate employment opportunities was among the most difficult tasks to be accomplished during the Plan period.

Work programmes envisaged for rural areas comprised five categories of works:

1. Work projects included in the plans of States and local bodies which involved the use of unskilled and semi-skilled labour.
2. Works undertaken by the community or by the beneficiaries in accordance with the obligations laid down by law.
3. Development works towards which local people contributed labour while some measure of assistance was given by Government.
4. Schemes to enable village communities to build up remunerative assets.
5. Supplementary work programmes to be organized in areas in which there was high incidence of unemployment.

A Standing Advisory Committee was set up to promote measures for bringing down the incidence of accidents in factories. State Governments were asked to strengthen the inspectorates provided for the administration of factory laws. Both in factories and in mines, a great deal of scope remained for reducing hazards by education of the workers in safety-consciousness and the setting up of safety committees. Steps were taken in pursuance of the recommendations of the Mines Safety Conference and its various committees, and intensive studies were made concerning various aspects of the problem of safety in all mines.

FOURTH FIVE YEAR PLAN (1969-70 TO 1973-74)

In December 1966, the Government of India set up a National Commission on Labour to study and make recommendations on various aspects of labour including wages, working conditions, welfare, trade union development and labour-management relations. The Commission submitted its report in August 1969.

There was a steady increase in the number of employment exchanges including University Employment Information and Guidance Bureau from 312 at the end of March 1961 to 458 at the end of October 1969. The employment service was proposed to be expanded by strengthening the employment exchange machinery, employment information and guidance bureaux, vocational guidance and counseling centres, and employment market information programme for collection of employment data.

The activities of the Employees State Insurance Corporation were expanded in order to provide hospitalization to families of all insured workers, to cover; shops and commercial establishments in selected centres also non-power factories employing 10 or more persons, running staff of road transport Undertakings, and to cover all centres having an industrial concentration of 500 or more insurable workers. Programmes for welfare centres, holiday homes and recreational centres were included in State Plans. The workers education programme was reorganized in the light of the experience gained.

The Industrial Safety, Health and Hygiene Divisions of the Central and Regional Labour Institutes were strengthened. The activities of the National Safety Council were intensified. The Directorate General of Mines Safety was expected to concentrate on more effective administration of mine safety legislation. Greater emphasis was placed on promoting safety practices, and on the development of indigenous mine safety equipment.

FIFTH FIVE YEAR PLAN (1974-75 TO 1978-79)

The labour supply projections contained in the Fifth Plan implied an increase in the labour force for the agricultural sector of 16.2 million in the Fifth Plan period and 18.9 million in the Sixth Plan period. The rates of labour force participation thrown up by the 27th round of National Sample Survey were higher because of inclusion of children in the age group 5-14 years and also because of difference in the concepts used in the survey. However, the increase in the labour force estimated according to NSS concepts was about 18.26 to 18.96 million in the Fifth Plan period and 19.57 to 20.39 million in the Sixth Plan period. There was an area of uncertainty in the labour supply projections in an economy of the Indian type.

The Fifth Plan provided for substantially higher outlays for projectised programmes in the cottage industry sector, particularly in areas such as handloom, coir, carpet weaving and training and for production planning programmes in other sectors. It was expected that the constraints on the use of agro-based supplies for the household sector would be less severe. Appropriate use of fiscal, credit and production support policies in this sector was essential for reinforcing capabilities for further generation of employment. Labour-intensive technological improvements also needed to be developed and diffused. According to the profile contained in the Fifth Plan, the increase in the labour force in the non-agricultural sector was estimated at 8.5 million in the Fifth Plan period and 9.1 million in the Sixth Plan period. Achievement of production targets as postulated in perspective was extremely important in relation to creation of employment opportunities in the non-agricultural sector.

For the two year period 1977-78 and 1978-79 a provision of ` 10.17 crore was made for craftsman training and labour welfare. This covered the following:

1. Requirements of the major on-going training institutions such as the Central Staff Training and Research Institute, the Foreman Training Institute, and the Central Training Institutes for instructors.
2. Strengthening extension of the advanced training institute.
3. Expansion of the apprenticeship training programme.
4. Vocational training in women's occupations.
5. Schemes relating to research, surveys and studies to be undertaken various institutes.

For the two year period 1977-78 and 1978-79, an outlay of ` 20.27 crore was suggested keeping in view the requirements of the following:

1. Industrial training institutes.
2. Expansion of the apprenticeship training programmes establishments.
3. Strengthening of the employment service organizations .
4. Setting up of labour welfare centres, and promoting safety measures.
5. Employees' State Insurance Scheme.⁸

SIXTH FIVE YEAR PLAN (1980-81 TO 1984-85)

According to the Plan Document, employment opportunities had not been adequate in the past either for the educated manpower or for the overall population. Even in terms of long-term unemployment as indicated by the usual status estimates, the position was not satisfactory. Therefore, the employment policy during the Sixth Plan was to meet the two major goals of reducing under-employment for the majority of labour force and cutting down on the long-term unemployment. Though a lasting solution to these problems could be found only within the framework of a rapid and employment-oriented economic growth, suitable measures had also to be evolved in the short-term in a coordinated way, particularly for the benefit of the weaker sections.

In the context of a growing labour force and the mixed economy, the policy measures had necessarily to cover not only the direct employment generation in the public sector but also the entire gamut of economic activity in the public, co-operative and private sectors. Since the public sector employment accounted for only a small fraction of the total employment and since there was no likelihood of its rising appreciably, the policy measures sought to influence the private demand and utilization of manpower in all sectors of activity. Therefore, emphasis was placed on self-employment ventures both in agriculture, village and small industries and allied activities and in non-farm occupations.

In the Sixth Plan, it was proposed that wherever clear alternatives for production of goods or services were available, labour-intensive technologies and processes must be preferred provided the productivity was not unduly affected. Also there was scope for ancillary units linked to large and medium units so as to secure for the small units advantages in quality control, marketing and standardization. The employment impact of various programmes was carefully considered and other things being equal, programmes/projects with higher employment potential were given preference. All-India Coordinated Research project on technologies for landless labour families was organized.

As regards women workers, the Sixth Plan called attention to the following:

1. Provision of basic amenities in working and living conditions, such as housing, water supply, hospital and medical services, sanitation.
2. Provision of maternity leave benefits, family planning incentives.
3. Provision of care and education for all the children of the family.
4. Provision of opportunities for education, skill training and upgrading and advancement in order to widen areas and avenues for their employment.
5. Provision of alternative employment schemes for off-season and unemployment periods.

This required the development of suitable infrastructure and joint action by the Ministries of Labour, Rural Reconstruction and Social Welfare, besides the State Governments, local authorities and voluntary agencies.⁹

SEVENTH FIVE YEAR PLAN (1985-86 TO 1989-90)

The central element in the development strategy of the Seventh Plan was the generation of productive employment. This was achieved through (a) increase in cropping intensity made possible by increased availability of irrigation facilities, extension of new agricultural technologies to low productivity regions and to small farmers, (b) measures to make the rural development programmes more effective in the creation of productive assets, (c) expansion of labour-intensive construction activities for providing housing, urban amenities, roads and rural infrastructure, (d) expansion of primary education and basic health facilities and (e) changes in the pattern of industrial growth.

Given the twin emphasis on employment and productivity in the Seventh Plan, the objective was to expand employment opportunities consistent with increases in productivity. The potential of direct employment generation in large scale industries and in much of the infrastructure sectors was not high because these industries were fairly capital-intensive. However, expansion of industries created a large volume of downstream employment forward linkages. In particular, the expansion of small-scale and medium industries added significantly to the growth of productive employment opportunities. Promotional measures designed to improve the access of this sector to modern technology, supply of inputs, credit and risk capital helped to enhance its productivity and competitiveness. Taking all these factors into account, the Seventh Plan provided for a faster industrial growth than during the Sixth Plan.¹⁰

EIGHTH FIVE YEAR PLAN (1992-93 TO 1996-97)

The Eighth Plan aimed at bringing employment into a sharper focus in a medium-term perspective with the goal of reducing unemployment to negligible level within the next 10 years. Such an approach was considered necessary because it was realized that larger and efficient use of available human resources was the most effective way of poverty alleviation, reduction in inequalities and sustenance of a reasonably high pace of economic growth.

The Eighth Plan aimed at reducing unemployment to negligible level within the next ten years. To quote, "It is considered necessary and reasonable to set the goal of employment for all for achievement in a time span of the next ten years". Assessment of the present backlog of unemployment and likely additions to the

labour force suggest that this goal will require generation of additional ten million employment opportunities per year on an average, or about a three per cent average annual growth of employment. The main elements of the strategy towards expansion of employment opportunities during the Eighth Plan included the following:

1. A faster and geographically diversified growth of agriculture.
2. Development of infrastructure and marketing arrangements for agro-based activities.
3. Greater attention to the needs of the small manufacturing sector as a major source of industrial growth.
4. Revamping of training systems to introduce greater flexibility to labour market trends. Unfortunately, the goal set by the Eighth Plan was not achieved.¹¹

NINTH FIVE YEAR PLAN (1997-98 TO 2001-02)

Taking note of the fact that labour laws enforcement machinery in the States was under a severe strain and the number of cases pending before the courts was too large to be handled, the plan apprehended that a miscarriage of justice was difficult to avoid in such a situation. Ninth Plan favoured a drastic reduction in the number of labour laws from the then existing 150 or so, and devising a single labour code for the whole country. This task was enormous.

During the Ninth Plan period, action was taken to:

- Identify laws which were no longer needed and could be repealed.
- Identify the laws which were in harmony with the climate of economic liberalization and hence needed no change.
- Amend the laws which required changes and
- Revise the rules, regulations, orders and notifications etc.

Presenting an optimistic scenario of employment situation during the first decade of the new century, the Ninth Plan observed, "Every effort would need to be made in attaining full employment in the post-Plan period. Since, labour force growth is expected to be at its peak in the Ninth Plan period, attainment of near full employment by the year 2007 may not be an unreasonable target provided that the conditions are created for further acceleration in the growth rate and the intensity of labour absorption is not substantially reduced both sectorally and in terms of the sectoral structure of growth."¹²

TENTH FIVE YEAR PLAN (2002-03 TO 2006-07)

The objective of Tenth Plan was to increase the coverage of the labour market institutions. The essential condition for this was the provision of gainful employment to the entire labour force.

Tenth Plan listed the following industries which were not covered by effective labour safety measures commensurate with the degree of exposure to risk:

1. Agricultural works
2. Small mines
3. Truck/buses operators
4. Hotels
5. Eating places
6. Machinery repair establishments
7. Beedi and Cigar making
8. Tiny/small units
9. Building Construction
10. Brick Kilns
11. Carpet Manufacturing
12. Fire works
13. Power looms
14. Home-based workers

One of the important objective of the Tenth Plan was to provide gainful high quality employment to the labour force. The main approach in the Tenth Plan was to bring about a qualitative change in the structure and pattern of employment in terms of promoting growth of good quality work opportunities. The future prospects of employment were brought out by the Tenth Five Year Plan (2002-07) when it observed, "The first unique feature of the Plan is its explicit recognition that the Indian economy is in a phase where the growth process alone will not be able to provide adequate work opportunities for the emerging work force, let alone reduce the back-log of unemployment. Even at an average annual growth rate of 8 per cent, the economy is likely to generate 30 million work opportunities during the Tenth Plan period as compared to the estimated 35 million people who will be added to the work force. It, therefore, becomes necessary to devise suitable strategies which can accelerate the pace of work creation by modulating the growth process itself."¹³

ELEVENTH FIVE YEAR PLAN (2007-08 TO 2011-12)

In the area of labour welfare and social security, the Eleventh Plan has the following programmes:

1. A protective social security mechanism, taking care of the adversity aspects of ill-health, accidents death and old age would be established at the core.
2. The other vulnerability aspects due to in-built deficiencies as they exist now-such as lack of access for the poor to credit/finance (especially for the self-employed), loans for upgrading skills loans for housing. Children's education etc. shall be tailored to meet the social security concerns of workers in the unorganized/informal sector, subject to the availability of resources.
3. National Old Age Pension (NOAP) scheme presently covers persons who are destitute and old aged. The scheme would be made more comprehensive by covering Below Poverty Line (BPL) old aged persons.
4. Considering the achievements made by the ESIC and the EPFO in providing institutionalized social security cover to a majority of the workers in the organized sector, attempt would be made to widen their coverage and strengthen them. To cover more number of beneficiaries, measures would be taken to enhance the capability of these institutions to cope with the workload. To reduce harassment and corruption in these institutions, the Government will strive to streamline the delivery system in these institutions.
5. A national policy for fixing minimum wages would be crystallized and made effective. Discrimination in wages based on gender and age would be abolished/penalised. An information network will also be built to promote awareness, to educate employers and to prevent malpractices with the help of the media, NGOs and PRIs.
6. National Social Security Numbers schemes shall be extended to all citizens in the Country, so that the most vulnerable people who need it the most including migrant labour and nomads could use it.¹⁴

PRESENT STATUS OF ANTI POVERTY SCHEMES

To have a more focused approach to tackle seasonal rural unemployment and also to utilize over flowing food grains stock to provide food security to the rural poor, a mega scheme termed Sampoorna Gramin Rozagar Yojana (SGRY) was launched by merging JGSY and EAS on 25th September, 2001. Under the scheme, it is proposed to provide food grains as part of wages @ (at the rate of) 5 Kg per person per manday. It is envisaged that every year, 100 crore mandays of employment will be generated. Panchayati Raj Institutions (PRIs) have been ensured to execute the SGRY, M.Ps, local development scheme also come under wage employment.

CONCLUSION

One single programme which is now redesignated Swarna Jayanti Gram Swarozgar Yojana (SGSY) was launched in April, 1999 by merging IRDP, GKY, TRYSEM, DWCRA, SITRA and MWS. This new programme is conceived as a holistic programme of micro-enterprises covering all aspects of self-employment namely, organizing rural poor into self-help groups, capacity building, planning and identification of activities cluster, infra-structure development, technology, credit and marketing. Funds are shared between centre and state on 75:25 basis SGRY and SGRY are now more focused. Since SGRY are now being fully implemented by the PRIs, chances of corruption are reduced considerably. Under SGSY, viable and feasible projects would be selected in rural area and Swarozgari would be provided with

adequate funds to take-up viable projects. Group approach would be able to help the self-help group to take up economically viable and bigger projects, which can provide them sustainable assets.¹⁵

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EXTRADITION AND LAW

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ABSTRACT

The hi-tech criminals are more harmful to the society than the traditional offenders. Municipal laws are forceful in matter of catching hold of an offender who, after committing an offence, remains within the state. But it is much challenging on the part of the legal system for giving punishment to an offender who, after committing an offence in a country, escapes to an alien state. The extra-territorial state at such a juncture is required to prosecute and punish the offender even though the crime complained of was not committed therein. Otherwise the offender is requested to be handed over to the state where such an offence was in fact committed. The act of handing over an offender by one state to another state is practically not possible unless there is an "extradition treaty" between the territorial state and the requesting state. But idiosyncrasy is that not all the member states of the United Nations are the parties to the Extradition Treaties.

KEYWORDS

extradition, territorial, requesting state, prosecute, surrender, Political Offender, commitment, fugitive.

INTRODUCTION

In law, the principle of *aut dedere aut judicare* stands, in short, for either extradite or prosecute. It refers to the legal obligation of states under public International law to prosecute persons who commit serious international crimes where no other state has requested extradition. The obligation arises regardless of the extraterritorial nature of the crime and regardless of the fact that the perpetrator and victim are of alien nationality. The very purpose of such a legal instrumentality is to deprive the criminals of any safe heaven. This obligation is classically understood as requiring the custodial state to prosecute the suspect in case of non-extradition. The very genesis of the obligation to extradite or prosecute can be traced back to Baldu's Works in the 14th century, and it was first qualified as the *aut dedere aut judicare* principle by Grotius in the 16th century.

Purpose of Extradition: the purpose of extradition is manifold which may be summed up as follows:-

1. Extradition is a process of crime control. Ordinarily a person cannot be prosecuted and punished in a state from where he has fled away because of legal technicalities in criminal law including jurisdiction. Criminals are required to be extradited so that they may be punished.
2. Extradition acts as a warning to the criminals that they will be within the grip of law even though they flee to another state. It has thus a deterrent effect.
3. Criminals are surrendered as it safeguards the interest of every state. Otherwise if a particular state adopted a policy anti-extradition of criminals, they would like to flee to that state and it would become a paradise international criminals.
4. Extradition is based on mutuality. A state which is required to surrender the criminal today may have to request for the same of a criminal on some other day.
5. Extradition is done as of necessity for it tends achieve international problem of a social nature as provided under para 3 of Article 1 of the UN Charter.
6. The state where the crime is committed is the most suitable place for the trial of the offender so far evidence is concerned.

Extradition: Nature of Duty of a State;

The principle extradition or prosecution has been expressed by the maxim "*aut dedere aut puniare*" which means-

Extradition as a duty is both moral as well as legal on the part of the states. However, a legal duty to surrender a criminal arises only where treaties are concluded by the states including extradition as a stipulation therein. In some other cases, a state may extradite a person on the basis of reciprocity or mutuality. In such cases duty to extradite can be said more to be moral than legal in nature.

Extradition and Deportation:

Extradition and deportation differ in the following counts:

- i. Extradition is done in the interest of the requesting state but deportation is performed in the interest of the expelling state.
- ii. Extradition requires the consensual co-operation of at least two states, but deportation is a unilateral action apart from the duty of the receiving state to accept its own national.
- iii. Extradition applies to criminal prosecution to suppress criminality. On the other hand, an expulsion order may be issued to any foreign national on various grounds.
- iv. Extradition is possible only on the request of another state but expulsion is an order of a state which prohibits a person to remain inside its territory.

Law of Extradition

The rules relating to extradition are not outlined in International law. Law of extradition has dual operation- national as well as international. The question on extradition of a person is determined by the municipal courts of a state and simultaneously it also forms part of International law for it governs the relations between two or more states over the question. Such an issue is determined by the municipal courts but the basis of that determination is the commitments and the rules of international law. In the absence of any multilateral treaty or convention, extradition, presently, is done by states on the basis of bilateral treaties. Consequently, States do have municipal legislations to that effect. In that sense, the judicial decisions of municipal courts have strengthened the general rules of international law which may be summed up as under:

1. Extradition treaties:- the most important condition precedent to extradition is an extradition treaty itself between the territorial state and the requesting state. Adherence to such a treaty, at times, stands as an obvious obstacle to international co-operation in crime control in absence of extradition treaties. In absence of an extradition treaty, when an offender is returned to another state, it is called not extradition but deportation.

2. Extradition of Political Offenders:- It is more a customary than a legal rule of international law that political offenders are not extradited. They are rather granted asylum by the territorial state. In olden days i.e. during the days of monarchs, extradition of political offenders was in vogue. The objective of extradition during that period was to avoid intervention in the affairs of another state. But the French Revolution brought a change in such practice and for the first time the French Constitution in 1793 provided for granting asylum to those foreign nationals who exiled from their home country for the cause of liberty. Gradually, other states followed the principles of non extradition of the political offenders. Indian Extradition Act, 1962 also lays down a similar provision u/s 31(a). It has now become an exception to the general rule of extradition based on humanity as the political offenders are not dangerous for the territorial state as it may be in case of ordinary criminals. It is the duty of the territorial state to ensure safeguards to the surrendered fugitives or else the requesting state might attempt to take actions of extra legal character against them.

LIMITATIONS TO THE POLITICAL OFFENCE EXCEPTIONS

Under the colour of Political Offence, on some occasions, fugitives take undue advantage of the principle of non extradition of political offenders. In order to check the abuse, an attempt was made to restrict the principle in certain cases as under:-

- i. It is expressly excluded by some multilateral treaties notably the Genocide Convention on Apartheid of 1973.
- ii. The protection is not available in the case of customary International law crimes including war crimes and crimes against humanity.

- iii. This exception does not extend to multilateral treaties relating to hijacking, torture or hostage taking, injury to diplomats and grave breaches of the Geneva Conventions on the laws of war and armed conflict.
- iv. States exclude the political offence exception in the case of certain localized criminal offences by means of bilateral or multilateral treaties.
- Notwithstanding the prevalence of the practice of non-extradition of political offenders, there is, in fact, no rule of customary International law preventing their extradition. If a state so wishes to impose any restriction on the rule of non-extradition of the political offenders, it may do in its extradition treaties by which the principle itself is regulated.

MEANING OF POLITICAL OFFENCE

Even though theoretically there is the mention of political offenders, it is practically difficult enough to answer the question what is, in fact, meant by 'political offence' or 'political offender'. Intricacy of it lies in the fact that such a question is usually answered by the municipal courts which may result in divergent views taken by different judges. More ambiguity is thereby created rather than its being cleared. No exhaustive definition of the term political offence is found in the realm of international law. Similar problem is found in case of International publicists who make an attempt to define it precisely.

In the case of *Re Castioni*, it was laid down that for an offence to be political, it must at least be shown that the act is done in furtherance of, done with the intention of assistance, as a sort of overt act, in the course of acting in a political matter, a political rising, or a dispute between two parties in the state as to which is to have the Government in its hand.... The question really is, whether, upon the facts, it is clear that the man was acting as one of a number of persons engaged in acts of violence of a political character with a political character with a political object, and as a part of the political movement and rising in which he was taking part...His extradition was refused on the finding that his motive for the act was political.

In *Re Meunier*, having upheld an extradition, it was held that

"in order to constitute an offence of a political character, there must be two or more parties in the state each seeking to impose the Government of their own choice on the other, and that, if the offence is committed by one side or the other in pursuance of that object, it is a political offence, otherwise not. In the instant case, there are not two parties in the state, each seeking to impose the Government of their own choice on the other, for the party with whom the accused is identified....namely, the party of anarchy, is the enemy of all Governments, their efforts were directed primarily against the general body of citizens.

According to these decisions, an offence is considered to be political if it is directed against the state or the constitutional order, or be otherwise inextricably involved in conditions disturbing the constitutional life of the country. It should be committed by an organized movement to secure power in the state against the established regime.

3. DOCTRINE OF DOUBLE CRIMINALITY: The doctrine of double criminality denotes that a crime must be an offence both in the territorial state and in the requesting state as well. This very principle is founded on the logic that it would offend the conscience of the territorial state if it has to extradite a person when its own law doesn't regard him an offender. The requesting state, on the other hand, would also not ask for surrender of a person for those crimes which are not recognized as such in its state. The doctrine thus satisfies double purpose. It helps the requesting state to enforce its criminal law, and to the territorial state to the effect that the rule protects it from fugitive criminals. For the said purpose, a list of extraditable offences is found place in the extradition laws of some states. But in general parlance, such a list is stipulated in the treaties for which extradition is done. Double criminality as a doctrine, at times, creates an ambiguity in ascertaining the true position of an act in question when the same is an offence in one state but not in the other. To get rid of this imbroglio, there may be adopted some standard of generality to be capable of addressing to certain particular acts under that umbrella.

4. According to the principle of double criminality, a fugitive may be tried by the requesting state only for the offence for which he has been extradited and not for any other offence. The rule appears to be based on giving protection to the fugitive against frivolous extradition. It has now become a settled principle of International law; so far the law relating to extradition is concerned.

5. PRIMA FACIE EVIDENCE

It is desirable that there exists a prima facie evidence against the accused in matter of the alleged offence. This is the condition precedent for extradition which the territorial state must be satisfied before a person is extradited. The purpose for laying down the rule of prima facie evidence is again to check the fraudulent extradition.

6. TIME BARRED OFFENCES: As of rule and practice, a fugitive criminal shall not be surrendered, if he has been tried and has undergone the punishment for the offence committed in the territorial state. Thus, extradition is granted if the offence for which extradition has to be made has not become time-barred.

7. EXTRADITION OF OWN NATIONALS: In certain cases, a person having committed a crime in a foreign state flees back to his own country. At this juncture, the question arises as to whether a state should extradite such a person, who is, in fact, its own national to a state where crime has been committed. Such a question is normally answered basing upon the wording of the extradition treaties. If the treaties concerned restrict extradition of its own nationals, it becomes the duty of the territorial state to punish the offenders so that crimes may not go unpunished.

8. MILITARY OFFENDERS: Military offences do not find place in extradition treaties. Therefore, military offences are excluded from extradition. Military offences may be broadly divided in to two categories. Firstly, those which constitute offences under ordinary criminal law and secondly, those which relate specifically to military matters. Only the later category is treated as military offences and extradition as a rule does not apply to it.

9. POSITION IN INDIA: In India the extradition of a fugitive from India to a foreign country and vice-versa is governed by the provisions of The Indian Extradition Act, 1962. Extradition is ordinarily based on a treaty between India and a foreign country. Under sec.3 of this Act, a notification may be issued by the Central Government of India extending the provisions of the Act to the country/countries so notified.

Information regarding the fugitive criminals sought in foreign countries is received either directly from the government of the concerned country or through the General Secretary of the ICPO-Interpol in the form of red notices. The Interpol wing of the Central Bureau of Investigation immediately passes it on to the concerned police organizations. The red notices received from the General Secretariat are circulated to all the state police authorities and immigration authorities.

The question arises as to what action, if any, can be taken by the police on receipt of information regarding fugitive criminal wanted in a foreign country. In this connection the following provisions of law are relevant:

- Action can be taken under Article 34(b) of the Indian Extradition Act, 1962. this Act provides procedure for the arrest and extradition of fugitive criminals under certain conditions which include receipt of the request through diplomatic channels only and under the warrant issued by a Magistrate having a competent jurisdiction.
- Action can also be taken under the provisions of Section 41(1) (g) of the Cr.P.C., 1973 which authorizes the police to arrest a fugitive criminal without a warrant, however, they must immediately refer the matter to Interpol Wing for onward transmission to the Government of India for taking a decision on extradition or otherwise.

In case the fugitive criminal is an Indian national, action can also be taken under Section 188 Cr.P.C., 1973 as if the offence has been committed at any place in India where he may be found. The trial of such a fugitive criminal cannot take place without the previous sanction of the Central Government of India.

CONCLUSION

Extradition plays an important role with the widest possible amplitude in the international combat against crime. It owes its existence to the so-called principle of territorial applicability of criminal law, according to which a State is supposed not to apply its penal statutes to acts committed beyond its territory except, of course, where the protection of special national interest is at stake. In view of the solidarity of nations in matter of crime control, however, a state, though refusing to impose its penal laws directly to offences committed outside territory, is made willing to cooperate, otherwise in bringing the perpetrator to justice lest he goes unpunished.

It necessarily follows there from that the objective of the extradition treaty is to fabricate a platform of cooperation among the member states in matter of crime control which will remain will o' the wisp in absence of a sense of whole hearted reciprocity and mutuality among all the member states. Mere institutionalizations without internalization of the urgency with all unanimity in this end cannot do anything. Safe wondering of some notorious anti-social elements including the

terrorists, poses a question out of common sense that the extradition treaty though sounds well thematically has a lot to do, so far its pragmatic aspects are concerned.

SUGGESTIONS

1. Law on extradition is a means to an end and not an end in itself. The end is to be respected by all the states in the larger interest of crime control.
2. An offence being a wrong against public at large in a society, the law on extradition tends to control crimes in the global society. If, by principle, an individual is required to be responsible towards the state, by the same principle, the states are required to be sensible towards the global society.
3. Some harden criminals having committed crimes in other states; manage to find a safe haven in certain countries. The logic behind giving such protection doesn't appeal to the common sense and it may simply be said that it is their failure of commitment towards world peace. Participation of such states in different world peace summit and putting forth their views on world peace makes it a travesty of International law.
4. The number of states in matter of being parties to extradition treaties need to be to the maximum possible extend so that it would leave little room for the criminals to flee elsewhere if at all they know that their attempt to evade prosecution will go in vain.
5. The goal of the law on extradition could never be achieved unless all the states take proactive measures in giving respect to the spirit of it with a sense of cooperation and utmost deliberation on priority basis.
6. It is the demand of the day that certain harden criminals, who are wandering freely in certain countries, be either extradited or prosecuted so that they would be punished adequately without further delay

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COMPARATIVE ANALYSIS OF FARMERS' SUICIDE IN ODISHA WITH INDIA

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ABSTRACT

The objective of our paper is to give a comparative analysis of farmers' suicides in Odisha with India. The study period is confined to 1995-2010. The data has been collected from National Crime Records Bureau of India. For the analysis we have used growth rate, tabular and graphical representation. Only the large farmers whose land holding above the 10 hector is having more income (9667 Rs./Month) than expenditure (6418 Rs./month) and other farmers expenditure was more than the income. Odisha's Rank in terms of farmer's suicide from 1995-2010 is 12th. The average farmer suicide for Odisha for our study period (1995-2010) is 279, whereas for all over India it is 16058 (this figure included the Union Territories also). Odisha's farmers' suicides are far below India's average. The total number of farmers' suicides from 1995-2010 in India is 256,913. This includes the male and female are 216787 and 40126 respectively. For the same study period Odisha has total number farmers suicides are 4460. The numbers of male farmer suicides are 3856 and female farmer suicides are 604. The average male farmers' suicide in Odisha is 241 and the average female suicide for the study period is 37.75=38. The average male farmers' suicide in all over India is 13594.18=13595 and the female farmers' suicide rate is 2507.87=2508. In aggregate the suicide growth rate was highest i.e. 66.53% in the year 1998 and lowest i.e. -40.77 in the year 2009. The trend line shows that the farmers' suicide trend in Odisha is decreasing over the study period, where as the farmers suicide in India has been increasing over the study period. The maximum number of farmer suicide occurred due to indebtedness in India where as in Odisha it is mostly due to the "Crop Failure".

KEYWORDS

farmer suicides, national crime record bureau, expenditure, indebtedness.

1. INTRODUCTION

A farmer (also called an **agriculture**) is a person engaged in agriculture, raising living organisms for food or raw materials (doing some combination of raising field crops, orchards, vineyards, poultry, or other livestock). A farmer might own the farmed land or might work as a labourer on land owned by others. In advanced economies, a farmer is usually a farm owner, while employees of the farm are known as farm workers, or farmhands.

The word **Suicide** originates from Latin word 'suicidium', which originates from 'sui caedere', which means 'to kill oneself'. **Suicide** is the act of intentionally causing one's own death. Common methods include: hanging, pesticide poisoning, and firearms.

Suicide is often committed out of despair, the cause of which is frequently attributed to a mental disorder such as depression, alcoholism, rape or drug abuse. Stress factors such as financial difficulties or troubles with interpersonal relationships often play a role. Views on suicide have been influenced by broad existential themes such as religion, honor, and the meaning of life.

We are talking about farmers' suicides in this article because of following reasons. They are as followings. Agriculture sector has a pivotal role in Indian economy. The share of agriculture sector in G.D.P. of India was 44.0% during 1973-74 and presently it is 17% in 2013-14. Again agriculture provides the principal means of livelihood for over 60 percent of India's population. In Indian planning agriculture sector ignored except in a few five years plan.

After discussing the rationale of farmer, our objectives are as followings.

1.1 OBJECTIVES

1. To study trends of farmers suicide in India.
2. To study the income and expenditure pattern of the farmers in India
3. To identify the factors responsible for the suicide of the farmers.
4. To compare the farmers suicide of Odisha with India from 1995-2010.

1.2 DATA AND METHODOLOGY

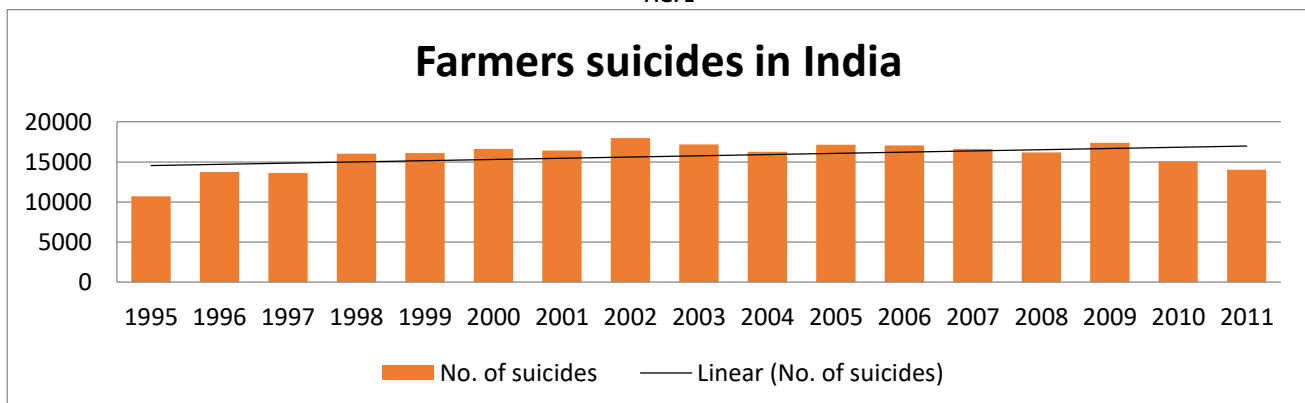
For our analysis we have used tabular and graphical representation. We have also used percentage and compound annual growth rate for the analysis. Different important reports have been referred for explaining the causes of farmer suicide in India. Our study period is confined to 1995-2010. The data has been collected from National Crime Records Bureau of India.

Our paper is divided in to five sections viz. Introduction, data and methodology, data analysis, causes of farmer suicide, measures to tackle it and conclusion and recommendation.

2. TRENDS OF FARMER SUICIDE IN INDIA

The National Crime Records Bureau of India reported in its 2012 annual report that 135,445 people committed suicide in India, of which 13,754 were farmers (11.2%). Farmer suicides rates in Bihar and Uttar Pradesh - two large states of India by size and population - have been about 10 times lower than Maharashtra and Kerala.

FIG. 1



Source: Compiled from NCRB Reports 1995-2010

The above graph represents the trends of farmer suicide in India from 1995-2011. The average farmer suicide from 1995-2011 is 15767. The highest number of farmer suicide i.e. 17971 was in the year. 2002. The lowest number of farmers' suicide i.e. 10720 was in the year 1995. The trend shows that the farmer suicide has been mostly increasing from 1995 to 2002. Then it has been declining from the year 2002 to 2011 except in 2009 i.e. 17368.

2.2 STATES WHOSE ANNUAL AVERAGES HAVE RISEN BY OVER 100 FARMER SUICIDES

TABLE 1: STATES WHOSE ANNUAL AVERAGES HAVE RISEN BY OVER 100 FARMER SUICIDES

State	Farmer Suicides		Difference (2 nd Avg-1 st Avg)
	1995-2002	2003-2010	
Andhra Pradesh	1590	2301	+711
Assam	155	291	+135
MP+Chhattisgarh	2304	2829	+525
Maharashtra	2508	3802	+1294

Source: NCRB Accidental Deaths & Suicides in India Reports 1995-2010

The table only includes States whose annual averages have risen by over 100 farmer suicides between the two periods i.e. **1995-2002 and 2003-2010**. It also treats Madhya Pradesh and Chhattisgarh as one unit for data purposes. The difference between the two periods average suicide was highest in Maharashtra i.e 1294. Andhra Pradesh was in the second position in terms of the average difference of the two periods mentioned above. Madhya Pradesh + Chattisgarh and Assam was in third and fourth position.

3. INCOME AND EXPENDITURE OF FARMERS

This section will be addressing the income and expenditure of the different categories of the farmers in India. The category includes landless, sub marginal, marginal, small, semi medium, medium and large farmers. The land holding for different category of farmers has been mentioned in the table no. 2.

TABLE 2: INCOME AND EXPENDITURE OF FARMERS

Land holding	Category	Total Income (Rs/month)	Expenditure (Rs/month)	Percent of farmers
<0.01	Landless	1380	2297	36 %
0.01-0.4	Sub marginal	1633	2390	
0.4-1.0	Marginal	1809	2672	31 %
1.0-2.0	Small	2493	3148	17 %
2.0-4.0	Semi-medium	3589	3685	10 %
4.0-10.0	Medium	5681	4626	6 %
>10.0	Large	9667	6418	
	Total	2115	2770	All farmers

Source: Report "On Conditions of Work And Promotion Of Livelihoods In The Unorganised Sector" Arjun Sen Gupta Committee, 2007

FARM INCOMES: CONTINUING PROBLEM

Incomes of farmers have stagnated or declined; while living costs have increased enormously. Disparity between agricultural incomes and other sectors has widened. Recent studies also show farm incomes have fallen e.g. from the decade of 1981-82 to the decade of 2001-02. It is clear from the above table that on the large farmers whose land holding above the 10 hector is having more income (9667 Rs/Month) than expenditure (6418 Rs./month). The other categories viz. landless, sub marginal, marginal, small, semi medium and medium are having less expenditure than income. Here the important question arises where do the farmers go for their income?

4. GENDER WISE FARMERS SUICIDES IN ODISHA AND INDIA

TABLE 3

Year	No. of Farmer's Suicides in Odisha			No. of Farmer's Suicides in India		
	Male	Female	Total	Male	Female	Total
2010	145	17	162	13592	2372	15964
2009	143	11	154	14951	2417	17368
2008	245	15	260	14145	2051	16196
2007	170	70	240	14509	2123	16632
2006	241	42	283	14664	2396	17060
2005	204	50	254	14973	2158	17131
2004	299	80	379	15929	2312	18241
2003	324	41	365	14701	2463	17164
2002	309	36	345	15308	2663	17971
2001	207	49	256	13829	2586	16415
2000	180	19	199	13501	3102	16603
1999	259	6	265	13278	2804	16082
1998	353	65	418	12986	3029	16015
1997	222	29	251	11229	2393	13622
1996	246	18	264	10897	2832	13729
1995	309	56	365	8295	2425	10720
Total	3856	604	4460	216787	40126	256913

The total number of farmers' suicides from 1995-2010 in India is 256,913. This includes the male and female are 216787 and 40126 respectively. For the same study period Odisha has total number farmers suicides are 4460. The numbers of male farmer suicides are 3856 and female farmer suicides are 604. The average male farmers' suicide in Odisha is 241 and the average female suicide for the study period is 37.75=38. The average male farmers' suicide in all over India is 13594.18=13595 and the female farmers' suicide rate is 2507.87=2508.

The highest number of suicide occurred in 1998 i.e. 418(male are 353 and female are 65), where as in case of India it was the year 2004 i.e. 18241(male are 15929 and females are 2312). The average farmer suicide for Odisha for our study period (1995-2010) is 279, whereas for all over India it is 16058(this figure included the Union Territories also). Odisha's farmers' suicides are far below India's average.

4.1 GROWTH RATE OF FARMERS SUICIDES IN ODISHA AND IN INDIA

TABLE 4

Growth Rate of Farmers Suicides in Odisha and in India						
Year	Male	Female	Total	Male	Female	Total
1995	0.00	0.00	0.00	0.00	0.00	0.00
1996	-20.39	-67.86	-27.67	31.37	16.78	28.07
1997	-9.76	61.11	-4.92	3.05	-15.50	-0.78
1998	59.01	124.14	66.53	15.65	26.58	17.57
1999	-26.63	-90.77	-36.60	2.25	-7.43	0.42
2000	-30.50	216.67	-24.91	1.68	10.63	3.24
2001	15.00	157.89	28.64	2.43	-16.63	-1.13
2002	49.28	-26.53	34.77	10.69	2.98	9.48
2003	4.85	13.89	5.80	-3.97	-7.51	-4.49
2004	-7.72	95.12	3.84	8.35	-6.13	6.27
2005	-31.77	-37.50	-32.98	-6.00	-6.66	-6.09
2006	18.14	-16.00	11.42	-2.06	11.03	-0.41
2007	-29.46	66.67	-15.19	-1.06	-11.39	-2.51
2008	44.12	-78.57	8.33	-2.51	-3.39	-2.62
2009	-41.63	-26.67	-40.77	5.70	17.84	7.24
2010	1.40	54.55	5.19	-9.09	-1.86	-8.08

Source: Author's Own Calculation

The above table shows the growth rate of farmer's suicides in Odisha and in India. The growth rate of male farmers suicides was highest i.e. 59.01 % in 1998 and lowest -41.63 % in the year 2009 in Odisha. Likewise the female farmers' suicides were highest 216% in the year 2000 and lowest -90.77% in 1999 in Odisha. In aggregate the suicide growth rate was highest i.e. 66.53% in the year 1998 and lowest i.e. -40.77% in the year 2009.

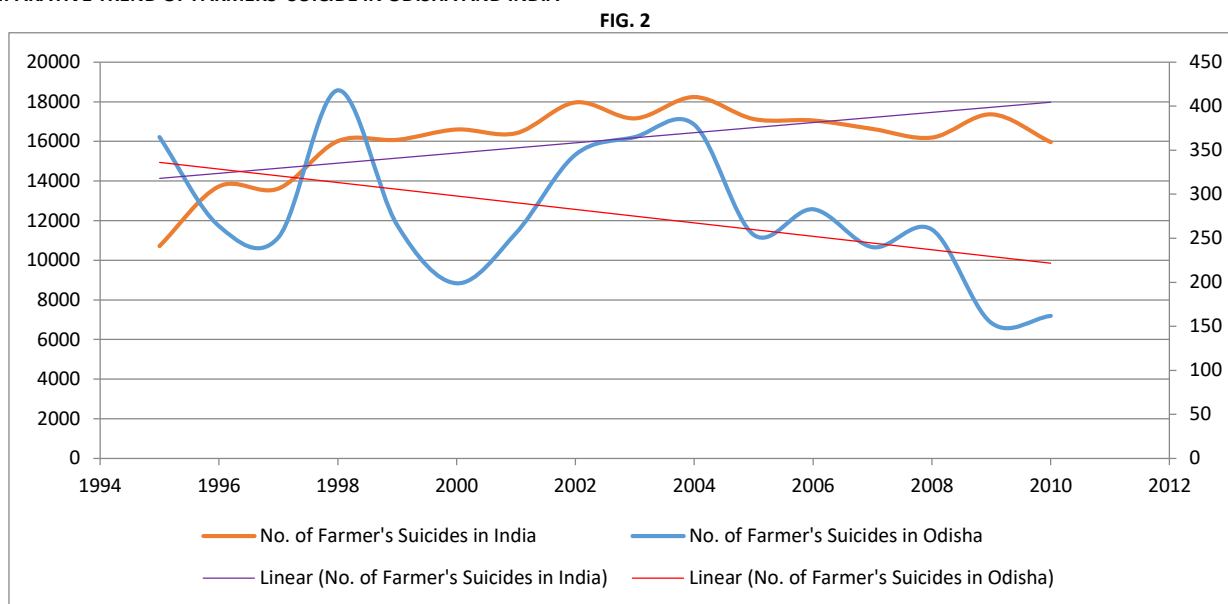
4.2 RANKING OF THE STATES ACCORDING TO THE NUMBER OF FARMERS SUICIDES IN INDIA

TABLE 5

Sl No.	State	No. of Farmers Suicides
1	MAHARASHTRA	50481
2	KARNATAKA	35053
3	ANDHRA PRADESH	31120
4	MADHYA PRADESH	26722
5	WEST BENGAL	19331
6	KERALA	18907
7	CHHATTISGARH	14340
8	TAMIL NADU	13875
9	UTTAR PRADESH	9370
10	RAJASTHAN	9265
11	GUJARAT	8783
12	ODISHA	4460
13	ASSAM	3566
14	HARYANA	2820
15	PUNJAB	1263
16	BIHAR	1235
17	TRIPURA	1135
18	JHARKHAND	838
19	HIMACHAL PRADESH	631
20	SIKKIM	377
21	UTTARAKHAND	318
22	ARUNACHAL PRADESH	188
23	JAMMU & KASHMIR	187
24	GOA	170
25	MEGHALAYA	134
26	MIZORAM	57
27	NAGALAND	23
28	MANIPUR	20
	All over India(Excluding Union Territories)	254669

Odisha's Rank in terms of farmers suicide from 1995-2010 is 12th. First, second, third and position is occupied by Moharashtra, Karnatak, Andhra Pradesh and Madhya Pradesh in the same period.

4.3 COMPARATIVE TREND OF FARMERS' SUICIDE IN ODISHA AND INDIA



The above graph shows the trend lines of farmers' suicide in Odisha and in India from 1995 to 2010. The trend line shows that the farmers' suicide trend in Odisha is decreasing over the study period, whereas the farmers suicide in India has been increasing over the study period.

5. MAIN CAUSES OF FARMERS SUICIDE IN INDIA

This section deals with the main causes of farmers' suicide in India. The main causes we have explained with the referring the different committees on farmers suicide in India. The causes are as followings.

The macro as well as the micro level analysis indicates that market imperfection in process of causing loss of agricultural income for the farmers have created economic hardship for them. Such hardship pushes the farmers to distressful conditions when crop fails owing to bad weather or adverse agro-climatic conditions and indebtedness to informal agencies.¹ Further the causes for farmer suicides are Heavy indebtedness, Mismatch of Cost of Cultivation and Minimum Support Prices, Overuse of Fertilizers and pesticides and use of Genetically Modified seeds(GM), Increase in number of small farmers (land holdings problem), Private money lending, Rainfed Agriculture, Lack to access the information 8. 80 % victims didn't receive any compensation from government.²

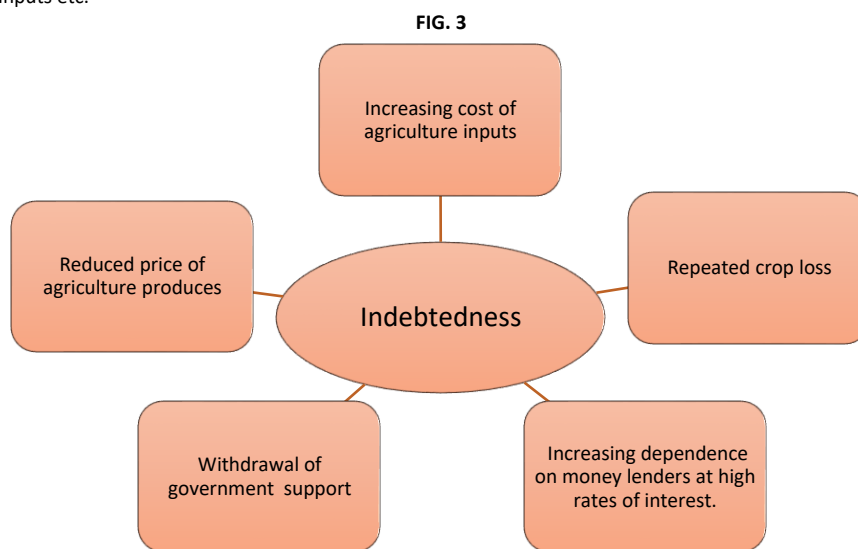
Shrijit Mishra has highlighted the following causes for farmer suicide they are as followings. Indebtness, Higher Cost of Cultivation, Deterioration of economic status, Conflict with other family members, Crop failure, Burden of marriages, Addictions, Disputes with neighbours, Health problems³

Further Circumstances are interlinked and not a particular cause is responsible. ⁴While the prices of crops have been pushed down even below the cost of production but the prices of inputs such as seed, fertilizers and pesticides have gone up. With limited resources, farmers depend on borrowed money to purchase seeds and other inputs and to farm their land. A drop in their farm income could quickly lead to farmers to suicide.

Then we will be addressing why are are Farmers Suicide Rate So High? While the prices of crops have been pushed down even below the cost of production but the prices of inputs such as seed, fertilizers and pesticides have gone up. With limited resources, farmers depend on borrowed money to purchase seeds and other inputs and to farm their land. A drop in their farm income could quickly lead to farmers to suicide.

5.1 REASONS FOR INDEBTEDNESS

The reasons for indebtedness have illustrated in the following graph. The main cause of the indebtedness of the farmers are Increasing cost of agriculture inputs, repeated crop loss, increasing dependence on money lenders at high rates of interest, Withdrawal of government support, Reduced price of agriculture produces, Increasing cost of agriculture inputs etc.



Source: Report on Farmer's suicide in India by Navdanya, 2010

¹ Market Imperfections and Farmers' Distress in Maharashtra, Mohanty and Shroff ,2003

² Causes of Farmers Suicides in Maharashtra: An Enquiry

³ Suicide of Farmers in Maharashtra, Shrijit Mishra, 2006

⁴ Circumstances in which Farmers Committed suicide in Buldhana district of Vidarbha Region Causes

5.2 DIFFICULTIES FACED BY MARGINALIZED AND SMALL FARMERS

Again the difficulties faced by the marginalized and small farmers whose expenditure is more than the income as followings. They are, Lack of knowledge about low input sustainable farming systems, Push towards commodity crops such as cotton even in rainfed areas, Lack of access to good quality seeds, High input costs of seeds and fertilizers, Lack of access to formal credit systems, Exposed to volatile global market and no support system in place, Rising costs of cultivation; high dependence on external inputs, Unremunerative prices – do not cover costs of cultivation, let alone rising living costs, Unsustainable cropping patterns and production practices, Trade liberalization and export-import policies, Lack of support systems like credit, insurance, markets, storage, farmer collectives, Neglect of rainfed agriculture.

6. MEASURES TO CURB THE FARMERS SUICIDES IN INDIA

Here we will explain the measures to reduce or minimize the farmers' suicides in India. The measure includes the immediate measures, Addressing the root causes and Parliamentary initiatives.

6.1 The Immediate Measures includes, Immediate compensation for crop failure, Remunerative prices, direct procurement from farmers, Modify export/import policies and tariffs in favour of Indian farmers, Provide ex-gratia and loan repayment support for all families of farmer suicides in time-bound manner.

6.2 Long-term Solutions are: - Rehabilitation of the system, policies focusing farmers, policies to support the marginal and small farmers, policies supporting crop cultivation and price support policies. Minimum Support Prices should match up with cost of cultivation, creation of safety net for cultivators and their families. Setting up commission for taking decisions on issues of Genetically Modified Technology and its impact on agriculture. Commission for issue of irrigation schemes in terms of surface and groundwater irrigation. ⁵ Revitalize rural financial market, Regulation of private moneylenders, finance through Self Help Groups. Crop Insurance, Water management, Land management, diversification, revive of extension, improvement in input quality, organic farming, Integrated Pest Management should be encouraged, Increase in Import Tariff, Price Stabilization, Reduction in use of pesticides, Creation of Helplines, reduction in social expenditures ⁶

6.3 Addressing Root Causes follows Price Compensation system for all food crops: when MSPs or market prices are less than Target Price (Cost of Cultivation + 50%), the difference should be paid directly to farmers, Guarantee minimum living incomes to all farmers, Promote sustainable agriculture which reduces cost of cultivation and crop risk, Comprehensive rainfed agriculture mission based on diverse cropping systems, protective irrigation and livestock systems, Bank credit to all farmers with adequate scale of finance, Effective crop insurance to cover all crops and all farmers, Inclusion of tenant farmers in all support systems.

6.4 Parliamentarians should demonstrate their serious intent of addressing agrarian crisis. Day-long joint session of Parliament to discuss farmer suicides and agrarian crisis. Constitute a Parliamentarians' Forum on Agrarian Distress to address the causes of the crisis.

7. RECOMMENDATIONS

In this section we will highlight some of the important recommendations to reduce farmers' suicides. The recommendations are Creation of Farmers Welfare Fund and Security System for aged farmers and awareness of the harmful effects of alcohol consumption etc.⁷ Creation of Awareness among the farmers about their duties, obligations and responsibilities toward their family, community and society at large. Public and Private agencies must ensure the purity and distribution of seed to interior villages. National Agricultural Insurance Scheme (NAIS) must be encouraged. Private Sector must be allowed to develop agricultural markets as it will improve market infrastructure and reduce market imperfections. ⁸ Besides, Farmer should adopt recommended cropping pattern, Conservation of water and rainwater harvesting need to be done, Diversification is must, Reduction in use of Chemicals (insecticides and fertilizer), Cooperative Farming is recommended. ⁹

8. CONCLUSION

It has found that the number of farmer suicide is staggering for the study period 1995-2010. The average farmer suicide from 1995-2011 is 15767. The difference between the two periods average suicide was highest in Maharashtra i.e 1294. Only the large farmers whose land holding above the 10 hector is having more income (9667 Rs/Month) than expenditure (6418 Rs./month) and other farmers expenditure was more than the income. The total number of farmers' suicides from 1995-2010 in India is 256,913. This includes the male and female are 216787 and 40126 respectively. For the same study period Odisha has total number farmers suicides are 4460. The numbers of male farmer suicides are 3856 and female farmer suicides are 604. The average male farmers' suicide in Odisha is 241 and the average female suicide for the study period is 37.75=38. The average male farmers' suicide in all over India is 13594.18=13595 and the female farmers' suicide rate is 2507.87=2508. In aggregate the suicide growth rate was highest i.e. 66.53% in the year 1998 and lowest i.e. -40.77 in the year 2009. Odisha's Raank in terms of farmers suicide from 1995-2010 is 12th. The maximum number of farmer suicide occurred due to indebtedness in India where as in Odisha it is mostly due to the "Crop Failure". Further the farmer suicide in India can be curbed by immediate measures, long term solutions, address the root causes for it and parliamentary amendments. The major recommendations are create awareness, ensuring the purity and distribution of seeds to the farmers in villages, to develop agricultural marketing and cooperative farming etc.

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⁸ Market Imperfections and Farmers' Distress in Maharashtra, Mohanty and Shroff, 2003

⁹ Circumstances in which Farmers Committed suicide in Buldhana district of Vidarbha Region Causes

NEED FOR CHANGE IN THE HISTORICAL LEGACY OF CURRENT FINANCIAL YEAR

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ABSTRACT

The Indian financial year starts on 1st April of a given year and ends on 31st March of subsequent year. It was adopted by the Government in India in 1867, principally to align the Indian financial year with that of the British Government. Prior to 1867, the financial year in India used to commence on 1st May of a given year and ended on 30th April of following year. The current financial year's suitability to Indian conditions has been questioned time and again throughout its history of 150 years. Various committees and study teams were formed for this purpose. The important point to be noted is that the considerations relevant in any examination of the question of change in financial year have by and large remained the same over the years. Most of the proposals for a change in financial year are based on the consideration that the formulation of Budget should take place at a time when better account could be taken of the performance of monsoons, because they have an impact on the socio-economic character of the country. The issue of change in financial year was last examined by the L.K. Jha Committee in 1985, whose recommendation to switch over to the calendar year was not accepted by the Government due to huge transition problems.

KEYWORDS

financial year, Indian government.

INTRODUCTION

A financial year refers to a one-year period starting on a particular date and continuing till the end of 12 months from the start date, used for estimating and analysing the financial situation of governments, business organisations, private companies, institutions etc.

There are three variants of a financial year i.e.,

- **FINANCIAL YEAR FOR GOVERNMENT:** this refers to the financial year used by the Government (Centre/State) to prepare their budgets, accounts, financial statements etc;
- **FINANCIAL YEAR FOR BUSINESS ENTITIES:** this refers to the financial year used by a business entity to prepare their budgets, accounts, financial statements etc;
- **TAX YEAR:** this refers to the financial year mandated by law/regulations over which individuals or business entities are required to report their financial accounts and pay applicable taxes.

The financial year adopted by the Indian Government starts on 1st April of a given year and ends on 31st March of subsequent year. Each financial year is, therefore spread over two calendar years. The Central Government and State Governments state their financial situations through Union Budget and State Budgets respectively, each reflecting the Government's finances and accounts for the financial year. The present financial year was adopted by the Government in India in 1867, in order to align the Indian financial year with that of the British Government. The question of changing the financial year has been examined from time to time by various expert committees/study teams, over its 150 years history. Most of the proposals for a change in financial year are based on the consideration that the Budget should be based on a knowledge of the impact of monsoons on the economy. Monsoons have an impact both on the content (i.e. the estimates of revenue and expenditure) as well as the broader objective of the budget (i.e. a policy tool to optimally address the socio-economic and political priorities of the country). The impact of a bad monsoon on the Budget is not merely on account of any declines in the revenue that may follow but also on account of additional unforeseen expenditure on drought relief, etc. It is important to note that the considerations relevant in any examination of the question of change in financial year have by and large, remained the same over the years. All these considerations have been discussed in this paper.

OBJECTIVES OF THE STUDY

1. To assess the studies made in past on the desirability of change in financial year.
2. To evaluate the suitability of current financial year with respect to Indian conditions.

RESEARCH METHODOLOGY

This paper is a review paper so the data required for the paper was secondary data. This data was collected by reviewing thoroughly various articles, newspapers, government reports and by surfing government websites.

HISTORICAL INSTANCES QUESTIONING THE APPROPRIATENESS OF CURRENT FINANCIAL YEAR

1. Royal Commission on the Administration of Expenditure of India, commonly known as the Welby Commission, in its report given in 1900 considered the matter of changing the current financial year.
2. Later in 1908, the Government of India again considered this subject on the basis of recommendations made by Maharaja of Darbhanga.
3. Royal Commission on Indian Finance commonly referred to as Chamberlain Commission set up in 1913, pointed out that the present date is the most inconvenient for the budget, hence suggested to change it from 1st April to 1st November or 1st January.
4. Later in 1954, a non-official resolution was brought up before the Congress session at Kalyani at the instance of Prime Minister, proposing that the financial year must commence from 1st July. The reasons given for proposing the change were that the budget was prepared without any idea of the ensuing south-west monsoons and that the timing of the Budget session was such that legislators had to tour their constituencies in the monsoons, which was inconvenient.
5. National Developmental Council (NDC) also raised this issue but, the consensus was to maintain the status quo.
6. Then in 1958, Estimates Committee pointed out in paras 39-40 of their 20th report various difficulties in the present system of commencing the budget year from 1st April and suggested that it is desirable that early action to change the financial year to commence from 1st October be taken.
7. Later, an Administrative Reforms Commission (ARC) was appointed in 1966. Its study team examined this matter and suggested suitable options for alternate financial year. Later in 1968, the Commission's Chairman Shri K. Hanumanthaiya, in the 4th report on Finance, Accounts and Audit recommended 1st November as the preferred date for starting the financial year because it is related to Diwali and according to the commission, considering national traditions in choosing a financial year could result in considerable psychology advantage.

The report also mentioned the following important considerations to be taken into account in any serious discussion of this matter:

- India still remains, despite the industrial development of the past decade or so, a predominantly agricultural country with most of the industrial production and commercial activities being dependent to a large extent on agricultural production. This makes it necessary that the financial year should be such that the dominant character of the principal monsoon should be known before the budget is settled.
- The continuous spell of the working season or as much of it as possible should fall within a single financial year.
- The period commencing from the end of the monsoon and extending up to the peak of the next hot season constitutes the season of most intense activity.

- The timing of the budget session of Central and State Legislatures should be suitable for the members thereof.
8. Consequently, a Committee on Change in Financial Year was set up in 1984, under the chairmanship of Shri L. K. Jha. The committee examined this matter in probably the most comprehensive manner in recent past. It was of the view that the new financial year must be related to the Georgian Calendar which is followed for all practical purposes in the financial transactions of Government, as well as of the business community. The Committee while recommending the commencement of financial year from 1st January mainly with reference to the impact of South-West monsoon on the economy, had mentioned in their report that if for any reason a changeover to the calendar year is not acceptable despite its many advantages, then on balance, it might be best to live with the exiting financial year and avoid the problems of transition.

Government of India did not favour any change in the financial year for some of the reasons which are brought out below:

- The advantages arising out of the change would only be marginal in view of the innumerable considerations in the formulation of budget policies.
- Change in the financial year would upset the collection of data and it might take a long time to return to normalcy in this regard.
- The change would create a large number of problems, as extensive amendments to tax laws and systems, financial procedures relating to expenditure authorisation and other matters would become necessary and in that process the administrative machinery would get diverted to the problems of transition instead of concentrating on improving the tax collection machinery.

APPROPRIATENESS OF THE FINANCIAL YEAR IN INDIAN CONDITIONS

1. CORRECT ESTIMATION OF RECEIPTS AND EXPENDITURE OF CENTRE AND STATE GOVERNMENTS

A budget is a statement of estimated receipts and expenditures of the Government for a financial year. It is the Government's main economic policy document which shows how the Government plans to use public resources to meet policy goals. Since the budget is to be presented each year on the last working day of February, the budgetary receipts and expenditures need to be finalised around January end. But the main concern is that reliable estimates of ensuing South-West Monsoons are not obtained by that time and hence the Government ends up deciding fiscal allocations and investment plans without reasonable assessment of coming monsoon rains.

Of the two monsoons in the country the south-west and the north-east, it is the south-west monsoon which is generally more significant and has more pervasive impact on the economy. The inherent limitation with the current financial year and therefore with the Government's Budget is that by the time Government authorises fresh allocations, the impact of previous South-West monsoons is well over (more than 8 months over) and by the time allocations reach implementing authorities (May/June) - the South-West monsoon are just about to set in thereby making the budgetary policy measures more "reactive" rather than "proactive". This limitation in terms of Government's response can be seen from the table below. The Government having assessed the agriculture situation in the light of consecutive bad monsoon years - 2014 & 2015, allocated significantly more resources in the year 2016-17

TABLE 1: BUDGETARY ALLOCATION TO SECTORS

Sector Totals	2014-15	2015-16 (RE)	2016-17 (BE)
Agriculture and Irrigation	31497	25998	54212
Y-O-Y Change		-17%	109%
Monsoon (South-West)	Below Avg.	Below Avg.	Likely Above Avg.

Source: Annex No.III-A to Part A, Page 36, The Budget Speech

Correct estimation of ensuing south-west monsoon rains is essential because 50% of agriculture sector is still exposed to monsoons which directly impact both kharif and rabi crops. The monsoons have a direct and immediate effect on agricultural production, indirectly, through changes in consumer demand based on fluctuations in agricultural incomes, they influence industrial production, which in turn has its own influence on aggregate demand. Both these have a bearing on the estimation of Government's receipts during the financial year. Further, droughts, floods etc., when they occur, can necessitate substantial unforeseen increases in public expenditure on account of relief operations. Price trends too, which have a bearing on the level of deficit financing that can be safely undertaken, are affected by the behaviour of the monsoon.

This makes it necessary that the financial year should be such that the dominant character of the principal monsoon should be known before the budget is settled.

2. UTILISATION OF WORKING SEASON

Traditionally the working season in India is typically considered as the period starting October stretching over to the next 8 or 9 months (i.e. June/July). The period from June/July to September is generally the period of South-West monsoon rains which slows construction/development related activities such as construction of roads, irrigation projects, housing, buildings etc.

Since the funds lapse at the end of the financial year and there is a time-lag, which may extend even upto 3 months, before the fresh allocations are in the hands of executive agencies, the first quarter of the financial year sees a considerable slowing down of the works programme in most parts of the country. Thereafter, the south-west monsoon slows down, if not holds up, work in many areas. As a result there is a loss of 6 months of the working season. However, interruption of works on account of climatic conditions cannot be eliminated by any change in the financial year. Further, this interruption occurs at different times in different parts of the country. For example - in the Himalayan region, work comes to a standstill between January and March because of snowfall, while period from July to September provides ideal working opportunities for them. The L.K. Jha Committee had noted that if the delays in the issue of expenditure authorisations could be eliminated, then in each part of the country the working season would be subject to only one interruption, viz the climatic one, and not get shortened or broken up on account of the procedures in regard to the issue of financial authorisations following the presentation of the Budget. Hence, the L.K. Jha committee had recommended following procedures to prevent such delays:-

- Anticipated under-spending on major projects in a year should be provided for in the Vote on Account for the first three months of the following year, to ensure availability of funds for on-going projects and programmes.
- So far as new projects and programmes are concerned, if advance preparation becomes the rule rather than the exception, budgetary estimates would be much more realistic and the pace of execution could be speeded up.

3. ALIGNMENT OF THE FINANCIAL YEAR WITH INTERNATIONAL PRACTICES

There are no uniform global standards for choosing a financial year and therefore different Government's use different dates as start of their financial years to suit their conditions. For example, governments in countries like Austria, China, Germany, Brazil, Russia, Netherlands etc. follow the calendar year as their financial year starting 1st January and ending 31st December. Countries like India, Singapore, UK, Canada etc. have their financial years starting 1st of April of a given year and ending 31st March next year. Whereas Pakistan, Egypt, New Zealand, etc. follow a financial year starting 1st July of a given year and ending 30th June the following year. The US Federal Government uses October to September as its financial year. The key trend that can be noticed is that almost all the governments start their financial years on the start date of a quarter i.e. either 1st October or 1st January or 1st April or 1st July.

However, there are no uniform global practices for choosing a financial year. Each country chooses its financial year to suit its convenience/conditions.

4. NATIONAL/LOCAL TRADITIONS AND CULTURE

Each nation has its own traditions based upon its civilisation, customs and habits. These traditions are evolved over centuries and they continue to remain in force in view of their inherent vitality. The decision of Indian financial year was driven by the British historical legacy of their new year rather than by Indian national/local traditions. Considering that India has significant diversity in terms of culture and traditional practices, a range of options could emerge for the financial year. However, in India, whether it is in the agricultural or in the commercial field, the traditional dividing line between the close of one period of activity and commencement of the next is Diwali. The business community and other sectors of society start on the Diwali day with the feeling that they have finished with the old period of activity and have embarked upon a new one.

It was the first Administrative Reforms Commission (ARC) which particularly noted that considering "national traditions" while choosing financial year could result in considerable psychological advantage. The commission recommended starting the financial year on Diwali or a date near Diwali. Hence in terms of international

calendar 1st November was considered as the suitable option. Thus it becomes necessary that any alternate option for the financial year should preferably have some reference to local/national traditions and culture.

5. CONVENIENCE OF LEGISLATORS

This section assesses the suitability of current financial year with respect to:

i. Convenience of legislators for transacting budget work: The budget session generally extends from 3rd week of February to 3rd week of May. From the weather perspective no inconvenience is caused to the legislators and administrators as most of the government offices are now equipped with modern all weather facilities enabling them to comfortably conduct their budget work even during the hot summer season.

ii. Convenience of legislators for touring their constituencies: It was felt earlier that because of the timing of the Budget session, the legislators had to tour their constituencies to continue their work supervisions and meet people around June/July, which was inconvenient due to the arrival of south-west monsoons. But since the current situation has changed as infrastructure and connectivity have improved to a great extent, Legislators can easily visit or access most of their constituencies even during the monsoon season.

Thus the current financial year timing does not bring any particular inconvenience to the legislators either to conduct their budget work or visit their constituencies.

6. IMPACT ON THE FINANCIAL YEAR WITH RESPECT TO DIFFERENT AGRICULTURE CROP PERIODS, STATISTICS AND DATA COLLECTION PERIODS

The Central Statistical Organisation (CSO) compiles the National Accounts Statistics (NAS) with reference to the recommendations of United Nations System of National Accounts (UN-SNA). These statistics refer to the data collected and disseminated for different sectors of the federal system of the country, for example the GDP, GNP, per capita income, agriculture crop production and so on. The National Accounts are at present compiled on the basis of a number of statistical series, some of which relate to the financial year, some to the calendar year and some to the agricultural year. The agricultural statistics, despite the different crop periods to which they pertain, are compiled on the basis of the agricultural year, namely, July-June and adopted for inclusion in the National Accounts Statistics compiled for April-March. Likewise, the statistics relating to industries, financial institutions etc. pertain to their own respective accounting periods, but still are adopted for purposes of the National Accounts Statistics. All these statistical series can be adopted with such minimum modifications as may be necessary, for compilation of National Accounts Statistics. The inference being that consistency and quality of statistics do not get compromised on account of different data collection periods.

Now, coming to the point, in case the financial year is changed there would not be any serious implications from the perspective of data collection and production because as told by CSO to the L.K. Jha committee - "a change to calendar year would not result in any major disruption on the other hand it may be a neater arrangement especially since it would make for more uniformity in the periods of the various statistical series". Above that the UN Statistical Office and the various UN Organisations follow the calendar year for presentation of international statistics in all their statistical publications. Hence, according to CSO, adoption of calendar year as the financial year will align the existing statistical period with UN reporting standards.

CONCLUSION

Having assessed the question of need for changing the current financial year from various perspectives/considerations, the key findings are:

- On the impact of financial year on correct estimation of receipts and expenditure of Centre and State Governments - As argued, the timing of the current financial year puts the Government in a situation that it is unable to account the monsoon situation while formulating budgetary investments and allocations. Hence, this makes it necessary that the financial year should be such that the dominant character of principal monsoon should be known before the budget is settled.
- On the impact of financial year to the utilisation of working season - Under the present arrangement, the working season falls in two financial years, and the break between the two is not conducive to the best utilisation of the season. In conclusion, if the delays in issue of expenditure authorisations are eliminated, then in each part of the country the working season would be subject to only one interruption, viz climatic one, which cannot be eliminated by any change in financial year.
- In terms of International practices - There are no uniform global standards for choosing a financial year and therefore different Government's use different dates as start of their financial years to suit their conditions/convenience.
- In terms of National/Local traditions and Culture - Considering "national traditions" while choosing the financial year could result in considerable psychological advantage. Hence, any alternate option for financial year should preferably have some reference to local/national traditions and culture.
- In terms of convenience of legislators - The current financial year timing does not bring any particular inconvenience to the legislators and by and large the Parliament sessions could also be tweaked appropriately in case the Government opts for change in financial year.
- On the impact of financial year to data collect periods - It is concluded that a change to the calendar year is preferred by the CSO as it will make for more uniformity in the periods of various statistical series and align the Indian statistical series with UN reporting standards.
- In Conclusion:

A budget is not just a statement of estimated receipts and expenditure but also an economic tool for achieving the socio-economic objectives of the Government. To the extent that economy gets disturbed by a poor monsoon, the impact on the budget in some way or the other is inevitable. Hence a change in financial year, in a manner that monsoon information could be reasonably considered, could thus facilitate re-orientation of the budgetary planning exercise.

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