

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

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**LANGUAGES - IMPERATIVE FOR FINAL YEAR DEGREE STUDENTS**

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**ABSTRACT**

*Language is the core for learning all the subjects. Without language we would have been only animals. As it leads to better understanding of each other and promotes unity among one another, it is very difficult to communicate and understand ones feelings and emotions. Languages enrich the culture and helps in building humanitarian concept. It helps in enhancing the knowledge and leads to the personality development of individuals. Through this study the researchers have tried to explore the perception of under-graduate and post-graduate students on including languages in the final year under graduate courses such as B.Com, BBA, BCA, Bsc and others. where in respondents are having mixed reaction with positive and negative opinions on having languages in final year of their courses. As the majority of respondents are positive, it may be included as part of their study in the final year degree courses.*


**KEYWORDS**

communication, culture, languages, positive and negative opinions.

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**INTRODUCTION**

trong language skills are an asset that will promote a lifetime of effective communication. Languages may be Indian or foreign languages. Our language is the most important part of our being. It is important to learn other languages, other forms of communication besides our own because it helps us to learn about other peoples and cultures. Just incorporating a language into your degree can set yourself ahead of the rest when applying for profession once the degree is awarded. Studying languages shows a high level of communication skills, the ability to work independently and that you are mature, confident and can easily adapt to different situations and cultures. These skills are essential in the multicultural, global society that we live in.

The world is changing fast. globalization, liberalization and privatization are given birth to Many companies than ever are doing business in several – often dozens of – countries around the world, but they can't do it without hiring globally-minded people who can speak and read multiple language including one foreign language. Ever wanted to be like those people one can see in the airport travelling to foreign countries “on business” all the time? That can be anyone. Even in small, local companies, chances are that the ability to speak a second language will set you apart from other applicants.

**REVIEW OF LITERATURE**

**Jason Rodger(2014) ‘The Importance of Language Study while Studying Abroad’** has mentioned in his report that, Learning a foreign language abroad teaches students that the best resource they have is themselves. Like the triumph of learning to ride a bike or navigating a city's public transit for the first time, the surge of self-confidence and efficacy we feel upon succeeding is made all the stronger and more permanent when we initially thought we couldn't.

**Lucy Jeynes J (2013) ‘Why languages are just as important’** has concluded in his report that, Studying languages has helped him to write compelling proposals, unambiguous tender specifications, complex arbitrations, engaging conference speeches and insightful trade press articles – all of which have helped me to reach the top of my career in facilities management.

**Edward Trimmell ‘Why You Need a Foreign Language & How to Learn One’** study has shown that children who have studied a foreign language in elementary school tend to perform better on standardized tests than those who have not. Through his study he explore how research shows learning a foreign language supports academic achievement and provides cognitive benefits to students.

**Bindas-admin ‘Importance of English Speaking in today's Professional life’** has stated that One of the most important benefits of learning Spoken English is the ability to explore these regions and more easily communicate with locals to learn about places and events that might otherwise remain unknown. Many people in European countries learn English in school, so knowing it can also be of benefit when travelling in locations even where it's not the native tongue.

**RESEARCH GAP**

The available reports mainly discussed the importance of studying languages wherein no reports is discussed on languages in the final year under graduation courses has not been discussed in any of these reports. Hence the researchers have made an attempt to discuss the same in this article.

**STATEMENT OF THE PROBLEM**

Most of the students irrespective of graduation or post-graduation are unable to be employed by the corporate sectors due to lack of communication skills, command over the language may be Indian or foreign language. Will the inclusion of languages in the final year under graduation degree courses be helpful in overcoming such issues?

**OBJECTIVES**

1. To highlight the students opinion of including languages in the final year under graduation degree courses.
2. To know the benefits of learning languages in the final year under graduation degree courses.

**RESEARCH METHODOLOGY**

Research Type – Empirical Research

Sampling Technique – Convenient Sampling

Sample Size –50 respondents from Bangalore.

## DATA COLLECTION AND ANALYSIS METHOD

The data is collected through primary as well as secondary sources. Primary data is collected by personal discussions with the students, peer group, personal experiences and through questionnaires. Secondary data collection includes books, periodicals, news reports and online sources. Statistical tools such as simple percentage, cross tabulation and other simple tools are applied.

## MEANING AND IMPORTANCE

Language is a system that consists of the development, acquisition, maintenance and use of complex systems of communication, particularly the human ability to do so. It is the method of human communication, either spoken or written, consisting of the use of words in a structured and conventional way.

Language is a part of everyone's life, but it is more central to some people than to others. Languages represent a high level of communication skills, the ability to work independently and show you are mature, confident and can easily adapt to different situations and cultures. Language is probably the best window we have on the workings of the human mind. Language gives us the extraordinary ability to describe the contents of our thoughts, an ability that no other animal has. Of course there are many unconscious aspects to cognition that we cannot talk about, but these properties are apparently also reflected in what we say. The units of language - elements of form, words, grammatical patterns, conventions of usage - are in some sense also units of cognition. The implication is that the study of what all languages share is also the study of what it is to be human, something that is certainly an important topic for any educated person.

A language based degree at university is probably the best choice you could make. Advanced language skills are a measure of advanced cultural skills. If you focus your attention on language learning, it's simply inevitable that you'll also learn valuable cultural skills.

## STUDENTS PREFERENCE TO LANGUAGE AND ITS UTILITY

Communication is a most important skill. Communication skills are not only needed in daily personal life, but also required in the profession, workplace and in business. Depending on the nature of your profession. If you work in a team or interact with customers or other people. You often find the certain situations which are challenging to handle, this is where having best communication skills become handy.

Some students, when beginning a linguistics course, believe it will help them improve their knowledge of their first language. In fact this is not something you can expect from a linguistics course. You already know the great majority of the words, the grammatical patterns, and the usage conventions that you will need to survive. Of course you can improve; you can learn new words and expressions, become more proficient with the grammatical patterns that are part of formal language, and get better at using language to accomplish your goals. Most of the improvement should come naturally as you are exposed to the complex language of academia and the workplace. But you will also face evaluations of your language by other people — teachers, colleagues, supervisors, even family and friends — throughout your life. You will be in a better position to make use of this criticism and advice if you understand what sort of problem is involved (if there really is a problem) and how it fits into the larger scheme of things. This is where linguistics can help.

A person is considered employable only when he gets the necessary qualification, experience, interest, learning attitude and expertise in the field where he wants to seek employment.

As the private sector companies are gaining ground and becoming more competitive due to changed world economy, the employees are always kept on their toes. It is like either you work hard and show your performance or perish for not taking care of your professional growth. The ability to use a language efficiently is very much required to remain employable. Employability is the ability to remain employable as a result of the relevant skills one possesses. Communication skills are very much essential for one's professional growth. The ability to express fluently in both written as well as oral form of language is very much essential for the career growth.

As per the study students prefer languages in their degrees as it is useful for them in their jobs, their respect towards languages, to improve their knowledge and communication skills, seeking perfection and proficiency over the languages, in order to achieve career growth, as languages are interesting, leads to learn history, moral and humanitarian aspects, helpful in scoring good percentage, language is the core for the rest subjects, enrich the culture, helps in standardizing the relationship, helps in leading better life, helpful for competitive exams, helps in developing leadership skills and personality development of the individuals.

## STUDENTS NON PREFERENCE TO LANGUAGE

As per the study students do not prefer languages in their degrees as learning the languages includes some difficult aspects related to grammar and other concepts, it is additional burden for them, general conversation is sufficient as language was made compulsory right from class 1, as it is boring and dragged by teachers, more absentees in class, unavailability of updated, advanced and appropriate teaching faculties, want to focus on the subjects related to their jobs, a kind of ignorance that they can pass it easily, as it is not considered in the aggregate %, they have already got lot more subjects related aspects and stuffed with Theory, Practical's / Lab, internship, Projects, Report submission, Internals, Assignments, Preparatory Exams etc. In few of the under graduation courses languages are not given importance while awarding degree at convocation. This may demotivate the student community to withdraw their interest in languages.

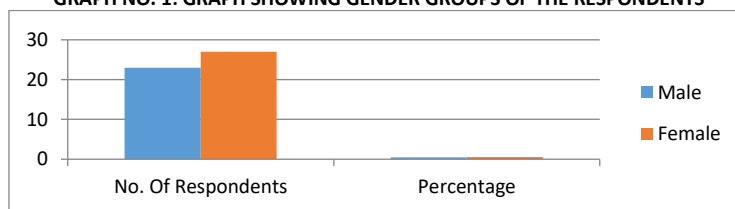
## DATA ANALYSIS AND INTERPRETATIONS

TABLE NO. 1: TABLE SHOWING GENDER GROUPS OF THE RESPONDENTS

Gender group	No. Of Respondents	Percentage
Male	23	46%
Female	27	54%

Source: Primary

GRAPH NO. 1: GRAPH SHOWING GENDER GROUPS OF THE RESPONDENTS



### Interpretation

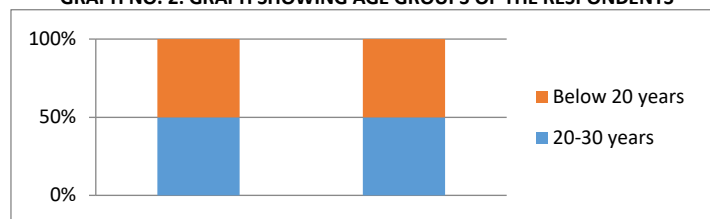
From the above table and graph it is interpreted that out of 50 respondents 46% are males and 54% are females. Wherein female respondents form the majority.

TABLE NO. 2: TABLE SHOWING AGE GROUPS OF THE RESPONDENTS

Age group	No. Of Respondents	Percentage
20-30 years	25	50%
Below 20 years	25	50%

Source: Primary

GRAPH NO. 2: GRAPH SHOWING AGE GROUPS OF THE RESPONDENTS

**Interpretation**

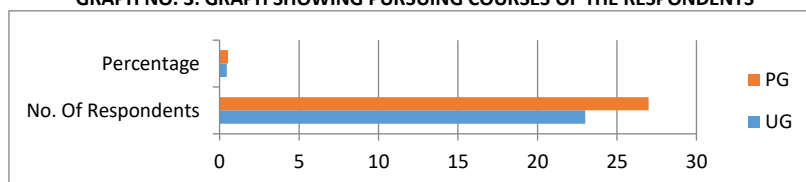
From the above table and graph it is interpreted that out of 50 respondents 50% belong to 20-30 years age group and 50% belong to below 20 years age group. Wherein both the age groups are given equal importance.

TABLE NO. 3: TABLE SHOWING PURSUING COURSES OF THE RESPONDENTS

Pursuing courses	No. Of Respondents	Percentage
UG	23	46%
PG	27	54%

Source: Primary

GRAPH NO. 3: GRAPH SHOWING PURSUING COURSES OF THE RESPONDENTS

**Interpretation**

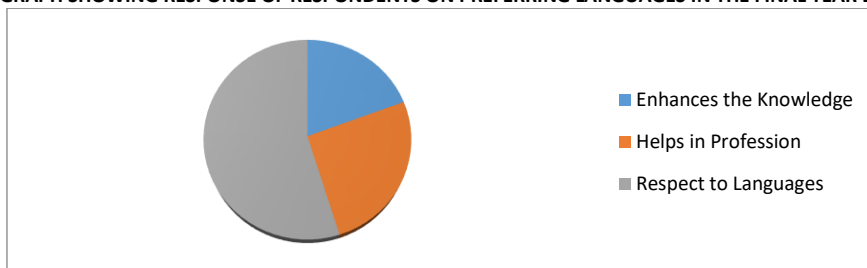
From the above table and graph it is interpreted that out of 50 respondents 46% are the students who are pursuing under graduation courses and 54% are the students who are pursuing post graduation courses. Wherein respondents pursuing Post Graduation courses gives positive opinion about having language in their course.

TABLE NO. 4: TABLE SHOWING RESPONSE OF RESPONDENTS ON PREFERRING LANGUAGES IN THE FINAL YEAR DEGREE COURSES

Response	No. Of Respondents	Percentage
Enhances the Knowledge	06	12%
Helps in Profession	08	16%
Respect to Languages	17	34%

Source: Primary

GRAPH NO. 4: GRAPH SHOWING RESPONSE OF RESPONDENTS ON PREFERRING LANGUAGES IN THE FINAL YEAR DEGREE COURSES

**Interpretation**

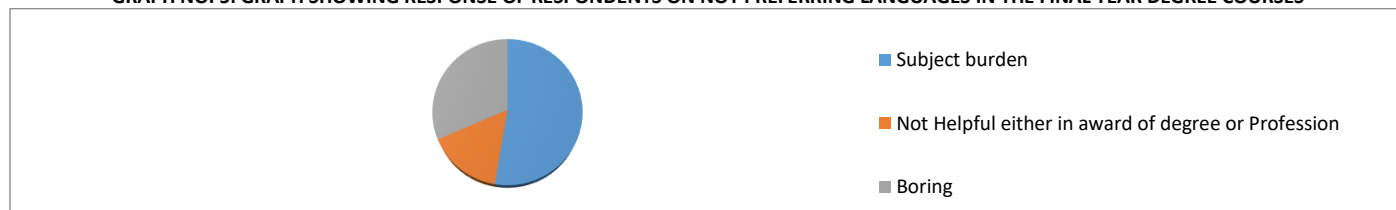
From the above table and graph it is interpreted that out of 50 respondents 62% of the respondents prefer languages. In which 12% prefer languages in the final year degree courses as languages enhances the knowledge, 16% prefer languages in the final year degree courses as languages helps them in their career growth and professional life, 34% prefer languages in the final year degree courses as they respect the languages. Most of the respondents prefer languages as they respect their languages.

TABLE NO. 5: TABLE SHOWING RESPONSE OF RESPONDENTS ON NOT PREFERRING LANGUAGES IN THE FINAL YEAR DEGREE COURSES

Response	No. Of Respondents	Percentage
Subject burden	10	20%
Not Helpful either in award of degree or Profession	03	06%
Boring	06	12%

Source: Primary

GRAPH NO. 5: GRAPH SHOWING RESPONSE OF RESPONDENTS ON NOT PREFERRING LANGUAGES IN THE FINAL YEAR DEGREE COURSES

**Interpretation**

From the above table and graph, it is interpreted that out of 50 respondents 38% of the respondents do not prefer languages. In which 20% do not prefer languages in the final year degree courses as languages leads to Subject burden, 6% do not prefer languages in the final year degree courses as languages are not helpful

either in award of degree or Profession, 12% do not prefer languages in the final year degree courses as languages are boring and dragging. Most of the respondents do not prefer languages as languages create subject burden.

### SUMMARY OF FINDINGS

- It is found from the study that most (62%) of the respondents response is to have the languages to be included in the final year degree courses.
- It is found that respondents prefer languages as (12%) languages enhances the knowledge, improves communication skills, leads to personality development (16%) Languages helps in profession and career growth and (34%) they respect the languages as languages are the base for learning and teaching any subject, languages enrich our culture.
- It is found from the study that 38% of the respondents response is not to have the languages to be included in the final year degree courses as languages are neither helpful in award of degree or profession, languages are boring and dragging, lot of subjects burden, not considered in the aggregate percentage and the inappropriate approach used by some language teachers to teach languages.
- It is found that in today's competitive corporate world there is a great need to improve one's communication skills, develop personality and to do smart work along with the subject knowledge.

### SUGGESTIONS

- With reference to this study it is suggested to include the languages in the syllabus of the final year under graduation degree courses.
- It is suggested to consider the marks scored in the languages for calculating aggregate percentage while awarding Degree that is convocation.
- It is suggested to give much priority for the languages as languages not only helps to understand subject but also helps the core subjects to understand and learn better.
- It is suggested for the language teachers to make use of the modern approaches to teach and make learning more effective and interesting.
- As there is a great demand and requirement for the effective communication skills and other relevant skills in the corporate world, it is suggested for the teaching fraternity to update themselves to the current required extent and emphasise more on the overall development of the younger generations and prepare them well to meet the current challenges of the corporate world.

### CONCLUSION

Languages represent a high level of communication skills, the ability to work independently and show you are mature, confident and can easily adapt to different situations and cultures. Physiological studies have found that speaking two or more languages is a great asset to the cognitive process. The brains of bilingual people operate differently than single language speakers, and these differences offer several mental benefits. Analytical skills improve when students study different languages. Business skills plus multi language skills make an employee more valuable in the marketplace. Dealing with another culture enables people to gain a more profound understanding of their own culture.

Languages provide a competitive edge in career choices. The range and nature of languages being taught in our schools and universities is insufficient to meet current and future demand, and a weak supply of language skills is creating a vicious circle of monolingualism. There is always room for improvement when it comes to communication skills. Thus we should make sure that we never stop taking these skills to the next level of improvement. Through this study it is suggested to include languages in the final year under graduation degree courses.

### LIMITATIONS OF THE STUDY

The study is based on the primary and secondary data collected and opinion of the respondents are recorded here. The study is based on the limited population of a geographical area. As the sample size is too small the opinion cannot be generalized.

### SCOPE FOR THE FURTHER RESEARCH

This study focuses on the views of students which includes both under-graduation and post-graduation of a conveniently selected geographic semi urban area only. For the study opinions of the selected semi urban area in part of south Bangalore was considered. Further research can be done in other parts of the city.

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**BHIM AADHAAR PAY – SMART WAY TO GO CASHLESS IN INDIA**

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**ABSTRACT**

India is truly shining. She has an unrivalled youth demographic: 65% of her population is under 35, and half the total population of 1.3 billion people is under 25 years of age. We have got remarkable achievements in the areas of IT/Software, Space technology, Education & Research, Internet, Mobile, Social Media usage etc. We further expect to leapfrog to an exciting future ahead. The number of Internet users, mobile subscribers, various social media users etc. is steadily increasing in our country. Payments through cashless modes are also rapidly growing. The purpose of this study is to explore the various aspects of cashless transactions in India and how BHIM Aadhaar Pay can play a lead role in making India a less-cash economy in the future. Government of India has taken many initiatives like Digital India, Make in India, New India etc. to take our country to the next level. More and more people are using various cashless modes of payments such as Debit Card, Credit card, Internet Banking, Mobile Banking, UPI/BHIM, Mobile wallets etc. for various banking transactions or cashless payments. Government of India has disbursed a total of ₹ 2.43 lakh crore through Aadhaar based DBT (Direct Benefit Transfer) to beneficiaries of 394 government schemes which have led to saving of ₹ 57,000 Crore in the last 3 years by removing fictitious claimants. This is one of the many great advantages of our country's ambitious project "Aadhaar". Another such use of Aadhaar is payment through BHIM Aadhaar Pay, a mobile based payment solution with Aadhaar based biometric authentication. This study is an attempt to explore various aspects of BHIM Aadhaar Pay and how it can transform the world of cashless transactions in India to make her a less-cash economy.

**KEYWORDS**

BHIM Aadhaar pay, cashless India.

**JEL CODE**

E42, G21, O30.

**INTRODUCTION**

"A cashless economy is secure, it is clean. You have a leadership role to play in taking India towards an increasingly digital economy".

- Sh. Narendra Modi, Prime Minister

Unique Identity Authority of India (UIDAI) was established with the vision to empower residents of India with a unique identity and a digital platform to authenticate anytime, anywhere. It was created with the primary objective to issue Unique Identification numbers (UID), named as "Aadhaar", to all residents of India that is (a) robust enough to eliminate duplicate and fake identities, and (b) can be verified and authenticated in an easy, cost-effective way. Now more than 119 Crores people in India have been issued Aadhaar numbers, covering around 99% of adult population. India is one of the very few countries to have such a huge database of demographic and biometric data of her citizens. By leveraging such database, many great social and developmental missions can be achieved in India in the future. Aadhaar has the power to establish the identity of a person he/she claims to be, through the Aadhaar number and the biometric (fingerprint/iris) authentication of the person. Aadhaar is expected to be the foundation for many revolutions in our country. Based on Aadhaar based biometric authentication, BHIM Aadhaar Pay has been launched as a cashless payment mode in India. This study is to find out various aspects of BHIM Aadhaar Pay, how it works, and its advantages to various stakeholders, challenges and to explore how it can bring a revolution in the country in transforming India to a less-cash economy.

**LITERATURE REVIEW**

India is a largely cash based economy, where business and public still prefer cash transactions. Cash transactions account for around 80% of all retail payments. Compared to other countries, like China, Mexico and Brazil, India ranks very low relating to Non-cash transactions by non-banks per capita per annum as well as number of pay points (for digital payments) per million people, as given in Table-1. Too much dependence on cash has impacted government's ability to widen tax compliance and improve tax collection. Government of India is taking a number of initiatives for improving the level of digital payments. Digitization of transactions will benefit the poor, the middle class, the businesses and ultimately the nation. India is far behind peers on digital transactions, and digitization will create a multiplier benefit in efficiency of capital and resource allocation through greater transparency and traceability of transactions. This will also help in improving the tax collection, which can be further used for various social welfare schemes. NITI Aayog constituted a Committee of Chief Ministers for suggesting measures to seamlessly enable all sections of the population to migrate to the digital mode of payment and to recommend measures that would enable our country to leapfrog into the advanced digital payment systems at par with the best global standards.

The digital payments and per capita transactions in India are one of the lowest compared to similar countries as indicated in the following table:

**TABLE 1**

Country	Non-cash payments transactions by non-banks per capita per annum	No. of pay points per million people
India	11	1.080
China	26	16,602
Mexico	32	7,189
South Africa	70	7,267
Brazil	142	25,241
UK	355	30.078
Singapore	728	31,096

Source: NITI Aayog Report, Jan 2017

**CASH WITH THE PUBLIC IN INDIA**

Indians love cash and they are very much comfortable with it. "A bird in the hand is worth two in the bush"! For Indians, cash is far better than any other mode of payment. Particularly in rural India, still cash is the king, so far as modes of payments are concerned. The dependency on cash also has another aspect. May be, with cash transactions businesses are able to hide actual transactions to avoid tax liability. Cash transactions are also source of corruption in many government departments. Currency with the public in India is almost back to normal levels, after the Demonetization process in November 2016. Currency with the public stood around ₹ 15.48 lac Crore as on 27<sup>th</sup> Oct 2017, as per RBI data. The position of currency with the public pre-demonetization and post demonetization is given in the table-2.

TABLE 2

Date	Currency with public (in ₹ Lakh Crore)
13-Oct-17	15.33
15-Sep-17	15.04
18-Aug-17	14.89
21-Jul-17	14.68
23-Jun-17	14.5
12-May-17	14.03
14-Apr-17	13.28
31-Mar-17	12.68
10-Feb-17	10.97
20-Jan-17	9.87
6-Jan-17	8.98
23-Dec-16	7.82
4-Nov-16	17.97
14-Oct-16	16.98

Source: Times of India, 20.11.2017

## MODES OF DIGITAL PAYMENTS IN INDIA

In India at present following modes of digital payments are available:-

1. PoS, ePoS, mPOS MicroATM, ATM etc. using Debit/Credit Card – In India, technology-wise there are two types of ATM/Credit cards- Magnetic stripe card & EMV Chip cards. There are around 3.5 Crore credit cards & 83 Crore ATM/Debit cards in India as on September 2017, as per report of RBI. Major card networks in India are RuPay, Visa & MasterCard. RuPay is gradually gaining market share in India and it is going to become one of the leading card network brand in the world in the future.
2. Aadhaar Enabled Payment System (AEPS): MicroATMs/ATMs/BHIM Aadhaar Pay. Payment is made based on Aadhaar linked bank accounts, using MicroATM (by BC/Bank Mirta), ATM with fingerprint reader or BHIM Aadhaar Pay.
3. Mobile phone based: Both Smart Phone (Mobile Banking, UPI/BHIM, Mobile wallets, etc.) and Feature phone (\*99#).

Out of the above mentioned modes of payment, BHIM Aadhaar Pay is the latest mode of digital payment in India and it works on Biometric authentication.

## WHAT IS AADHAAR?

Aadhaar, which means 'foundation', is a 12 digit unique-identity number being issued to all Indian residents by UIDAI based on their biometric and demographic data. The Unique Identification Authority of India (UIDAI) is a statutory authority established under the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act 2016") by the Government of India, under the Ministry of Electronics and Information Technology (MeitY). UIDAI is responsible for managing Aadhaar numbers and Aadhaar based online authentication process. Aadhaar is the world's largest biometric ID system, with over 1.18 billion enrolled members as of 20.11.2017. World Bank Chief Economist Paul Romer recently described Aadhaar as "the most sophisticated ID programme in the world". Aadhaar has many uses and it can be used to avail services like Government & Non-Government Services, Subsidy Benefits, Pensions, Scholarships, Social Benefits, Banking services, Insurance services, Taxation services, Education, Employment, and Healthcare etc.

## IMPORTANCE OF THE STUDY

BHIM Aadhaar Pay is relatively a new concept in India. Prime Minister Sh Narendra Modi launched this BHIM Aadhaar Pay service in May 2017 at Nagpur as an initiative to encourage digital payments. After demonetization in November 2016, there was a sudden increase in the cashless transactions in our country. India is a "cash rich" country where the public simply love cash. In such situation, cashless transactions or a less-cash economy is a huge challenge. This study is an attempt to explore various aspects of this new mode of cashless payment, its advantages & disadvantages and how it will make India a less-cash economy.

## RESEARCH METHODOLOGY

This study is based on extensive research on available secondary sources such as various reports/whitepapers/notifications of Reserve Bank of India, Government of India, NABARD, NPCI (National Payment Corporation of India), UIDAI, various Public Sector Banks official web sites, etc. and on experience in use of the BHIM Aadhaar Pay app for making actual payments. We have extensively used the BHIM Aadhaar Pay app of Oriental Bank of Commerce for the purpose of this study during the period October to December 2017.

## WHAT IS BHIM AADHAAR PAY?

**BHIM Aadhaar Pay** is a payment solution which enables the Merchants/shopkeepers to accept payment, in a cashless mode, by using a smartphone and a biometric device, from the customers having Aadhaar linked bank accounts through biometric authentication. BHIM stands for **BH**arat **I**nterface for **M**oney. The Merchant uses the BHIM Aadhaar Pay, a mobile application along with a biometric device to scan the fingerprint of the customer who makes the payment. Customer selects the bank name, provides his/her Aadhaar card number and puts his/her finger on the biometric device to authenticate the transaction. Customer's bank account is debited with the amount and Merchant's bank account is credited in real time with the Aadhaar Pay transaction. SMS of Debit & Credit on the transaction is sent in real time to Merchant (seller) & customer (buyer), **irrespective of transaction amount**. Such transaction is entirely **paperless** and no paper receipt is generated for the transaction, making it an "**eco-friendly**" mode of payment. Payment of any amount between ₹ 1/- and ₹ 2000/- can be made using this mode of payment. Customer does not need any debit or credit card to carry or does not require any PIN or password etc. to remember to authenticate such transactions. Since the transaction is authenticated using customer's fingerprint which is matched with Aadhaar database, it is very secured mode of payment.

## FEATURES OF BHIM AADHAAR PAY

- ❖ BHIM Aadhaar Pay works on Aadhaar Enabled Payment System (AEPS) platform of Unique Identity Authority of India (UIDAI).
- ❖ Customer having account in any bank linked to Aadhaar number can do the transaction.
- ❖ Transaction is authenticated by Aadhaar based biometric authentication.
- ❖ Merchant having BHIM Aadhaar Pay of any bank can accept payment from any bank customer.
- ❖ Customer is supposed to have or remember his/her Aadhaar number.
- ❖ Transaction from Re 1 to ₹ 2000/- can be made, using BHIM Aadhaar Pay.
- ❖ Incentive scheme by NABARD is now available for bank and the Merchant for BHIM Aadhaar Pay transactions.
- ❖ The Biometric Device (fingerprint scanner) must be STQC certified. (Some banks provide the Biometric Device to Merchant at nominal charge or for free, depending on monthly rental structure and special offers/schemes offered by the bank).
- ❖ Cost of a biometric device (STQC certified) is around ₹ 2000/- to ₹ 2500/- in the market.
- ❖ BHIM Aadhaar Pay works on Internet platform. A good Android smartphone along with an Internet connection with reasonable speed is a must for Aadhaar Pay to work.



**HOW BHIM AADHAAR PAY WORKS**

BHIM Aadhaar Pay transactions can be classified into two categories: On-us Transactions and Off-us transactions, depending on whether the BHIM Aadhaar Pay providing bank (called the acquirer bank) and the bank of the customer making the payment (called the Issuer Bank) are the same bank or different banks.

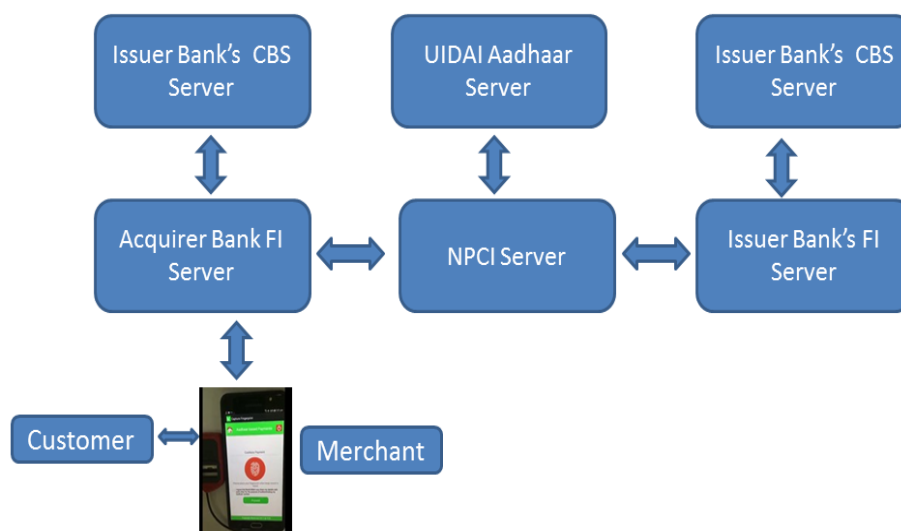
**On-us Transactions** (Acquirer & Issuer Bank both are same, say SBI)

For example, Aadhaar Pay Merchant is of SBI (Acquirer bank) and the customer is also account holder of SBI (Issuer bank). Customer provides his/her Aadhaar number and fingerprint on Merchant's Aadhaar Pay app along with Bank name & amount to be paid. While Aadhaar card number and fingerprint are checked for authentication at the Aadhaar database (UIDAI Server), the customer's bank account is debited and Merchant's bank account is credited in the CBS Server of the bank (SBI).

**Off-us Transactions** (Acquirer & Issuer Bank are different. Say, for example, OBC is the acquirer bank and SBI is the issuer bank).

The Merchant (seller) is having BHIM Aadhaar Pay app of OBC and the customer (buyer) is of SBI. Here the customer's Aadhaar Number and fingerprint data will be matched at UIDAI Server (through NPCI Mapper) and the account of customer will be debited at CBS Server of SBI, while the Merchant's Account will be credited in real time in CBS Server of OBC.

It may be noted that the authentication is done at UIDAI Server, while switching and settlement of transaction is done by NPCI (National Payment Corporation of India). The full process flow of BHIM Aadhaar Pay transaction is illustrated in the Diagram given below:

**DIAGRAM 1****BHIM Aadhaar Pay Process Flow****ADVANTAGES OF BHIM AADHAAR PAY****i) Advantages for the Merchants**

- No setup cost or much running cost. (Some banks may have monthly rental).
- No scope for cloning of Card by counter staff
- Merchant can avail loans based on sales/account balances from banks/FI
- Attractive incentive scheme by NABARD on Transactions by using BHIM Aadhaar Pay. Merchants having a large number of such transactions can get a reasonable amount of incentive.

**ii) Advantages for the Customers**

- Secured mode of payment, as it requires fingerprint of the customer.
- No need to carry cards or remember PIN/Passwords etc.
- Risk of card loss or related frauds eliminated

**iii) Advantages for the Banks**

- Real-time settlement of transaction. No reconciliation problem.
- Cashless transaction, reducing bank's operational cost.
- Banks will have floating funds, as customers will use account for shopping (instead of withdrawing cash from ATM/Bank).
- This will reduce workload at branch and rush at ATM for withdrawing cash.
- Fee based income for banks

**iv) Advantages for the Government**

- More and more transactions will happen through bank accounts, which will lead to more tax collection and also Merchants will have to pay tax honestly
- Transparent and efficient Governance

**v) Advantages for the Country**

- Country will move towards a less-cash economy
- Monitoring of business can be easier and this will help all stake holders
- Appropriate Planning & Regulations can be made
- Public will have a secured & efficient mode of payment
- Paperless and Eco-friendly transaction

**CHALLENGES WITH BHIM AADHAAR PAY**

- ❖ Attitude of Merchants/Businesses to adopt to a digital mode
- ❖ Merchants who are so far comfortable with cash transactions may resist to change.



- ❖ Since BHIM Aadhaar Pay is a mobile app which can be used only in smartphones, small street vendors like vegetable/fruits vendors, beggars or less educated shopkeepers etc. may not be able to use it.
- ❖ Merchants may fear that they will have to make tax payment on income and they may not have the intention to use it.
- ❖ Since BHIM Aadhaar Pay works on Internet, network coverage or connectivity may be a challenge in some areas.
- ❖ Educating the Merchants & the public on such huge scale is a huge challenge for the country.

### INCENTIVES FOR PROMOTING BHIM AADHAAR PAY

Incentive of 0.5% of the transaction value per transaction for Aadhaar based biometric merchant transactions up to ₹ 2,000/- will be provided (minimum incentive ₹ 1/- and maximum ₹ 10/- per transaction) by NABARD. The maximum incentive per merchant per month will be restricted to ₹ 2000/-. (The incentive of 0.5% can be utilized to defray operating costs to the extent of 0.25% for the bank and the balance 0.25% be passed on as an additional incentive to the merchant). This incentive scheme is valid up to 31.03.2018.

Government of India is making best efforts to make the public in general and Merchants in particular adapt to this new digital culture of BHIM Aadhaar Pay. All Banks are putting their sincere efforts in educating the Merchants and the public in general to get acquainted with Aadhaar Pay. More and more business transactions through the banking channel have so many advantages for the business as well as for the banks and the Government. If the Merchant receives all its payments using Aadhaar Pay (which is ultimately through his/her bank account), instead of getting cash, then banks can easily finance to Merchants/businesses as and when required. More cashless payments in any business mean collection of more taxes for the Government. This will also promote a transparent business environment in the country. Banks can also have a better idea on the size of the business of the Merchant/business depending on its total sales figures. Now due to heavy cash transactions in some of the businesses, it is difficult to assess the exact size of the business as the businessman may not be transparent enough, as there is scope of hiding his/her business transactions done through cash.

#### **Transaction Limits (for Individual Merchants), as specified by SBI**

##### **For Customers/Buyers**

- ₹ 2,000/- per transaction
- ₹ 5,000/- per day per Aadhaar number
- ₹ 20,000/- per month per Aadhaar

##### **For Merchants/Sellers**

- ₹ 25,000/- per day per Aadhaar Number
- ₹ 1,00,000/- per month per Aadhaar number

#### **MDR/Switching Fees/Interchange Fees on BHIM Aadhaar Pay Transactions**

- **MDR:** MDR of 0.25% will be applicable for BHIM Aadhaar Pay transactions
- **Switching fees:** Switching fee of ₹ 0.25 (excluding service tax and other applicable tax) is applicable for successful Aadhaar Pay transaction.
- **Interchange Fees:** The acquiring bank will pay an interchange fee of 0.05% + applicable tax of the transaction amount to the issuing bank per successful transaction.

Government of India, as a measure to encourage cashless mode of payments, has instructed all banks to rollout BHIM Aadhaar Pay within deadlines. All Banks have been given specific targets by Government. Accordingly, bank branches are now onboarding merchants in their vicinity to use BHIM Aadhaar Pay with their smartphone and biometric reader which would present a significantly cost-effective alternative compared to the traditional PoS infrastructure. NITI Aayog CEO Sh. Amitabh Kant recently made a statement that debit and credit cards as well as ATMs will be redundant in next three-four years and people will use their mobile phones for financial transactions. There are about 5 Crores Merchants in the country at present and 30 lac PoS Machines for a population of more than 130 Crores. Faster adoption to BHIM Aadhaar Pay will create a very cost-effective and efficient infrastructure across the country and we can "pole vault" (not just "leapfrog") to a paperless, less-cash (though not cashless) society soon.

With growing trends of frauds with ATM/Debit/Credit cards, which are reported regularly in the media, BHIM Aadhaar Pay is a far better option for customers or the public as a mode of payment, since the payment is based on biometric authentication. He/she does not require carrying so many cards or remembering so many PINs/passwords etc. and the best part is that when he/she goes outside his/her home, he/she does not bother to carry wallet, since his/her fingerprint is playing the role of the wallet now! Further he/she is not even worried for losing the ATM/Credit cards. Therefore, BHIM Aadhaar Pay will be the smartest way to make payments by the public.

### CONCLUSIONS

As per Government of India instructions, all bank accounts need to be linked with Aadhaar Number by 31.03.2018; otherwise, operation in accounts may be ceased. This will force all bank customers to link their bank accounts to their Aadhaar numbers. This will lead to greater usage of BHIM Aadhaar Pay for payments. Imagine when all bank accounts will be linked to Aadhaar number, a customer can do shopping anywhere – be it a small panipuri stall or a beauty parlor or a fast-food restaurant, by carrying no cash or card, just by giving his/her fingerprint. This will lead to a win-win situation for all. The present limit of ₹ 2,000/- per transaction may be reviewed by the Government and probably it may further be increased (to ₹ 10,000/- or even more) in the future. So far as cashless transactions are concerned, India is going to have an exciting time ahead. BHIM Aadhaar Pay will prove to be a game changer in retail payment space and I am sure this will bring a revolution and make India a less-cash society.

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**A STUDY ON LABOR WELFARE PRACTICES (HEALTH AND SAFETY) IN GARMENT INDUSTRIES, TIRUPUR**

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**ABSTRACT**

*The paper examines the perceptions of workers towards labour welfare measures in the changing economic environment. There is a need to provide various types of facilities such as adequate safety measures, canteen facility, better training facilities, medical facilities and adequate financial facilities at the time of need. These facilities make the work place more comfortable for the workers. A sample of 100 workers has been taken from the Tirupur garment industry. The employee selected randomly by considering their age work experience and the salary scale. A study was mainly focused on what are the welfare measures provided to the employees, whether the employees are properly utilizing the welfare measures, whether the employees are satisfied with the welfare measures provided to them, whether they are facing any problem in their work environment, their suggestions to improve the welfare measures to reduce the problems that they are facing the work place. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. In this paper, an attempt has been made to analyze the perceptions of workers towards labour welfare measures in the garment industry.*

**KEYWORDS**

labor welfare practices, garment industries-Tirupur.

**JEL CODE**

O15

**INTRODUCTION**

**W**elfare in Indian industry implies provision of medical and educational services and congenial work atmosphere etc., the need for providing such services and facilities arises from the social responsibility of the industry, a desire for upholding democratic values and a concern for employees. Welfare covers the families of the employees. Welfare covers the families of the workers, especially in India, where, because of strong family these workers well begin encompassed of their families.

Welfare implies providing better work conditions such as clean toilets, drinking water facilities, canteen, rest room, health and safety measures, reasonable hours of work and holidays, housing, education, recreation, transportation and counseling.

Welfare can be defined as the voluntary efforts of the employer to establish within the existing industrial system, working and sometimes living culture conditions of the employees beyond that which required by the law, the custom of industry and the condition of the company.

Welfare is of two types:

1. Statutory welfare
2. Non statutory welfare

Through statutory welfare ensures a bare minimum of facilities and reasonably good working condition, employers are free to provide, or not to provide non statutory welfare. Practically in all organizations in India provide non statutory measures.

In a company, the union would like to secure usual benefits to maintain their image. The role of union in welfare has also been influenced by the social – political and legal environment and the economy. Their role in the welfare activities come up from the workers need for welfare services apart from those available to them. In organization where the union has been assertive, welfare activities have been considerable. While in unorganized sectors workers have been able to derive sufficient benefits from the employers. Employers provide amenities to discharge their social responsibility, raise the employee's morale, use the work force more effectively and increase turnover and reduce absenteeism. Benefits such as bonus, etc...are bond by law of service, this ensuring that an employee will remain for a certain minimum period at least. Welfare helps to build a positive image of the organization and facilities dealing with union.

**STATUTORY WELFARE & HEALTH**

This provides detailed instruction on cleanliness, disposal of wastage, ventilation, control of temperature, dust and fumes, overcrowding, lighting, latrine and urinal space etc... (section 11-20). It obligates factories not to spill effluents into open drains, remove dust, dispose of wastage and washing water (section 11-20), to provide adequate ventilation and fresh air – a minimum working space of 500 sq.ft per worker in a new factory and 350 cm ft. of air in existing one, sufficient and suitable natural and ordinary light, clean and cool drinking water during summer.

**SAFETY**

The act provides 20 different sections on obligatory safety measures, e.g. the fencing and covering of dangerous parts of machinery in operation, prohibition if young persons and females from handling cleaning and lubricating machine, provisions of suitable striking gear, casting new machinery, casting and guarding of every set and screw, bolts, spindle, wheel etc...provision of safety of appliances such as goggles, safety hats and gloves and cautioning against fire fumes and risk to eyes(section 21-31,34-36 and 38)

**ANNUAL LEAVE WITH WAGES**

A worker who works for 240 days is allowed an annual leave with wages at the rate of one day of work. Annual leave can be accumulated up to 30 days for adult, 40 days of children (section 70)

**ESI**

This scheme was designed for the benefits, which were provided under the workmen compensation act and maternity act. It also covers some of the contingencies act and the maternity act. It also covers some of the contingencies provided by employers through financial agencies. The scheme administrated by an autonomous body, the employees state insurance corporation which was set up by the act of the central government.

The scheme provides the following benefits to the insured person and their families.

- Sickness cash
- Maternity benefits
- Disablement benefits
- Dependent benefits
- Funeral benefits

**NON STATUTORY WELFARE**

Non –statutory welfare activities are more difficult budget than salary. Then often turn out to be more expensive than visualized. So the management becomes extremely critical of this activity. Above all, the management has to consider the motivational effect of such activities on work and other productive behavior.

The manager should keep in mind that on statutory welfare will result in a sense of gratitude and loyalty among the employees and motivate them to work hard. Generous benefits might create a sense of belongingness among workers, they may be not leave the organization, causing the large work force stagnation, creating the problems such as considering seniority rather than the merit for promotion, perceiving jobs as a dead end and consequently losing interest while at the organization to grow and not retard its growth by kicking back and defeating the very purpose for which it was created. However, non-statutory welfare is comprised mainly of hygiene factors and not of direct motivators and capacities of these by themselves elicit increased productivity debatable.

**EMPLOYEE WELFARE MEASURES – AN OVERVIEW**

The following Acts provide these measures:

- Factories Act 1948
- Employees family pension scheme 1971
- Employee state insurance Act 1948
- Workmen's compensation Act 1923
- Payment of gratuity Act 1972.
- Employees provident fund Act 1952
- Maternity benefit Act 1961

**FACTORIES ACT 1948**

The existing law relating to regulation of labour employed in factories in India is embodied in the factories act 1934. Experience of the working of the act has revealed a number of defects and weakness, which hamper effective administration. Hence the factories act 1948 was enacted and new changes were introduced to make health safety and welfare measures more appropriate to the factory workers. The main object of this act is to protect factories act from being subject to unduly long hours of bodily strain or manual labour. It also provides that employees should work in healthy and better sanitary conditions so far as the manufacturing process will allow and precautions should be taken for their safety and for the prevention of accidents.

**1. Washing Facility (Sec.42)**

In every factory adequate and suitable facilities (separately and adequately screened for the use of male and female workers) shall be provided and maintained for the use of the workers therein and such facilities shall be conveniently accessible and shall be kept clean.

**2. Facility for storing and drying clothing (Sec.43)**

The state government may make rules requiring the provision of suitable places for keeping clothing of workers not worn during working hours and for the drying or wet clothing in respect of any factory or class of factories.

**3. Facility for sitting (Sec.44)**

Provision of seating arrangement for workers obliged to work in a standing position. In every factory, suitable arrangements for sitting shall be provided and maintained for all workers who are obliged to work in a standing position. This has been done in order that workers may take advantage of any opportunities for rest, which may occur in the course of their work.

Provision of seating arrangement for workers doing work which can be done in a sitting post if the workers in any factory engaged in a particular manufacturing process or working in a particular room are able to do their work, the chief inspector may require the occupier of the factory to provide such seating as may be practicable.

**4. First aid appliances (Sec.45)**

At least one first-aid box with prescribed contents for every 150 workers. There shall in every factory be provided and maintained so as to be readily accessible during all working hours, first-aid boxes or cupboards with the prescribed contents. There shall be at least one such box for every 150 workers ordinarily employed at any one time in the factory.

First-aid box to have prescribed contents. Only the prescribed contents shall be kept in a first aid box or cupboard. Most first-aid box to be in the charge of responsible person. Each First-aid box shall be kept in the charge of separate responsible person who holds a certificate in the First-aid treatment recognized by the state government. Further, such person shall always be readily available during the working hours of the factory.

Ambulance room in a factory employing more than 500 workers. In every factory wherein more than 500 workers are ordinarily employed there shall be provided and maintained an ambulance room containing the prescribed equipment.

The room shall be in the charge of such medical and nursing staff as may be prescribed and those facilities shall always be made readily available during the working hours of the factory.

**5. Canteens (Sec.46)**

Canteen in factory employing more than 250 workers the state government may make rules. The state government may make rules requiring that in any specified factory wherein more than 250 workers are ordinarily employed, a canteen shall be provided and maintained by the occupier for the use of the workers.

**6. Shelters, rest rooms and lunch rooms (Sec.47)**

Provision for shelters, rest rooms. Lunch rooms in a factory employing more than 150 workers. In every factory wherein more than 150 workers are, there shall be a provision for shelters, rest rooms, lunch rooms where workers can eat meals brought by them with provision for drinking water, however, any canteen maintained in accordance with the provision of Sec 46 shall be regarded as part of this requirement. Where a lunchroom exists, no worker shall eat any food in the workroom.

**7. Crèches (Sec.48)**

Provision of crèches in factories employing more than 30 women workers. In every factory wherein more than 30 women workers are ordinarily employed, there shall be provided and maintained a suitable room for use of children under the age of 6 years of such women.

Crèches should be adequately lighted and ventilated and to be under the charge of trained women. Rooms for use of children shall provide adequate accommodation shall be adequately lighted and vent lighted.

Further they shall be maintained in a clean and sanitary condition shall be under the charge of women trained in the care of children and infants. The location and the standards in respect of construction, accommodation, furniture and other equipment of rooms for use of children belonging to women workers.

**8. Welfare officers**

Employment of welfare officers in a factory employing 500 or more workers. In every factory wherein 500 or more employees there shall be one welfare officer for the purpose of maintaining those facilities.

**OBJECTIVES OF THE STUDY**

To study the existing labor welfare practices (health and safety) in Tirupur garment industries.

1. To study the satisfaction level of the employees in the organization with respect to health and safety
2. To study the awareness of various social security schemes amongst the employees in the organization.
3. To suggest the measure that would help the organization to improve the satisfaction level of their employees with regards to welfare practices.

**NEED FOR THE STUDY**

1. The need of the study includes various health and safety measures in textile industry.
2. The study reveals the current performance of the organization with labor welfare practices.
3. The study data for management about their employee's opinion on their health and safety practices.
4. To provide data for management about their employees opinion on their health and safety practices
5. This study helps to plan for its future and it will act as a basis for further research work

**SCOPE OF THE STUDY**

The scope of the study entitled "a study on labor welfare practices (health and safety) in Tirupur.

- The study attempts to understand the level of satisfaction regarding welfare activities amongst the workers in garment industry-Tirupur
- The study concentrates in depth on area like General welfare activities, Work environment, Safety measure, Canteen facilities, Social security measures and other miscellaneous factors in order to know about the existing welfare measures and to give suggestions for improvement.

**REVIEW OF LITERATURE**

**Report of National Commission on Labor (2002)**, Government of India, made recommendations in the area of labor welfare measures, which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc. Shobha, Mishra & Manju Bhagat, in their "**Principles for Successful Implementation of Labour Welfare Activities**", stated that labour absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care, canteen, educational and training facilities and provision of welfare activities.

**A. Sabarirajan, T. Meharajan, B.Arun (2001)** analyzed the study on employee welfare in Textile industry. The study shows that 15% of the employees are employees are satisfied with their welfare measures. 39 % of the employees is average with their welfare measures. 16% of them are in highly dissatisfied level. This study throws light on the impact of welfare measures on QWL among the employees of textile mills in Salam district." While describing the Welfare in Indian INDUSTRIAL SECTOR, **A.J.Todd (1933)** was analyzed that the labour welfare is the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of the employees beyond what is required by law, the custom of the industry and the conditions of the market.

**RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the research problem according to Clifford woody research comprises defining and redefining problem, formulating hypothesis or suggested solution, collecting, organizing and evaluating data, making decision and creating conclusions to determine whether they fit the formulating hypothesis

**DATA SOURCES**

**Primary data:** Are those which are collected a fresh and for the first time and thus happen to be original in character and known as primary data. It was collected through personal interview by circulating questionnaires among employees.

**Secondary data:** Are those which have been collected by someone else and which have already been passed through the statistical processes are known as secondary data. it was collected from various books, magazines, journals, and company records, etc.,

**RESEARCH DESIGN**

A Research design is simply the framework or plan for a study. The design may be a specific presentation of the various steps in the process of Research. For this descriptive design was used. Descriptive research includes survey and fact finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present. In this method the researcher has no control over the variables. He / She can only report what has happened and what is happening.

**SAMPLE SIZE**

The information collected by using questionnaire method from 100 employees of PV KNIT FASHIONS-TIRUPUR.

**SAMPLE TECHNIQUE**

Sample design is definite plan date

- **Percentage Analysis:** The percentage analysis is mainly employed in the study to assess the distribution of respondents in each category. The values are expressed in terms of percentage and suitable charts are also constructed to facilitate understanding and comparisons.

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total respondents}} * 100$$

**Chi – Square**

Chi-square test is applied to test the goodness of fit, to verify the distributions of observed data with assumed theoretical distribution. Therefore it is a measure to study the divergence of actual and expected frequencies; Karl Pearson's has developed a method to test the difference between the theoretical (hypothesis) & the observed value.

$$\text{Chi-square test } (X^2) = \frac{(O-E)^2}{E}$$

$$\text{Degree of freedom} = V - (R - 1) (C - 1)$$

Where,

'O' = observe frequency

'E' = Expected Frequency

'R' = Number of rows

'C' = Number of columns

Data are actually collected for obtaining a sample technique or the produce the research would adopt in selecting items. In this study convenience sampling methods have been adopted to select respondents of the sample.

**TOOLS FOR THE STUDY**

In this study the following tools are used for data analysis. Simple percentage analysis, chi – square analysis, and ranking correlation (weighted score) test has been for the analysis.

**CHI-SQUARE ANALYSIS****HYPOTHESIS 1**

- **NULL HYPOTHESIS (HO)** there is no significant relationship between marital status of the respondents and the respondent's opinion on their shift timing.
- **ALTERNATIVE HYPOTHESIS (HA)** there is significant relationship between marital status of the respondents and the respondent's opinion on their shift timing.

TABLE 1

S.NO	WORK TIMINGS MARITAL STATUS	V.H.S	H.S	M.S	D.S	H.D.S	TOTAL
1	MARRIED	28	21	15	1	NIL	65
2	SINGLE	12	13	9	1	NIL	35
	TOTAL	40	34	24	2	NIL	100

**HYPOTHESIS 2**

- NULL HYPOTHESIS (H<sub>0</sub>) there is no significant relationship between experience of the respondents and the respondent's opinion on their salary.
- ALTERNATIVE HYPOTHESIS (H<sub>a</sub>) there is significant relationship between experience of the respondents and the respondent's opinion on their salary.

**RELATIONSHIP BETWEEN EXPERIENCE OF THE RESPONDENTS AND THE RESPONDENTS OPINION ON THEIR SALARY**

Chi-square =  $(o_{ij} - e_{ij})^2 / e_{ij}$

E = Row total x column total / grand total

O<sub>ij</sub> = observed frequency

E<sub>ij</sub> = expected frequency

**TABLE 2**

S.NO	EXPERIENCE SALARY	Below 2 years	2-4 years	4-6 years	Above 6years	TOTAL
1	Below 10000 Rs.	12	7	2	3	24
2	10000-15000 Rs.	18	10	8	7	43
3	15000-20000 Rs.	6	NIL	2	8	16
4	Above 20000 Rs.	NIL	6	6	5	17
	<b>TOTAL</b>	<b>36</b>	<b>23</b>	<b>18</b>	<b>23</b>	<b>100</b>

**TABLE 4**

o <sub>ij</sub>	e <sub>ij</sub>	o <sub>ij</sub> -e <sub>ij</sub>	(o <sub>ij</sub> -e <sub>ij</sub> ) <sup>2</sup>	(o <sub>ij</sub> -e <sub>ij</sub> ) <sup>2</sup> /e <sub>ij</sub>
12	8.64	6.48	41.9904	4.86
7	5.52	1.48	2.1904	0.396812
2	4.32	-2.32	5.3824	1.245926
3	5.52	-2.52	6.3504	1.150435
18	15.48	8.11	65.7721	4.248844
10	9.89	0.11	0.0121	0.001223
8	7.74	0.26	0.0676	0.008734
7	9.89	-2.89	8.3521	0.844499
6	5.76	0.24	0.0576	0.01
0	6.12	-6.12	37.4544	6.12
6	3.91	2.09	4.3681	1.117161
6	3.06	2.94	8.6436	2.824706
5	3.91	1.09	1.1881	0.303862

Hence the calculated value of  $\chi^2 = 0.0032$

Degree of freedom = (r-1) (c-1)

= (4-1) (4-1)

= 3 x 3 = 9

Level of significance = 0.05, i.e. = 5%

Calculated value = 0.0032

Table value = 1

Calculated value < table value

From the chi-square analysis at 5% significant level,  $\chi^2$  value (0.0032) is less than the table value (1), so the alternative hypothesis (H<sub>a</sub>) is accepted.

**INFERENCE**

Hence it shows that there is significant relationship between experience of the respondents and the respondent's opinion on their salary.

**LIMITATIONS OF THE STUDY**

Every study has certain limitations; some of these are inherent in the research design.

- The sample respondents of the study were restricted to 100.
- Since the data is collect through questionnaire the respondents were reluctant due to their work
- The attitude of the workers is changing in different times and situation. Hence the result of the project may be applicable at present.
- The respondent responses to the questions may be biased due to fear towards the management and also the perception of people varies always.
- The aim of the study was restricted to reliance dyeing works this study more emphasis only to employee point of view.

**FINDINGS**

The following are the exiting labour welfare practice and their satisfaction level of employees in garment industries.

- The majority of the workers (51%) are males.
- The workers are in the age group of 25-45 years.
- Most of the workers are married
- Highest Percentage Of the employees are very highly adequate with the washing facilities.
- Highest Percentage Of the employees are very highly adequate with the drinking water facilities.
- Highest Percentage Of the employees are very highly adequate with the transport facilities.
- Highest Percentage Of the employees are very highly adequate with the first aid boxes.
- Highest Percentage Of the employees are very highly adequate with the rest shelter facilities.
- Highest Percentage Of the employees are very highly adequate with the safety measures.
- Highest Percentage Of the employees are very highly adequate with the quality of food items in the canteen.
- Highest Percentage Of the employees are very highly adequate with the statutory welfare facilities.
- Highest Percentage Of the employees are very highly adequate with the medical facilities
- Highest Percentage Of the employees are very highly adequate with the education facilities to the children.
- Highest Percentage Of the employees are very highly adequate with the recreational facilities.
- Highest Percentage Of the employees are very highly adequate with the insurance benefits.
- Highest Percentage Of the employees are very highly adequate with the maternity benefits.
- Highest Percentage Of the employees are very highly satisfied with the non-statutory welfare facilities.
- Highest Percentage Of the employees are very highly satisfied with the social security benefits.

- Highest Percentage Of the employees are very highly satisfied with the work timings.
- From the Chi-square analysis we found that there is significance relationship between marital status of the respondents and the respondent's work timings.
- From the Chi-square analysis we found that there is significant relationship between the experience of the respondents and the respondent's salary.

## SUGGESTIONS

Though the workers are satisfied with most of the amenities available, there are certain areas where the workers are not so satisfied.

The company has to take steps to improve the following facilities in the organization:

1. Transport facilities
2. First aid boxes
3. Rest shelter facilities
4. Statutory welfare facilities
5. Education facilities to the children
6. Recreation facilities
7. Insurance benefits
8. Insurance benefits
9. Maternity benefits
10. Non-statutory welfare facilities
11. Social security benefits
12. Work timings
13. Medical examinations should be conducted by the employers for the workers from time to time. If significant occupational health problems health problems are observed, appropriate measures should be taken by the management.

## CONCLUSION

Health and safety measures play an important role in any industry. Labour welfare measures are advocated to maintain strengthen manpower both physically and mentally. The study of various welfare measures brings in to light that the present measures taken by the organization. The study has brought out certain limitations and short comings in with regard to the existing labour welfare practices.

This can be reduced by the management by implementing various employee satisfactory changes in the organization. People are the major assets of an organization and taking care of their welfare and satisfaction is their duty as a whole apart from earning profit. The improvement in working conditions are suggested to improve effectiveness of the employee welfare measures like canteen, medical, school, and transport facilities which in turn would build the morale and increase the productivity of the employees.

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## APPENDIX

### QUESTIONNAIRE

#### SELF-INFORMATION

1. Name (optional) : -----
2. Gender: Male Female
3. Age group  
Below 25 years                      26 -35 years  
36 - 45 years                      above 45 years
4. Marital status  
Married                              Unmarried
5. Monthly income  
Below Rs. 10,000                      Rs. 10,000 - Rs 15,000  
Rs. 15, 000 - Rs. 20,000                      above Rs. 20,000
6. Experience  
Below 2 year                      2 - 4 years  
4 - 6 years                      above 6 years
7. State the department you are working?  
Sewing                              cutting  
Ironing                              packing



8. Does PV KINIT FASHIONS provide statutory and non-statutory welfare facilities such as the following?

FACILITIES	YES	NO
Washing facilities		
Drinking water facilities		
Transport facilities		
First aid boxes		
Rest shelter facilities		
Safety measures		
Canteens		
Medical facilities		
Educational facilities to the children		
Recreational facilities		
Insurance benefits		
Maternity benefits		
Provident fund benefits		
Gratuity benefit		

9. Give Your Opinion For Adequacy of Following:

10. Please state your overall satisfaction with the following facilities:

FACILITIES	Very highly adequate	Highly adequate	Moderately adequate	Inadequate	Highly inadequate
Washing facilities					
Drinking water facilities					
Transport facilities					
First aid boxes					
Rest shelter facilities					
Safety measures					
Quality of Food item in canteen					
Statutory welfare facilities					
Medical facilities					
Educational facilities to the children					
Recreational facilities					
Insurance benefits					
Maternity benefits					
Statutory welfare facilities					
Non-statutory welfare facilities					
Social security benefits					
Work timings					

Give your suggestions and expectation of any additional welfare facilities.

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**FACTORS INFLUENCE CONSUMERS PERCEPTION OF INTERNET BANKING IN BURDWAN DISTRICT****SOUVIK SINGHA****Ph. D. RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS ADMINISTRATION****THE UNIVERSITY OF BURDWAN****WEST BENGAL****TANMOY DASGUPTA****PROFESSOR****DEPARTMENT OF BUSINESS ADMINISTRATION****THE UNIVERSITY OF BURDWAN****WEST BENGAL****ABSTRACT**

*In recent years, Internet Banking has become a useful platform to easily access banking services. The banking industry has undergone dramatic changes using the concept of internet banking. Internet banking is defined a method of banking through internet portal in which customers can use different kinds of banking services. The primary objective of this research is to identify the major factors that influence internet banking perception in Burdwan District, West Bengal, India. In this paper we analyze the consumers' characteristics of internet banking usages in Burdwan District and also found that internet banking is influenced by its Perceived reliability, Perceived ease of use and Perceived usefulness. The findings verified the research hypotheses and confirmed that PU, PEU and PR, all impact attitude towards the intention of internet banking perception in Burdwan District.*

**KEYWORDS**

perception, factors, internet banking, customers, technology acceptance.

**JEL CODE**

M15.

**INTRODUCTION**

Internet Banking is defined as an internet protocol through which customers can use different kind of banking services. Banking can be done anywhere if one has a computer and net connectivity. Internet banking helps consumers for financial transaction activities. Due to information and communication technology, banks now employ different channels, such as online banking, mobile banking and automated teller machine to deliver their services. Sathye (1999) defines adoption as the acceptance and continued use of a product, service or idea. There are a lot of benefits through adoption of internet banking for the banks and their customers. On the whole, internet banking increases operational efficiencies and reduces costs, besides giving a platform for offering value added services to the customer. A study by Dasgupta (2002) reveals that cost of banking service through the internet amount to a fraction of the costs through conventional methods.

This paper investigates the factors that influence the customer adoption of Internet banking in Burdwan district. The empirical data were collected from a questionnaire survey of 250 from were sent out randomly. This study examines the relationship between IB perception and the determining factors for customer adoption of internet banking in Burdwan district. Hence the results shows that the relevant factors determined the adoption of IB in Burdwan include the level of its three factors namely PU, PEU and PR.

**REVIEW OF LITERATURE**

Prior studies in Internet Banking range from Sathye's (1999) study in Australia, Tan and Teo's (2000) research in Singapore, Hoppe et al's (2001) study in South Africa, Chung and Paynter's (2002) in New Zealand, Wang et al's (2003) study in Taiwan. Significant among the Indian Internet banking researches are Mookerji (1998), Gupta (1999), Dasgupta (2002), Rao et al (2003), Ravi et al (2007). Several studies indicate that internet bankers are the most profitable and wealthiest segment to banks Mols (1998), Robinson (2000), Sheshunoff (2000). There could be two fundamental reasons underlying internet banking development and diffusion, cost savings for banks and reduction of branch networks which has paved the way to self-service channels as quite many customers felt that branch banking took too much time and effort Karjalainen et al., (2003). Therefore time and cost savings and freedom from place have been found to be the main reasons underlying online banking acceptance Polatoglu and Ekin (2001), Black et al. (2002), Howcroft et al. (2002).

On the customer front Internet banking provides many advantages Pikkari et al. (2004), Hway-Boon and Cheng Ming Yu (2003). Time and cost savings and freedom from place have been found the main reasons underlying Internet banking acceptance Polatoglu and Ekin (2001), Black et al. (2002), Howcroft et al. (2002). Several studies have analyzed consumer adoption and growth of Internet banking.

As noted earlier, Internet banking offers many benefits to banks as well as to customers. However, in global terms the majority of consumers are still not using online banking channel. There exist multiple reasons for this. To start with, new online users must first learn how to use the service Mols et al. (1999). Second, customers have been afraid of security issues Sathye (1999), Hamlet and Strube (2000), Howcroft et al. (2002). Ndubisi et al. (2004) also established the importance of adequate security in order to raise the confidence of consumers to use Internet Banking.

Internet Banking defined as the delivery of banking services through the open access computer network directly to customers' home or private address Lau (1997) offers a wider range of potential benefits to financial institutions. Howcroft & Durkin (2000). Mols (1998) found that more accessible and user friendly use of the technology, as the Internet does not restrict banks to any specific physical locations. The technology, therefore, allows banks to think and operate in new geographical zones with new markets, market space and product scopes. Internet banking is therefore believed to improve customer satisfaction as it can provide faster, easier, and more reliable services through a single platform, if they access the bank's web site. Indeed, research by Deloitte Consulting (2000) revealed that roughly one-half of consumers would first enquire with their existing banker if they needed a new financial product. Currie (2000), Lam & Burton (2005) found that Internet banking offers an excellent opportunity for cross-selling banking services and products and thus, enhances the bank's competitive position, meets consumer demands better, creates new distribution channels, improves the business image, and reduce costs. In the banking sector Internet banking is clearly, attractively and potentially a rich research context.

**OBJECTIVES**

This work has been undertaken with an objective to study that the factors influence Internet Banking adoption in Burdwan District. Hypotheses are formulated based on three factors and to determine whether the hypothesis is being supported by our research model or not. The study makes significant knowledge about perception of Internet Banking in Burdwan District.

**PERCEIVED USEFULNESS**

PU is recognized as having strong positive effect on Internet Banking. PU is the degree to which a person believes that using a particular system would enhance their performance. According to Amin (2009) PU is the extent to which a person believes that using a particular system will enhance his or her performance. Davis (1989) asserts that the decision to use new technology is determined by the extent to which a person believes that it is cost effective in providing goods or services compared to the current method. Therefore if consumer perceives internet banking to have perceived usefulness, then the consumer is more likely to perceive internet banking as easy to use and reliable and also influence perception of internet banking. Therefore the following hypothesis can be stated.

H1. Perception level of consumers on IB has a strong influence over PU.

H2. Perception level of consumers on IB has a strong influence over PEU.

H3. Perception level of consumers on IB has a strong influence over PR.

H4. PU has a strong impact on PEU.

H5. PU has a strong impact on PR.

H6. PU has a strong impact on adoption of IB.

**PERCEIVED EASE OF USE**

PEU is dependent upon the frequency of using the IB services on a regularity basis. According to Davis (1989) Perceived ease of use is defined as the degree to which a person believes that using a particular system would be free of physical and mental effort. Cooper (1997) identifies "ease of use" as one of the three important characteristics from customers' perspective for adoption of innovative service. Wallis (1997) identifies that technological innovation must be easy to use to ensure customer acceptance. The related hypothesis is given below.

H7. PEU has a significant relation over adoption of IB.

**PERCEIVED RELIABILITY**

PR is one of the major influencing factors according to McKnight, Choudhury & Kacmar (2002) around the establishment and use of new technologies for financial transactions is that of security and trust. The need for security of personal details and financial information is therefore critical to the success of IB. As a result the perception of risk involved in using Internet banking, the more likely that it will be adopted. Accordingly the related hypothesis is given below.

H8. PR has a strong impact on adoption of IB.

**RESEARCH METHODOLOGY**

The data for this study was collected through survey conducted in Burdwan district, West Bengal. A total of 250 questionnaires were distributed through mail to the people inhabiting in the Burdwan district regarding their usage of IB services, of which only 130 respondents provided their response to this survey with a 52 percent rate of response. The questionnaire consisted of two sections, in the first section it is concerned with the personal details of the respondents whereas in the second section it consisted of only likert five point scale (1= strongly disagree, 2 = disagree, 3= neutral, 4= agree, 5= strongly agree) regarding their perception with the IB services. In this research we have utilized Microsoft Excel and Microsoft Word along with SPSS (Statistical Package for Social Sciences) version 12 was used as the analysis tool to determine the results for this research study. This SPSS software helped us to determine the impact of all the factors on adoption of internet banking and also to understand the relationship between the various factors on the adoption of internet banking.

**RESULTS AND DISCUSSION**

In this section, we will analyze the data collected from the respondents of the Burdwan district of West Bengal. In the beginning of this section we introduced the demographics information as shown in Table 1. The intent behind the collection of demographic data was to capture the general information about the people of Burdwan district. Those demographics data consists of respondents' gender, education, occupation and age. Further analysis consists of reliability measure, comparison of correlation of various factors, result of hypothesis testing and regression.

**TABLE 1: DEMOGRAPHIC PROFILE**

	Category	No. of respondents	Percent
Gender	Male	100	76.9
	Female	30	23.01
Employment Status	Employed	84	66.7
	Unemployed	33	26.2
	Retired	1	0.8
	Not response	2	1.6
	Other	6	4.8
Educational Qualification	Bachelors/UG/Diploma	58	45.7
	Masters/PG	59	46.5
	Doctorate/PHD	4	3.1
	Secondary	1	0.8
	Higher Secondary	1	0.8
	Professional	4	3.1
Age group	under 18	2	1.6
	18-25	54	42.5
	26-35	53	41.7
	36-45	10	7.9
	46-55	7	5.5
	greater than 55	1	0.8

**RELIABILITY MEASURE:** Reliability of the factors is determined by means of cronbach's alpha, a method used to measure the internal consistency of a set of items. Alpha value of 0.60 or above is considered to be reliable for any research. As shown in Table 2, the reliability scores of all the factors were observed to exceed the required standard reliability of 0.60 thus indicating that the convergent validity of the model is proven.

**TABLE 2: RELIABILITY STATISTICS**

Determinants	No. of items belonging to this determinant	Reliability measure for this determinant
PU	3	0.7894199
PEU	3	0.782839452
PR	3	0.75223
Perception	9	0.888224

**CORRELATION ANALYSIS:** The correlation analysis has been applied to determine the impact of perception, perceived usefulness, perceived ease of use and perceived reliability on the adoption of internet banking by the users. The correlation results as shown in Table 3, reveals that the acceptance of internet banking by the users is positively correlated with perception of internet banking ( $r=0.982855$ ), perceived usefulness ( $r=0.791821$ ), perceived ease of use ( $r=0.815994$ ) and perceived reliability ( $r=0.872419$ ).

TABLE 3: CORRELATION MATRIX OF DETERMINANTS

Correlation	Perception	PU	PEU	PR	Adoption
Perception	1				
PU	0.84321	1			
PEU	0.918925	0.72446	1		
PR	0.886298	0.558931	0.731299	1	
Adoption	0.982855	0.791821	0.815994	0.872419	1

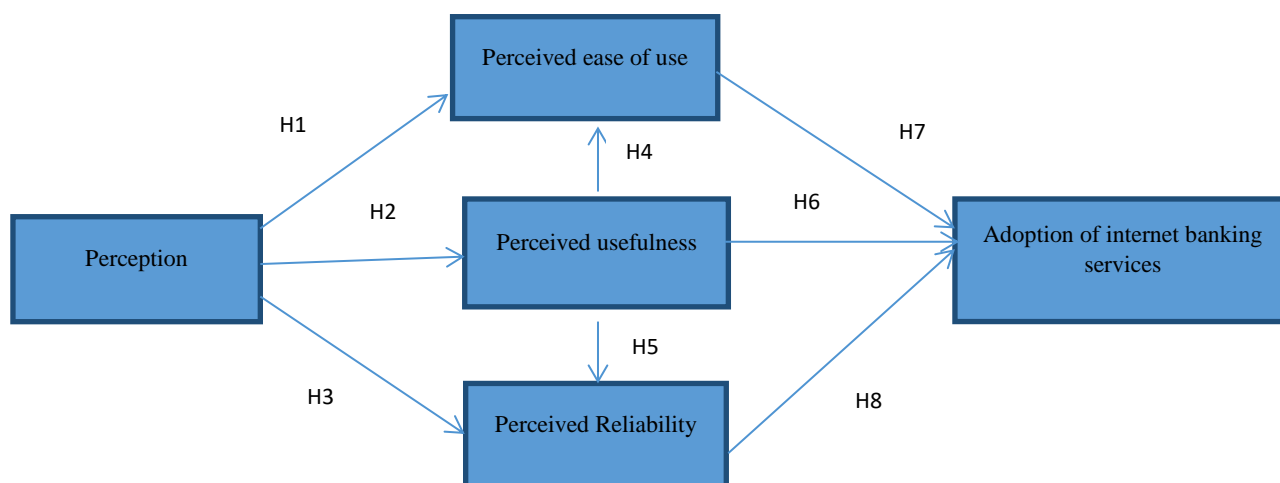
**HYPOTHESIS TESTING**

In this study we have performed t test to determine whether the hypothesis formulated beforehand is being supported by our research model or not. The estimated t values are provided along with the t critical value as well as the p value for each of the hypothesis. The results represent the confirmation of the model as shown in Figure 1. The results of the hypothesis testing are shown in Table 4. The relationship between perception and perceived usefulness was found to be statistically significant, thereby supporting hypothesis 1 (H1) as  $t > t_{critical}$  ( $t=45.650$ ,  $t_{critical}=1.975$ ) or  $p < 0.05$ . The relationship between perception and perceived ease of use was found to be statistically significant, thereby supporting hypothesis 2 (H2) as  $t > t_{critical}$  ( $t=47.528$ ,  $t_{critical}=1.975$ ) or  $p < 0.05$ . The relationship between perception and perceived reliability was found to be statistically significant, thereby supporting hypothesis 3 (H3) as  $t > t_{critical}$  ( $t=48.196$ ,  $t_{critical}=1.973$ ) or  $p < 0.05$ . The relationship between perceived usefulness and perceived ease of use was found to be statistically significant, thereby supporting hypothesis 4 (H4) as  $t > t_{critical}$  ( $t=48.196$ ,  $t_{critical}=1.973$ ) or  $p < 0.05$ . The relationship between perceived usefulness and perceived reliability was found to be statistically significant, thereby supporting hypothesis 5 (H5) as  $t > t_{critical}$  ( $t=4.0605$ ,  $t_{critical}=1.9694$ ) or  $p < 0.05$ . Similarly, the relationship between perceived usefulness and adoption of IB was found to be statistically significant, thereby supporting hypothesis 6 (H6) as  $t > t_{critical}$  ( $t=59.69$ ,  $t_{critical}=1.975$ ) or  $p < 0.05$ . Also, there is a significant relationship between perceived ease of use and adoption of IB and thereby supporting hypothesis 7 (H7) statistically as  $t > t_{critical}$  ( $t=53.670$ ,  $t_{critical}=1.974$ ) or  $p < 0.05$ . Also, we found significant relationship between perceived reliability and adoption of IB and supporting hypothesis 8 (H8) statistically as  $t > t_{critical}$  ( $t=39.258$ ,  $t_{critical}=1.973$ ) or  $p < 0.05$ . Hence the entire hypotheses are supported.

TABLE 4: RESULT OF HYPOTHESIS TESTS

Hypothesis	Relationship	t-statistics	t Critical two tail value	P(T<=t) two-tail	Remarks
H1	Perception PU	45.65083408	1.975287508	3.66898E-92	Supported
H2	Perception PEU	47.52896588	1.975287508	1.03547E-94	Supported
H3	Perception PR	48.19637015	1.973771337	3.3782E-102	Supported
H4	PU PEU	4.060579562	1.969422365	6.5388E-05	Supported
H5	PU PR	7.722930058	1.969939406	3.11077E-13	Supported
H6	PU Adoption of IB	59.69293688	1.975905331	1.983E-106	Supported
H7	PEU Adoption of IB	53.67082833	1.974185191	1.1557E-107	Supported
H8	PR Adoption of IB	39.25850928	1.97369144	2.21675E-88	Supported

FIGURE 1: RESEARCH MODEL

**REGRESSION ANALYSIS**

Regression analysis results confirm that there is significant impact of independent variables (perception, PU, PEU and PR) on dependent variable (Adoption of IB) because the R square is 0.966 as shown in Table 5 is greater than 0.6 which is considered as the benchmark. In other words, all the independent variables together explain significantly 96.6% of the variance on user's acceptance of internet banking services. The R value in the table shows the correlation value among the dependent variable and independent variables.

TABLE 5: MODEL SUMMARY

Regression Statistics	
R	0.982855366
R Square	0.96600467
Adjusted R Square	0.965732707
Standard Error	1.02299809

**CONCLUSIONS**

In this study proposed an empirical model on Internet Banking use, which incorporates bank customers' perception on perceived usefulness, perceived ease of use and perceived reliability. The study makes significant knowledge in relation to adoption of factors effecting of Internet Banking in Burdwan District. The results have supported the hypothesis that PU, PEU and PR have positive effect on the use of Internet Banking in Burdwan District. The result of the regression analysis conducted on the factors indicate that PU, PEU and PR to be the most influential factors explaining the use of Internet Banking services. The results show that the standard error is 1.02299809. The finding refers to the fact that consumers use Internet Banking for the benefits and also due to its easiness in use which provides in comparison to other banking delivery channels.

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## APPENDIX

QUESTIONNAIRE  
PART I

Please select the response that best describes your answer with a ✓

1. Gender: Male Female
2. Age: Under 18 Less than 25 25-35 36-45 46-55 >55
3. Education Level: Secondary  
Higher Secondary  
Bachelors/ UG/ Diploma  
Masters/PG  
Doctorate/ PhD  
Professionally Qualified

4. I use Internet Banking

Several times a day

Daily

A few times a week

Weekly

A few times a month

Monthly

Never

5. Employment Status

Employed Unemployed Retired Other Not- Response

6. Monthly Income

< Rs. 25000

Rs. 25, 000 – Rs. 40,000

Rs. 40,001 – Rs 60,000

Rs. 60,001 – Rs. 75,000

Rs. 75,001 – Rs 1, 00000

Rs. 1, 00000 +

#### PART II

Please state your level of agreement or disagreement to the following statements regarding your attitude towards internet banking with a ✓

(SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree)

	SA	A	N	D	SD
1. Internet Banking enables people to conduct financial transactions more quickly.					
2. Internet banking makes it easier to conduct banking transactions.					
3. Internet banking provides convenience since it is available 24 hours, 7 days of the week.					
4. Internet Banking saves time compared to traditional banking.					
5. Learning to use internet banking is easy.					
6. Using Internet Banking is as safe as using other modes of banking.					
7. Internet banking is reliable and can be used for my banking transactions.					
8. I am aware of the services that could be done using internet banking.					
9. I am aware of the security and privacy issues of Internet Banking.					

## INNOVATION AND ENTREPRENEURSHIP – A DEEP CONNECT

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## ABSTRACT

*Economies are composed of enterprises and companies. Their survival quotient is largely dependent on the ability to acclimatize to the varying times and hence supplying and catering to the community needs in the most effective and efficient manner. Every small business is vital to the economy. Without it, the economy would just not live on. Thus, it becomes all the more important that the business must keep going and possessing the ability to continuously change. Diligence, innovation and resourcefulness thus become the key essentials for every successful and vibrant business. It is not just the scientist community who invents and comes up with innovative solutions for the betterment of the society. Entrepreneurs too are the innovators of the economy. Entrepreneurship not only creates financial gain but also keeps the economy afloat, giving rise to importance of innovation in entrepreneurship. The significance of innovation in entrepreneurship is depicted through newer ways to manufacture consumer, societal or eco-friendly products and solutions more profitably. This article emphasizes upon the need to become innovative so as to fulfil the basic and most essential requirement of being an entrepreneur simultaneously searching for few solutions to let one become a successful entrepreneur.*

## KEYWORDS

innovation, entrepreneurship, entrepreneur, successful businesses, economy, innovative entrepreneurs, new businesses, survival of new entrepreneurs.

## JEL CODES

L26, O30, O35, O39.

## INTRODUCTION

Entrepreneurs are innovators of the economy. It is not just the scientist who invents and draws closer to the solutions. In every business, it is essential to be industrious, innovative and resourceful.

Drucker identified entrepreneurs as people who see “change” as the standard, echoing Heraclitus of Ephesus, the Greek philosopher who said, “The only constant in life is change.” Entrepreneurs regard change as essential and welcome it as advantageous to the lives of big corporations and small businesses alike. However, the kind of change implied here is typically not the kind that can be brought about simply by deciding to create it. Rather, it is created by entrepreneurs who actively go looking for existing transformation in order to exploit it. Wikipedia defines innovation as simply, “a new way of doing something.” It may refer to incremental, radical and revolutionary changes in thinking, products, processes or organizations.

An economy is composed of enterprises and businesses. Our economy has continued to exist because the influential industry people had been able to acclimatize to the changing era and supplied mostly the communities’ wants. Any small business is vital to the economy. Without it, any economy would not live on. But a business must also keep going on, be able to constantly change to accomplish the necessities of the community and the nation.

## MEASUREMENT OF INNOVATION IN ENTREPRENEURSHIP

Entrepreneurship produces financial gain and keeps the economy buoyant. The magnitude of innovation in entrepreneurship is a key assessment factor for the **longevity** of a business. Total number of patent acquisitions, fresh start-ups, and number of publicly traded companies is a starting point. Innovation as a practice has come a long way since Drucker shared his thoughts in the 1980s. For starters, any present-day debate about innovation is likely to include references to international initiatives. Also, due to the global economy, measuring innovative performance has moved to the top of corporate executives’ agendas. In fact, global innovation now has a formal means of measurement. The Global Innovative Index (GII) conceived and developed by INSEAD Business School and World Business, is a recognized model built to better see which nations are currently meeting the challenges of innovation. The GI ranks the world’s best and worst performing economies from the standpoint of innovation, as well as providing insights into nations’ strengths and weaknesses in their innovation-related policies and practices. The availability of this Index means business leaders can more assuredly make revealing comparisons and critical decisions because their research is based on concrete data. Why is the Index likely to become increasingly important as we move further into this new century? Since the GI shows to what degree individual nations and regions currently respond to the challenge of innovation, it will begin to paint a picture of what constitutes success and what does not.

Along the same lines, many questions are being asked about gauging entrepreneurship. When two disciplines are so closely aligned, as are innovation and entrepreneurship, shouldn’t entrepreneurship play some role in such a dimension? For example, there are countries that have enormous accomplishment with innovation, yet they often have difficulty getting these products to market. To get actionable information, we need to come across at entrepreneurship and innovation interchangeably and develop an index to reveal the linkage between them on a global basis.

## OBJECTIVES

This research is basically aimed at finding out the correlation between Entrepreneurship and Innovation. Other **Objectives** of the study are:

1. To find a connect between innovation and entrepreneurship.
2. To learn about the challenges faced before becoming a successful entrepreneur.
3. To find the available resources to become a successful innovative entrepreneur.

## RESEARCH METHODOLOGY

The study is based on secondary data available and the research is conceptual as well as descriptive.



**INTER-RELATIONSHIP OF ENTREPRENEURSHIP AND INNOVATION**

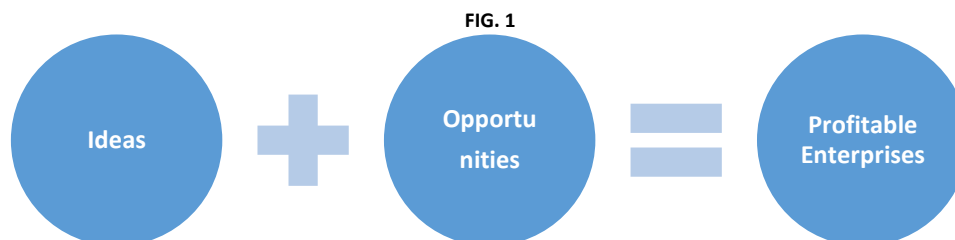
Entrepreneurs and businesses embark on with a want. They see the need within the community and among themselves and come up with a key. They grab hold of the opportunity to innovate to **make the lives easier**. And these solutions kept evolving to make it improved, easier and more functional. Entrepreneurs must keep themselves abreast with the current fashion and demands. Manufacturers are regularly innovating to make more without sacrificing the class.

Companies and enterprises keep innovation as the chief ingredient of their business. Innovations contribute to the success of the company. The magnitude of innovation in entrepreneurship is shown by overcoming the different **challenges** with **new approaches to produce a product or a solution**. A service industry can spread out with another type of service to act upon the ever changing requirements of their clients. Producers can come up with a different invention from the raw materials and by-products. Entrepreneurs, as innovators, see **not just one way out to a need**. They keep coming up with opinions and do not settle until they come up with manifold solutions. Innovation is extremely vital and companies often see their employees' **creativity** as an answer. They come up with colloquiums and trainings to keep their staff motivated to generate something realistic for others and in turn, financial gain for the corporation.

Other factors that raise the importance of innovation in entrepreneurship are **competition**. It excites any entrepreneur to come up with something much improved than their competitors at a lower cost, and still be **cost-effective and qualitative**.

Small businesses see the magnitude of innovation in entrepreneurship. They are able to compete with large industry and still see their **worth** in the economy. Small businesses are significant as they are directly involved in the society and therefore, contribute to their financial and economic gain. These small businesses know exactly what community needs and fulfill them. All things start small.

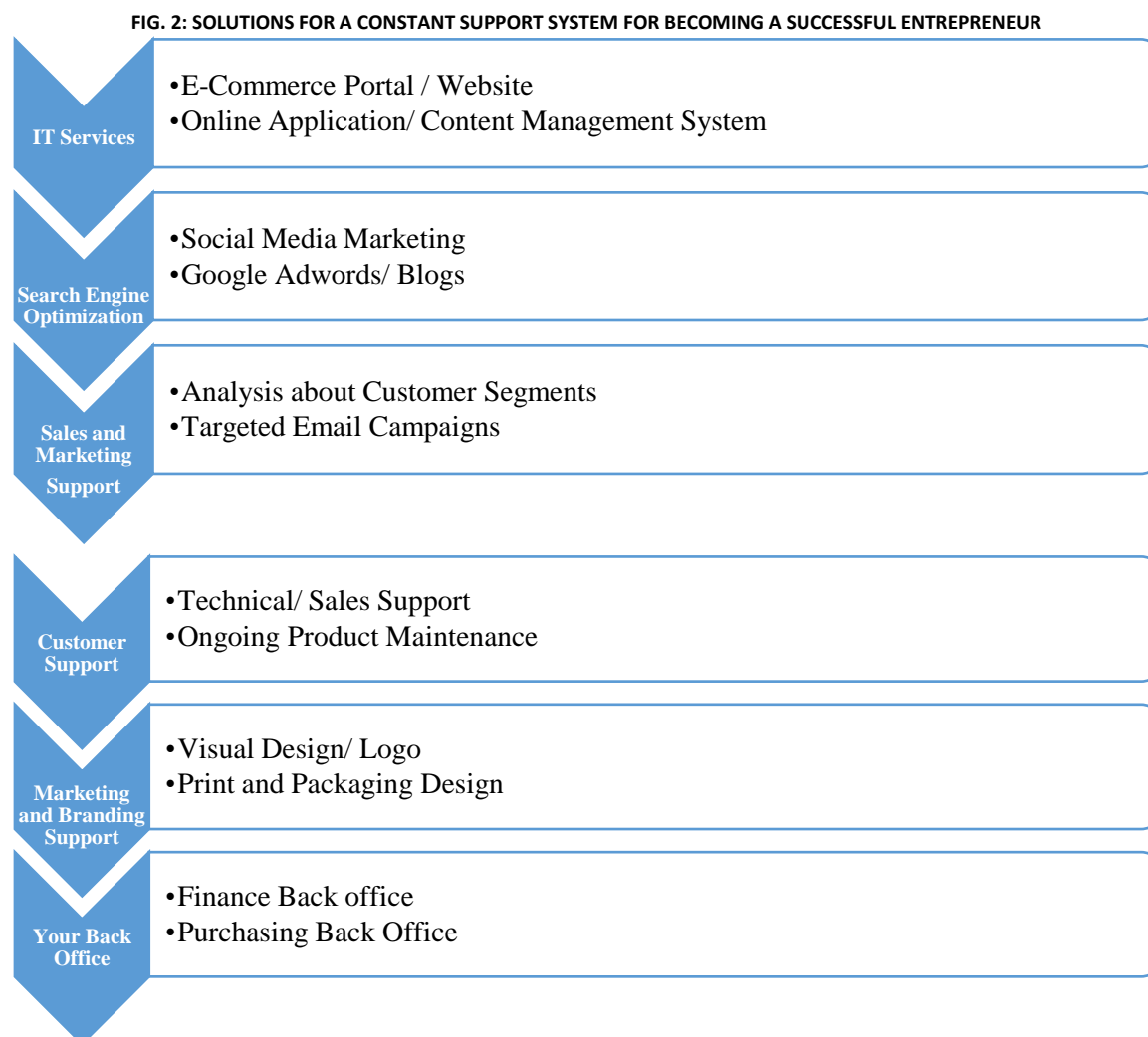
Talking about Innovation and Entrepreneurship leads us to the start of a new business. The opportunities one has, the challenges one faces, the ideas one has, the skills one requires, the technical support one requires, the marketing support one requires, the back office support required –Is one able to handle all these challenges?



Putting it very simply, Innovative ideas and thoughts coupled with the ability to strike at the correct opportunities leads to the establishment of Profitable Enterprises. But, to put ideas into right place along with the opportunities, one needs to have a constant support system. Does one have it all??

**CONSTANT SUPPORT SYSTEM: DOES ONE HAVE IT ALL?**

**If NO!!!** Then here's the answer. What is needed is a complete start-up solution for the upcoming entrepreneurial ventures. **SOLUTIONS** for the different **challenges** faced or to be faced to be a successful entrepreneur are described as follows:





**THE OTHER SUPPORT SYSTEM: THE ECONOMY DOES IT ALL...**

As businesses move ahead, it's fascinating to examine the swiftness innovation and entrepreneurship have made. For starters, innovation has all but become a necessity in today's global business setting, regardless of a company's market scope. This is due to the new reality that competition for any business extends way beyond its local area. The other support system that an economy provides to the innovative entrepreneurs helps a lot in moving forward easily within the economy and globally also.

Some of the overlapping strengths depicted by successful enterprising economies for providing this support system include:

- Strong innovative environment
- Strong drive to take advantage of this environment
- Constant efforts to fabricate on the human capital
- Universities and research establishments to be a magnet for top thinkers
- Generous funding opportunities
- Being proficient at deploying technology
- A Demanding customer base
- Knowledge-intensive market services to be a focus for many people trained in science and engineering
- Very strong critical research capacity
- Public funding
- Development of cutting edge products those are also ingenious.
- Spirit of risk-taking with a powerful drive to accomplish something
- Powerful economy from the ground up
- Pioneering technology sector
- Government investment in education
- Fostering the highest R&D spending of any industrialized nation
- Development of effective investment incentives

When we see an innovative enterprise becoming **GLOCAL**, they encounter few challenges before they grow and also while they try to grow from the different economies which have already become **GLOCAL**. Some of the overlapping **challenges** encountered by all developing and developed economies around the world include:

- Staying attentive of global landscape changes as China and India emerge as economic powers
- Need to bring into being more scientists and engineers from within
- To improve the quality of communication and transportation infrastructure
- Innovative performance getting weakened over the years
- Increased globalization of R&D
- Boosting innovative capability of SMEs and removing obstacles to their growth
- Tertiary education participation is very low meaning reforms to university system are necessary
- Shortage with respect to academic personnel
- Innovative Challenges- One of the best moves any country could make would be to center on narrowing the time gap between R&D and final product.
- Political situation drags down competitiveness rating
- Sales, distribution and marketing capabilities becoming weak
- No domestic market for its products as majority of sales start happening in other countries

In fact, the economies that recognized this early on and nurtured innovation as the ultimate foundation of competitive advantage are surely reaping the benefits now. With the proliferation of intricate think tanks and R&D facilities overseas, it is apparent that economies today are striving for an innovative climate. Yet, based on a comparative study of innovation practices, the practice of innovation is not without its intense challenges. Although the United States remains on peak of the Global Innovation Index Rankings, the fact is that America's innovation has been steadily past its best since the mid-1980s. So, now, there are very real threats coming from China and India.

**GLOBAL INNOVATION AND ENTREPRENEURSHIP: FUTURE FORECAST**

Based on the present information accessible, innovation and entrepreneurship will maintain to swell in the future across borders, because of the existence of these six circumstances:

1. **Global market conditions.** Trade barriers are lessening. Economies are mutually dependent. Communication via the Internet has never been easier or more effortless to get to. These conditions drive political reform, cultural transparency, social progress and a great deal of assets creation.
2. **Entrepreneurial mindset.** Entrepreneurs have the ability to see, understand and take advantage of evolving markets. The entrepreneur's ability to think differently, use insights, see what others don't, envision what doesn't yet exist, and identify opportunity when it's ripe – these are the prized qualities of today's entrepreneur. Wayne Gretzky of national hockey fame helped state it succinctly when he said, "I skate to where the puck is going to be, not where it's been."
3. **Eroding confidence in established institutions.** The recent world economic meltdown is removing any last self-assurance that most people had in governments and large enterprise banks and other financial entities. The resulting doubt will lead to reinventing ourselves as individuals, communities, countries and societies. As such, many more entrepreneurs will be joining the field.
4. **Shifting business environment.** Large-scale firms are identical with bureaucracy which tends to choke innovation. In response, the business environment is shifting to accommodate the needs of its rapidly changing market players. Innovation and entrepreneurship are beginning to thrive around the world and will likely take the form of much smaller, yet bolder companies. Knowing and catering to this is how entrepreneurial ventures beat corporate giants to the knock. Any company, large or small, that continues down the same trail it has always taken will find it to be a losing suggestion.
5. **Entrepreneurial collaboration.** Also, on a global level, there will be further entrepreneurial collaboration, which in turn will create shared innovation between countries a far more common happening at the company to company level – not just at universities and research institutions. One of China's approaches for creating an innovative homeland is the Technology Business Incubator (TBI). China's mission is to take care of "technopreneurs" and technology-based start-ups. Business incubation is considered a viable choice for countries that want to enlarge economic opportunities.
6. **Growth of environmental and sustainable engineering technologies.** A growing consciousness about the value of protecting our planet will fuel the demand for products and services that can accomplish this goal.

**CONCLUSION**

Innovation is important not just in entrepreneurship. As individuals, we are innovators by adapting well to our needs and creating our individual solutions. Entrepreneurs are identical the world over. Although innovation in entrepreneurship helps the country by producing fresh products and services from the ones that already exist but the companies tackling the global economy face unprecedented challenges and threats, as well as remarkable opportunities. Fortunately, new generation of entrepreneurs are more certain in themselves than were the baby boomers of the 80s. They are more inclined to demand instant gratification from their careers, even if it doesn't include maximizing profits. Today, entrepreneurs want to be academically challenged, and some even desire to make a variation in

society. Their motivations are strikingly different from those of their predecessors of the earlier decades, which in the long-term could be a contributing factor to sustainable success.

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# COMPARISON AND MAPPING OF THE UPDATED ACCREDITATION STANDARDS AND CRITERIONS OF ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS (AACSB), NATIONAL BOARD OF ACCREDITATION (NBA)

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## ABSTRACT

Education sector in India is undergoing a rapid change. The number of management institutes in the country is growing in numbers year by year. The mushrooming of the institutes does not indicate any improvement in the quality of education that is imparted to the students. The new tendency of top tier management institutions is to obtain acceptance of its existence from the peer group. With this aim, the number of institutions that is participating in various international and national accreditations and rankings has also drastically increased. Obtaining national and international accreditations and better rankings attracts better students and faculty to the institution. Currently the most sought after accreditations are The Association to Advance Collegiate Schools of Business (AACSB), National Board of Accreditation (NBA). This paper tries to map the revised criterions and standards laid by AACSB and NBA. The criterions of both the accreditation processes were modified in July 2017. When AACSB has slightly modified the standards, NBA has completely revamped the criterions set for the management programs. Institutions submitting NBA self-assessment Report from July to September has an option to submit the report in old format or new format. By end of September -2017 it is mandatory for all the management institutions to follow the newly initiated criterions. This paper compares the newly initiated standards and criterions of these two accreditations.

## KEYWORDS

Indian management education, accreditations of business schools, the association to advance collegiate schools of business (AACSB), national board of accreditation (NBA), comparison of accreditation.

## JEL CODE

I20

## INTRODUCTION

Indian Education system is the third largest education system in the world. The history of management education of India can be traced back to 19<sup>th</sup> Century and those institutions were then set up to cater the needs of British Empire in India. The first Indian B-School was established in 1903 at Chennai –'Commercial School of Pachiappa Charities'. College level Business School was set up in 1913 at Mumbai –'Sydenham College'. In 1920, Shri Ram College of Delhi was set up. In the initial period Science, education was popular and slowly management education started grooming as corporate were open to recruit management-trained students for executive posts. [1]-Indian Institute of Managements (IIMs) was launched in 1961 by Jawaharlal Nehru the first Prime Minister of India based on the recommendations of the planning commission. IIM- Calcutta was started with the support of Sloan School of Management at MIT and IIM Ahmadabad was launched with the help from Harvard Business School. From the period 1960 to 2000, the growth of IIMs in numbers was slow and progressive. The time period post 2000 witnessed an increase in the number of IIMs from 6 to 20.

## OBJECTIVES OF THE STUDY

Comparison of revised criteria for accreditation of National Board of Accreditation (NBA) for management institutions with that of the revised accreditation criteria of The Association to Advance Collegiate Schools of Business (AACSB).

## RESEARCH METHODOLOGY OF THE STUDY

The paper is purely conceptual and is based on secondary research.

## GENESIS OF IIMs

TABLE 1: LIST OF IIMs

Year	No of IIMs	Names of IIMs
1960-1970	2	IIM-C & IIM-A
1971-1980	1	IIM-B
1981-1990	1	IIM-L
1991-2000	2	IIM-K & IIM-I
2000-2010	4	IIM-S, IIM-R, IIM-Ranchi, IIM-Raipur
2011-2015	9	IIM-T, IIM-Kashipur, IIM-U, IIM-N, IIM-V, IIM-BG, IIM Amritsar, IIM Sambalpur, IIM Sirmaur
2016	1	IIM-Jammu

All India Council for Technical Education (AICTE) is the body in India who is responsible for technical as well as management education in the country. AICTE was set up in November 1945 initially as the advisory body and later in 1987 was given statutory status by the Acts of Parliament. AICTE works with the following objectives [2]

- Promotion of Quality in Technical Education.
- Planning and Co-ordinated Development of Technical Education System.
- Regulations and maintenance of Norms and Standards.

The purview of AICTE (the Council) covers programmes of technical education including training and research in Engineering, Technology, Architecture, Town Planning, Management, Pharmacy, Applied Arts and Crafts, Hotel Management and Catering Technology etc. at different levels [3].

AICTE data for the academic year 2015-16 shows the following:

TABLE 2: MANAGEMENT SEATS ENROLLMENT DETAILS SOURCE FOR DATA

No of management seats available in India (MBA/PGDM) in the Academic Year 2015-16	Students Enrolled	Students Passed	Students Placed
4,30,424	2,39,081	99,397	90,146
	Enrollment Percentage : 55.5% of available seats	Passing Percentage:41.5 % of enrollment	Placed Students percentage 90.69%

Source: <http://www.aicte-india.org/dashboard/pages/dashboardaicte.php>

As per AICTE records, 44.5 % of the management seats were vacant in the academic year 2015-16 and out of the enrolled students only 41.5 % could graduate and only 37.7 % were employable. All these aspects points to the fact that the growth in number of institutions or seats does not vouch for quality in education. It's the need of the hour for Premier institutes to have a differentiating factor to attract management aspirants to their institution. The competition and relevance to attract quality students is evident from the fact that IIMs- the most premier institutions in the country itself takes part in various B-School rankings and accreditations. Accreditations and rankings from different International/National agencies help the institute to get an edge over other institutions. Accreditations urge and help Institutions for continuous improvement and builds confidence and assurance on quality to various stakeholders including students. It enables Institution to state publicly that it has voluntarily accepted independent inspection and has satisfied all the requirements for satisfactory operation and maintenance of quality in education. The primary goal of any management institution is to impart high quality global management education and their by create employable students, mentor and support students to create employment; attract renowned faculty. It's a mundane and rigorous task to prepare for rankings and accreditations. Institutions should have a well defined plan and process in hand to take part in these rankings and accreditations. IIM-Calcutta is the only triple crowned institution in India with the most sought after international accreditations from The Association to Advance Collegiate Schools of Business (AACSB), The Association of MBAs (AMBA) and European Quality Improvement System (EQUIS).

In the era of mushrooming management institutes and B-Schools it has become the need of the hour for top tier management institutes to proclaim its quality to the stakeholders.

This paper tries to **Compare and Map the newly launched Accreditation standards and criteria** of Association to Advance Collegiate Schools of Business (AACSB), National Board of Accreditation

- **NBA**

As per the NBA accreditation manual (2017) the process of the NBA Accreditation focus towards measuring exhibitions of the business colleges mission, program objectives and course objectives. In taking after the input process-yield' structure, the attention is on result based points of view and factor. This creates and makes the business college receptive to its key partners, principally, students and their families, industry, personnel and society on the whole.

- **AACSB**

The AACSB International Eligibility Criteria and procedure for Business schools Accreditation give direction in regards to the characterization of the business college. For AACSB accreditation methods, taking the common method that the college taken for accreditation audit "is an association by means of which the business projects are approved, financed, and supervised". By giving significant variety in the frameworks and regulation of advanced education establishments around the globe, the genuine utilization of this definition for accreditation uses can be confounded. The way decorum and discipline are characterized and sorted out inside of an advanced education setting changes crosswise over national connections, and might bring about 'business and organization' programs offered in numerous units and/or in a sections that likewise offers programs in different fields. At the same time, the qualification criteria for AACSB accreditation diagram a procedure and rules for achieving agreement on how every foundation under audit is characterized, this procedure just applies to a less subset of the evaluated 12,600 establishments.

The AACSB International Eligibility Criteria and Standards for Business Accreditation incorporate a far reaching rundown of "customary business subjects" by and large thought to be incorporated into accreditation overviews. AACSB assessment list of establishments giving business degrees. The International Standard Classification of Education (ISCED), utilized by the UNESCO Institute for Statistics as a system for its advanced education information gathering endeavors, utilizes a comparative however not by any means compatible definition. In addition, confounding endeavors to disengage and distinguish business projects is the apparently continually developing vicinity of expansions of the "conventional business subjects" by means of interdisciplinary or coordinated subjects, majors, projects, focuses, or ranges of accentuation. Elements in the fields as apparently assorted as accommodation administration, aeronautics administration, designing administration, forest service administration, and healthcare organization are conveyed somewhat or in full by institutional sections not customarily considered "business colleges," but rather these courses of concentrate may justify the arrangement as business projects in view of their substance. A few nations, especially those with a high-state of claimed undertakings, takes an open organization projects to be business projects and arrange them in that capacity.

In spite of these complexities and haziness, in the factors that tail are attract upon accessible data to describe the worldwide way of administration instruction in 2010. The center of the investigation is on degree suppliers, as this center gives the least difficult premise to examination given the data that is right now accessible

TABLE 3: COMPARISON OF ACCREDITATION STANDARDS OF AACSB AND NBA

Various Factors	AACSB	Criteria	NBA	Remarks
Formation	1916	NA	1994	NA
Establishment of 1 <sup>st</sup> Standard	1919	NA	1994-The present form was established in 2010	NA
Types of accreditation	2 types 1. Institutional Accreditation 2. Specialized Accreditation	NA	Program specific accreditation	
Recognition by Council for Higher Education Accreditation (CHEA)	Yes	NA	No	
Criteria Modified	July, 2017	NA	July, 2017	
Eligibility			3 batches of Management Students must have graduated	
Fundamental Purpose	Encourage B-Schools to hold accountable for improved business practices through scholarly education and intellectual contribution.		Assurance of Quality and Relevance of Education, especially of the programmes in professional and technical disciplines	
Focus Area	Demands evidence for Continuous quality improvement in engagement, innovation and impact		Quality Assurance	
Core Values and Guiding Principles	Ethical Behavior of Stake holders.-The B-School is expected to provide documentation of supporting ethical Behaviour -Collegiate Environment. The B-School is expected to provide proof for the quality of education imparted and the various platforms available for interactions with different stakeholders. Faculty involvement in governance processes -Corporate Social Responsibility		Mission- To stimulate the quality of teaching, self-evaluation and accountability in higher education and facilitate the Institutions in realizing their academic objectives, adopt teaching practices that enable them to produce high quality professionals and to assist them in continuously contributing to the domain of knowledge through innovations & research	
Preliminary Step	Completion of AACSB Eligibility Application		Clearance of Pre qualifier Performa	
General Criteria to consider for Accreditation.	an institution authorized to award bachelor's degrees or higher (in business) or under certain circumstances a business academic unit within a larger institution		Pre-Visit Qualifiers 1. Three batches of management Program should have graduated. 2. 33% of faculty should have PhD for previous two academic year including the current one 3. Admission towards at least 60% of seat 4. Required (1:2:6) cadre ratio should be maintained 5. Placement ratio should be more than 60% At least 50% faculty retention.	
Scope of Accreditation	all business and management degree and related programmatic activities operating within the institution are to be included in the scope of the AACSB accreditation		All management programs.	
Criteria to consider Bachelors Program	Normally, bachelor degree programs in which 25 percent or more of the teaching relates to traditional business subjects or graduate programs in which 50 percent or more of the teaching relates to traditional business subjects are considered business degree programs.		At management level NBA looks into PGDM, MBA programs	

TABLE 4: STANDARDS AND CRITERIA –MAPPING BETWEEN AACSB AND NBA

AACSB Stand-ard/Criterion	Focus Area of AACSB	Mapping of NBA Criterion with AACSB	Focus Area of NBA	Remarks
<b>Strategic Management and Innovation (Standards 1 to 3)</b> Standard-1	1. Clarity of mission 2. Expected outcome based on the mission 3. Strategies for achieving these objectives	Criteria -1 (Vision, Mission & Program Educational Objectives)	<b>Vision and Mission Statement</b> – Aspirations of the B-School and broad approach to achieve aspirations. Process of formulation of Vision, Mission and Program Educational Objectives 3. Program Educational Objectives 4. Coordination/Dissemination among stakeholders.	Clarity of Mission/Vision, Linkage between Program Objectives and Mission is considered in both NBA and AACSB
Standard- 2	Intellectual Contribution, expected outcomes and impact are aligned with Mission	Criteria-6	Faculty Attributes and Intellectual Contributions. Faculty innovations in teaching and learning	Mapping of faculty Intellectual Contributions
Standard-3	Financial Strategies and allocation of resources –Adequate financial resources	Criteria-2 (2.2)	Budget allocation, utilization, Budget allocation and utilization	AACSB –ensures that the B-School has adequate financial resources. NBA analyses the budget allocation and actual usage.
<b>Participants- Students, Faculty and Professional Staffs)</b> Standard-4 to standard 12	Student Admission-Policy and Procedure, Progression and Career Development- Support for academic Progression  Student Admission Process	Criterion 5 5.1,  2.1.2	<b>Student Quality and Performance Admission process not included</b> Compares Sanctioned Intake (Enrolment Ratio) No of students from same state, outside state, other country, Management Stream, Other Streams, Fresher's and Experienced -Success is calculated based on the No of students who have completed 1 <sup>st</sup> year and 2 <sup>nd</sup> Year Placement, Higher Studies and Entrepreneurship 1. Students Placed in Companies/Government Sector 2. Pursuing PhD/Higher Studies 3. Entrepreneur Faculty Empowerment-Should have faculty development policy,	AACSB considers the transparency of admission process, Progression and career development of students. NBA considers enrolment ratio, quality of students' enrolled. No of students clearing the exam. Etc.  NBA indicates the need for faculty development initiatives and decentralization, delegation of power and collective decision making of faculty.
<b>Standard-5</b>	Faculty Sufficiency And Deployment- Faculty is divided into Participating Vs Supporting	6.6	<b>Faculty performance, appraisal and development system</b>	AACSB considers faculty as Participating and Supporting. NBA assess faculty for their performance
<b>Standard-6</b>	<b>Faculty Management and Support</b> - Assigning responsibilities to individuals - reflect differences in expectations for different faculty members -Systematic faculty, development, retention policy Effective process for mentoring, orientation -Performance expectations -Proper faculty resource Plan in place	-Criterion 6.6 and	<b>Faculty Performance, appraisal and development system</b> Details about the different <b>program title, description, duration, resource person, type of training etc. are considered</b> <b>Involvement of adjunct faculty/Visiting faculty from industry</b> -	AACSB considers the assignment of job responsibility for each faculty. NBA and AACSB considers different development program provided for the faculty. NBA gives weightage for visiting faculty/adjunct faculty from industry.
<b>Standard -7</b>	Deploys professional staff and/or services sufficient to ensure quality outcomes.			
<b>Standard-8</b>	<b>Curriculum management and Assurance of learning</b> -Well documented approach for modifying and updating curriculum to achieve learning objective and goals	Criteria 3 (3.1.1 to 3.2.2)	<b>Attainment of Program Outcomes and course outcome.</b>	Both NBA and AACSB give weightage for various assessment tools and processes used to gather program outcome. Each course and its program outcomes need to be identified and mapped. Different methods to assess the program outcome need to be mapped.
<b>Standard -9</b>	<b>Curriculum Content</b> Development of theories, ideas, concepts, skills, knowledge, etc., that makes up a degree program.	Criteria 4.1 4.1.1 to 4.1.4	<b>NBA considers the process for designing the program curriculum.</b> <b>-NBA considers the components of the curriculum</b> <b>Learning processes and quality of teaching and learning also is considered.</b>	NBA criterion considers the process used to develop and evolve the curriculum. Considers the number of lectures, projects and seminars.
<b>Standard-10</b>	<b>Student-Faculty Interaction</b> Level and quality of well documented student-student, student-faculty-Interaction	NA	NA	NA

<b>Standard-11</b>	<b>Degree Program Educational Level, Structure and Equivalence</b> Degree programs are structured and designed to support the content coverage, rigor, interactions, and engagement that are normally expected at this level of study	Criterion 4.2 (4.2.1 to 4.2.3)	<b>Learning Processes followed to ensure and improve the quality of teaching and learning.</b>	NBA also considers the process considered for to improve quality of teaching and learning. Ensures the quality of continuous assessment and evaluation processes. Quality of students reports
<b>Standard-12</b>	<b>Teaching Effectiveness</b> -Existence of policies and processes to enhance the teaching effectiveness of faculty and professional staff	Criterion 6.5	<b>-Faculty Initiatives on Teaching and Learning</b> <b>- Faculty contributions to teaching and learning are measured.</b>	NBA as well as AACSB insists different policies and documentation to ensure effective teaching methods.
<b>Academic And Professional Engagement (Standard-13 to Standard 15)</b> <b>Standard-13</b>	<b>Student Academic And Professional Engagement</b> -Active involvement of students in academic and professional settings	Criterion 5.6 (5.6.1 - 5.6.2) 6.1	<b>Students Professional Activities</b> <b>Faculty –student Ratio</b>	NBA as well as AACSB considers students participation in professional societies/chapters and management events. NBA also considers students publications
<b>Standard-14</b>	<b>Executive Education</b> -Involvement in executive education. Appropriate process in place to meet high quality client expectations	Criterion 7 (7.1.5)	Institutes initiatives related to industry including executive education, industry sponsored labs, industry sponsorship for students activities etc. are considered	NBA does not consider executive education alone as a criterion. It gives due importance to all other industry interactions like consultancy, participation of industry professionals in curriculum development, etc.
<b>Standard-15</b>	<b>Faculty Qualification and Engagement</b> Academic Credential- Earned Degree and other academic Credentials Professional Experience- Nature, level, duration of leadership and management positions <b>Sustained academic and professional engagement</b> Academic Engagement of faculty Professional engagement of faculty	Criterion 6	Faculty Attributes and Contributions	AACSB considers faculty qualification as a standard where in NBA qualification and research aptitude is blended and captured. NBA captures and gives weightage for faculty with PhD and management degree
--	--	Criterion 7	Industry & International Connect	Industry and International connect is extensively captured in NBA.MOUs signed, student exchange programs, faculty exchange programs, collaborative research projects etc. are given weightage
--	--	Criterion 8	Infrastructure	NBA gives weightage for the infrastructure, library, IT infrastructure, Hostel, Sports and medical facility available
		Criteria 9	Alumni Performance and Connect	NBA looks into institutes Alumni association, Involvement of alumni, methodology to connect with Alumni and its implementation is considered.
		Criterion-10	Continuous Improvement	NBA considers actions taken based on the results of evaluation of each of the POs and actions taken for improvement. NBA also look into the academic audits and action taken during the period of assessment is considered. NBA also looks into the improvement in placements, Higher Studies and Entrepreneurship One unique feature of new criterion of NBA is the weightage given for the quality of students admitted to the program.

## SUMMARY

This paper tried to compare and map different parameters and standards followed by AACSB accreditation, which is an international accreditation with that of NBA, which is a National level accreditation. The scope of the paper is limited to the comparison of updated standards of both the accreditation. This paper is based on secondary data, further based on the parameters and standards mentioned a new framework could be developed which will support the management institutions in their effort to prepare for these accreditations.

From the aforesaid mapping it is evident that the newly developed NBA criteria are influenced by AACSB. NBA has also Indianized its approach with certain criteria's and weightages given to physical infrastructure, academic infrastructure student enrollment statistics etc.

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# PROPERTY TAX REFORMS IN MUNICIPAL CORPORATION OF DELHI (MCD) – FISCAL AND DISTRIBUTIONAL IMPLICATIONS

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## ABSTRACT

*Property Tax serves as a major source of revenue generation of urban local bodies and municipalities in order to provide the basic civic services in the city. Out of 3 ways (Annual Rental Value, Capital Value System, Unit Area System), MCD had adopted Unit Area method of property taxation which was recommended by Govt. of India in the year 2003 and was implemented in April 2004. Objective of this study is to assess the fiscal performance of MCD after the implementation of property tax reforms through Unit Area Method (UAM) of valuation and self-assessment scheme. Budget documents of MCD and reports of Delhi Finance Commission & Municipal Valuation Committee along with data from Economic Survey of Delhi & Statistical Abstract of Delhi is taken for analysis of MCD property tax reforms for the period of 2004-05 to 2013-14. Coverage Ratio and Collection Ratio is used to measure implication of property tax reforms undertaken by the MCD while implementing unit area method along with correlation coefficient to assess the trend of property tax collection vis-à-vis MCD's own revenues and with macro-economic data of Delhi state. The past experiences of property tax reforms shows that transition from the annual rental value to area based taxation holds a lot of promises and if properly implemented, can bring in significant additional revenues. The MCD property tax reform was undertaken to improve the property tax collections but comprehensive correction of the property tax system has been lacking. Property tax collection declined in Delhi after the introduction of new assessment method along with the decrease in number of assessed properties. Unless the structural issues are resolved, improved administration will do little to make the property tax a viable revenue source for local government. It also requires trained staff, capable of valuing real property.*

## KEYWORDS

Municipal Corporation of Delhi (MCD), property tax, reforms, revenue, unit area method (UAM).

## JEL CODE

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## INTRODUCTION

It is well known fact that property tax is the principal source of revenue of local municipal authorities to upkeep the basic civic services in the city. According to 2011 census, In India, there are 37.7 crore people living in 7935 towns which constitutes 31.2% of the total population. As per the report of Twelfth Five Year Plan, it is projected that by 2031 around 60 crore people will find their residence in urban part of the country. Currently, 53 cities and towns have a population of 10 lakh and above. Three of the 10 largest metropolises in the world (Mumbai, Delhi and Kolkata) are in India.

Urban areas generate about 65% of the GDP in India, which is expected to contribute 75% by 2021 (Gol, 2008). Property tax to GDP ratio in any country generally does not goes beyond 3%. For developing countries, the average property tax to GDP ratio is around 0.7%. Though, in India, adequate information on revenue collection from property tax is not available, but it is estimated to about 0.2% of the GDP.

The total revenue can be broadly divided into 'own source' revenues and transfers from upper tiers of the government. The 'own source' component has tax revenues and non-tax revenues. Property tax and octroi are the main components of the tax sources. Transfers are composed of assigned revenues and grants. Assigned /shared revenues generally come from entertainment tax, motor vehicles tax, stamp duty/surcharge and various shared taxes, which may vary across states. Grants mainly are composed of the grants-in-aid component, which is generally on account of education, road maintenance or for any other (specific) purpose.

Property tax is the annual amount paid by a land owner to the local government or the municipal corporation of their area. Although the power of taxing is vested in the hands of state, yet it is delegated to the local bodies like municipalities. The property includes all tangible real estate properties, houses, office buildings and the property rented to others. Central government properties and vacant properties are generally exempted.

In India, the municipal corporation of a particular area assesses and imposes the property tax annually or semi-annually. The value of property forms the basis of this tax. Many local governments calculate the property or house tax not only on the basis of the size of the property but its location, occupancy status, covered area and quality of construction. Property Tax serves to be the major source of revenue generation of urban local bodies (ULBs) and municipalities in order to keep intact the basic civic services in the city. The collected amount is mainly used for financing public services like repairing roads, construction schools, buildings, sanitation etc.

As the Central government had initiated the mission to improve the infrastructure conditions of urban sector of India, it has launched a program in the name of our first Prime Minister of India Shri Jawahar Lal Nehru in 2005. The program named Jawaharlal Nehru National Urban Renewal Mission (JnNURM) provides the funds to the ULBs for improvement of infrastructure facilities in their respective jurisdiction and assigns the target to receive funds from central government under the program. As such, the target set for property tax collection by ULBs is set to improve the collection ratio to 90% and coverage ratio to 85%.

Property tax is one of the relatively less researched areas especially in terms of its design and its implementation issues. Studies shows that the information available to the tax authorities is very limited thus making it more difficult even to design the basic framework of property tax system in India. Most of the municipalities are always remains with a lack of funds to provide the basic services to the citizens. With inadequate service quality, tax compliance always remains low which further leads to low level of local public services. This vicious circle needs to be broken so as to improve the standard of service quality, thus reforms in property tax system becomes imperative. MCD in 2004 by introducing Unit Area Method (UAM) method was considered to increase the overall collection of the corporation by the way of property tax collection. Thus, the objectives of the study are as follows:

1. To assess the fiscal performance of MCD after the implementation of property tax reforms through Unit Area Method of valuation and self-assessment scheme.
2. To examines the reasons for low revenue productivity of MCD property tax after implementation of Unit Area Method.
3. To reviews, the recent reform initiatives.

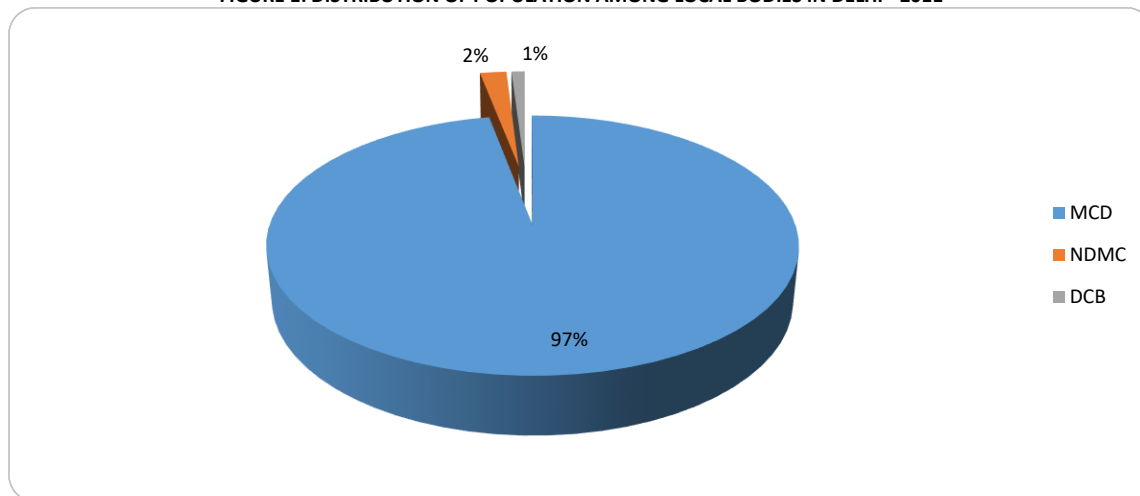
The paper has been organized in six sections. Section 1 being the introduction, Section 2 presented the current scenario of MCD with regard to revenue, expenditure and Section 3 brings brief review or existing literature. Section 4 depicts the methodology along with data sources & description. Section 5 presents the results. Section 6 ends with few concluding remarks with some policy implications.

**MUNICIPAL CORPORATION OF DELHI (MCD) – CURRENT SCENARIO**

Delhi is governed through three different local bodies having their own geographical demarcation and areas of operation. The three local bodies in Delhi are as:

- Municipal Corporation of Delhi (MCD)
- New Delhi Municipal Corporation (NDMC)
- Delhi Cantonment Board (DCB)

In the capital city of India, Municipal Corporation of Delhi (MCD) is the largest urban local government out of the total three urban governments. This government takes care of around 1398 sq. km (94%) out of a total of 1483 sq. km of the city and about 97% of total population of Delhi which constitutes about 1.64 crore (Population Census, 2011). While the other two local bodies (NDMC and DCB) covers only a small part of about 43 sq. km each (approx 3% of total land area of Delhi). The population in NDMC was 2.58 lakh in 2011 and in DCB it was 1.10 lakh.

**FIGURE 1: DISTRIBUTION OF POPULATION AMONG LOCAL BODIES IN DELHI - 2011**

Source: Delhi Statistical Abstract 2014

Municipal Corporation of Delhi was established in 1958, under the provision of an Act of Parliament, known as "The Delhi Municipal Corporation Act 1957". It is one of the largest local bodies in the world & is second only to Tokyo in terms of area. Its territorial jurisdiction is almost equivalent with that of the state government. It caters to both the urban and rural sector in Delhi and services a large number of resettlement colonies, JJ squatter settlements, slums etc.

**Revenue Sources of MCD**

MCD derives its revenue from many sources. These sources are broadly divided into two categories namely the domestic and the external sources of revenue. The taxes and rates levied by the MCD divided under three categories (obligatory taxes, optional taxes and external sources of revenue of Delhi). Refer box No. 1

**BOX 1: OBLIGATORY TAXES, DISCRETIONARY TAXES AND EXTERNAL SOURCES**

Obligatory Taxes	Discretionary Taxes	External Source
Property Tax	Education Cess	Global Sharing of Taxes
Tax on Vehicles and Animals	Land Revenue	Terminal tax goods carried by (railways, roads, airport)
Theater tax	Profession Tax	Entertainment and betting tax
Tax on Advertisements	Electricity Tax	
Duty on transfer of property	Betterment Tax	
Tax on building plans	Tax on boats	
	Toll tax	

Source: Section 113, Delhi Municipal Corporation Act, 1957

The most important taxes that MCD imposes are house tax, tax on sale and supply of electricity and toll tax. The important components of non-tax revenues are fines against law, fines from cattle pounds, fees from hospitals, fees from vehicles licenses, process fees, cost of law receipts, rent on lands and buildings, fines for offences undertakings, reimbursement of debt charges, development and transfers from other account, rents on market and slaughter houses, receipts from licensing and removal of encroachment, license for hawking carts and improvement schemes.

**MCD Property Tax Reforms**

Properties in MCD prior to 2003 were taxed on the basis of annual rent at which properties were expected to be let out. While tenanted properties were assessed for tax based on the rent being paid by them, ratable values of self-occupied properties were assessed on the basis of cost of land and the cost of construction - both of which itself were highly subjective parameters. Rent control laws, which prevent the hike in rent on properties, were also served as a major roadblock to increase revenue base for property tax collection in Delhi. With the rise in demand for public services, corporation left with no other option except to revise tax rates upwards to increase revenues from the property tax.

MCD after a series of deliberations passed a resolution in June 2002 proposing the introduction of the Unit Area Method (UAM) that would reform the rental value-based system of property tax. The entire process of introduction of UAM of property tax by MCD i.e. from setting up of committee to the final implementation of new system is summarized as follows:

TABLE 1: PROCESS OF IMPLEMENTING UAM OF PROPERTY TAX IN DELHI

S. No	Date	Status
1	9th July 2002	Expert Committee on Property Tax Reforms set up.
2	1st February 2003	Submission of Report of Expert Committee along with proposed legislative changes submitted to the Government of National Capital Territory of Delhi
3	7th April 2003	Amendments to the Delhi Municipal Corporation Act paving the way for introduction of the Unit area Method of property tax assessment approved by Delhi Legislative Assembly
4	June 2003	Amendments get assent of President of India
5	September 2003	Amended Act notified to come in force by the Lt. Governor of Delhi
6	October 2003	First 'Municipal Valuation Committee (MVC)' notified and set up under the amended Act.
7	February 2004	Report of the Municipal Valuation Committee submitted to the Municipal Corporation of Delhi.
8	1st April 2004	The new Unit Area System of Property Tax Assessment Comes into force

Source: MCD

The outgoing rental value system in the MCD was highly subjective and discretionary, whereas, the new Unit Area Method (UAM) ensures complete transparency in the procedure for assessment of property tax. UAM is based on measurable parameters, such as unit area values, multipliers factor for age, structure and use of the property, etc. These parameters are periodically revised by the Municipal Valuation Committee once in every three years.<sup>1</sup>

## LITERATURE REVIEW

Property tax collections in the MCD area dropped by 16% in 2004-05 compared with that in 2003-04. While analyzing the performance of Delhi and Bangalore in terms of Property Tax to GSDP ratio study finds that the ratio in Bangalore has been more or less steadily increasing over the years and records an increase immediately after the implementation of the unit area method, both between 1999 & 2000; and 2006 & 2007 whereas it declines from 0.89% in 2003 to 0.64% in 2004 in Delhi (Bandyopadhyay S, 2013).

In the old system, i.e. up to 31.03.2004, 9,63,119 bills were being issued to the tax payers. Against this only 6,50,381 tax payers used to make payment of property tax. The total collection during the year 2003-04 was Rs. 920.10 crores (in current prices). After implementation of UAM, in the year 2004-05, up to 31.03.2005, almost 745,850 tax payers filed their returns and the tax collection was Rs. 817.93 crores (again in current prices). Though the overall collection in this year was reduced but roughly 100,000 more tax payers paid the tax on self-assessment basis than the preceding year. So the success of the UAM seems to be one of widening the tax net rather than increasing the revenue per se. During 2005-06 MCD, a sum of Rs 486.43 was collected vide property taxes while 8,24,873 tax payers paid property tax through self assessment returns. In the year 2006-07, MCD collected Rs 358.19 crores of property tax (NIPFP, October 2007).

Most important reason for the low collections is the poor coverage of the tax and its low collection efficiency. Tax base has not been revised from time-to-time to take into account the changes in the status of the properties and improvements to the properties. Also low level of efficiency in revenue collection arises from the actual values of properties assessed are significantly lower than the market values. Assessed values are as low as 8-10% of the market values. Big metropolitan cities also have large unauthorized buildings and properties not included in the municipal register, which, while availing the municipal services do not pay the tax. Apart Article 285 of the Constitution provides exemption to all properties belong to the Union government. The adverse revenue impact of this is particularly severe in capital city like Delhi. (Rao M G - 2013)

Assessment of properties is one of the biggest challenges for the ULBs, which are plagued with issues like unscientific methods, lack of transparency and issues with incomplete records of properties. There are no formal and standard practices for having the property counts. Apart, from these there are also political interests that prevent the collection of the property taxes leading to low collection efficiency (Gnaneswar V 2009).

In a study of 36 large corporations, Mathur et.al. (2009) finds that there are large inter-city variations with the Mumbai municipal corporation having per capita revenue of Rs 1,334 while the municipal corporations of Patna and Dhanbad had only Rs 25 and Rs 40.

The starting point for property tax reform in India was the introduction of area-based assessment to determine the tax base by the Patna Municipal Corporation in 1992-93. Previously, the tax was collected on the basis of the annual rental value, defined as gross annual value rent at which the property may 'reasonably' be expected to be rented out. This system gave enormous discretion to the tax collectors and yielded little in tax revenue. The prescription of unit values (per square foot) based on the area of location and type of construction of the property instead of the annual rental value removed most of the discretion from the tax collectors and resulted in such a large increase in base that the tax rate was reduced from 44 per cent to 9 per cent. Also, the Administrative Reforms Commission has noted that only about 60-70 per cent of the properties in urban areas are actually assessed. A large number of property owners seem to be simply not paying the tax although they benefit from the local public services. (Rao M.G and Bird R. 2010).

## METHODOLOGY

For the analysis of property tax reform undertaken by MCD in 2004, we used the data of MCD revenues for ten years preceding the reforms i.e. from 1994-95 till 2003-04 (when the rental value system of property tax was in practice) and ten years after the introduction of new methodology of tax collection i.e. from 2004-05 till 2013-14. Following indicators were taken to assess the performance of property tax:

### Coverage Ratio

1. Assessed Properties (AP) as a % of Total Properties (TP)

$Coverage\ Ratio = (Assessed\ Properties / Total\ Properties) * 100$

2. Tax-Paying Properties (TPP) as a % Total Properties (TP)

$Effective\ Coverage = (Tax-Paying\ Properties / Total\ Properties) * 100$

3. Tax-Paying Properties (TPP) as a % of Assessed Properties (AP)

$Real\ Effective\ Coverage = (Tax-Paying\ Properties / Assessed\ Properties) * 100$

### Collection Ratio

1. Property Tax collection (PTC) as a % of Property Tax Demanded (PTD)

2. Property Tax collection (PTC) as a % of Total Municipal Revenue (TMR)

3. Property Tax collection (PTC) as a % of Own Revenues (OR)

4. Property Tax arrears (PT-AR) as a % Property Tax Demanded (PTA)

### Correlation Coefficient

Increasing revenues were the central tenant of the reform undertaken by MCD in 2004 thus it become imperative to assess the trend of the property tax collections of MCD with regards to its own revenues. Hence **correlation coefficient** between below mentioned indicators is also assessed.

1. Property Tax Collection and Own Revenues of MCD

2. Property Tax Collection and Total Receipts of MCD

The study also tried to evaluate the fiscal performance of property tax revenues of MCD with regards to the growth indicators of the state (Delhi). Thus, **correlation coefficient** between the following indicators will also be evaluated.

1. Property Tax Collections of MCD and GSDP of Delhi

<sup>1</sup> Formula for calculating Property Tax as per MVC 2003 is provided in Annexure

2. Per Capita Revenues of MCD and Per Capita Income of Delhi

3. Property Tax Collections of MCD and Population of Delhi

#### DATA SOURCES & DESCRIPTION

As data of MCD is not available in the public domain thus the author has visited MCD headquarter located at Civic Center, New Delhi. Copy of budget document for the year 2011-12 was collected (as there was a trifurcation of MCD in the year 2012) and the copies of budget document of SDMC was collected for the years 2012-13 to 2014-15 (since budget documents of other two municipal corporations – EDMC & NDMC was not available). Data from Third Delhi Finance commission (2004) and from Interim report of Delhi Municipal Valuation Committee-III (2014) is clubbed with the data of budget documents of MCD & SDMC so as to get the resultant data for the analysis of the study.

Data on Gross State Domestic Products (GSDP), Population & Per Capita Income of Delhi and GDP of India is compiled from Economic Survey of Delhi 2005-06, Statistical Abstract of Delhi 2014 and Estimates of State Domestic Product of Delhi 2013-14. Data on property tax arrears is not available for post-reform era thus the average collections of property tax as a percentage of total property tax demand for the three years (2004-05 to 2006-07) is taken from the study done O P Mathur, 2009 as the proxy to conclude our study.

#### DATA ANALYSIS AND RESULTS

Growth rate of MCD revenues in the pre-reform era shows that Y-o-Y property tax collection has increased from 1995-96 to 1997-98 but then continuously falls till the year 2001-02 with a signs of recovery in the later years. Y-o-Y growth rate in own revenues of MCD has remained in the range of 16 - 17 per cent from 1995-96 to 1998-99 and marks its peak growth of above 31% in the year 1999-2000 in its tenure of pre-reform period of study. Y-o-Y growth rate in total revenue of MCD in pre-reform period remained fluctuating with highest growth registered in the year 1998-99 with more than 28% growth whereas the lowest growth of around 3.2% was registered in the year 2003-04. (Refer Table No 2)

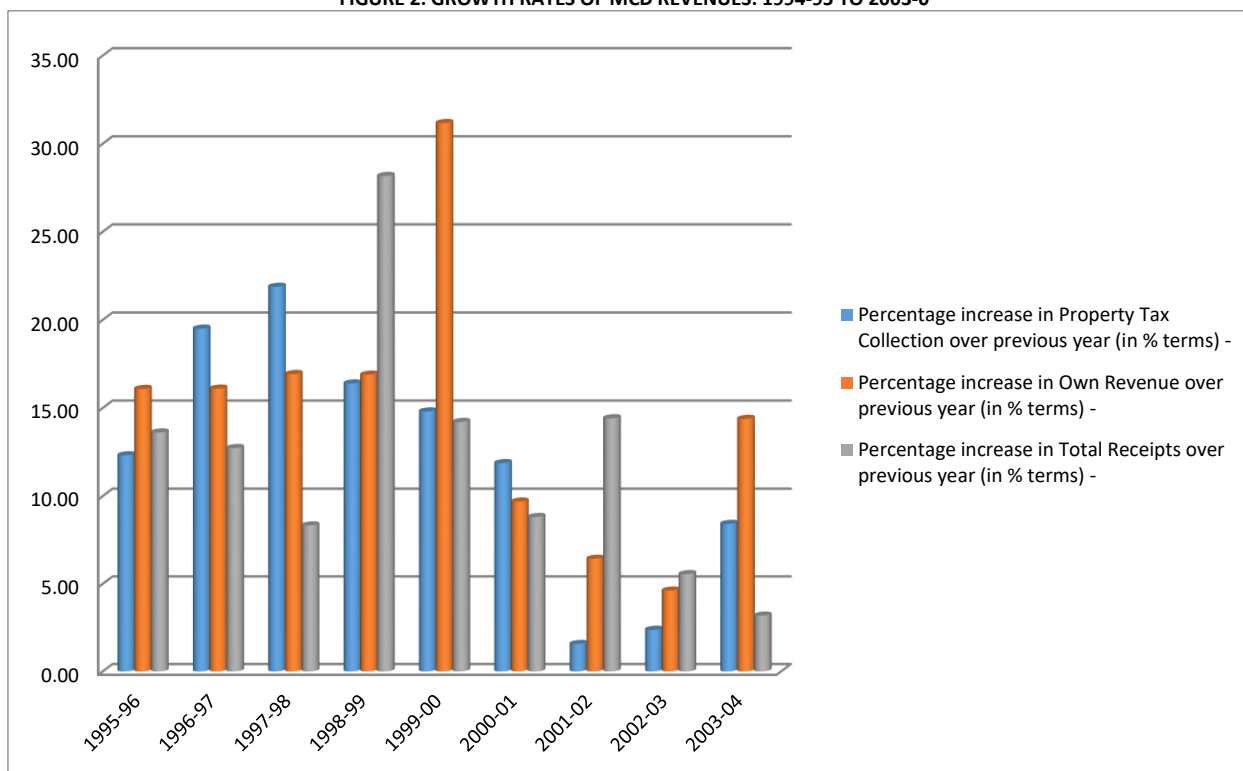
TABLE 2: GROWTH RATE OF MCD REVENUES: 1994-95 TO 2003-04 (Values in Rs Crores)

Year	Property Tax Collection	Y-o-Y growth% in Property Tax Collection	Own Revenues of MCD	Y-o-Y growth% in Own Revenues	Total Receipts	Y-o-Y growth% in Total Receipts
1994-95	234.25	-	366.50	-	502.05	-
1995-96	267.14	12.31	425.44	16.08	581.16	13.61
1996-97	331.86	19.50	493.92	16.10	665.92	12.73
1997-98	424.80	21.88	577.53	16.93	726.48	8.34
1998-99	508.09	16.39	675.09	16.89	1011.37	28.17
1999-00	596.38	14.80	885.54	31.17	1178.87	14.21
2000-01	676.70	11.87	971.35	9.69	1292.84	8.82
2001-02	687.45	1.56	1033.80	6.43	1383.25	14.42
2002-03	704.18	2.38	1081.53	4.62	1495.50	5.55
2003-04	768.94	8.42	1237.09	14.38	1652.11	3.19

Source: 1. Third Delhi Finance Commission (2004); 2. MCD Budget Document (2011-12); 3. Author's Computation

Correlation coefficient between property tax collection and own revenues of MCD as well as between property tax collection and total receipts of MCD was 0.99 in the pre-reform period.

FIGURE 2: GROWTH RATES OF MCD REVENUES: 1994-95 TO 2003-04



Just after the implementation of UAM of property tax system there was a sudden fall in the property tax collections. Data shows that the property tax collection has fallen by around 33% in the year 2004-05 and remained negative in 2005-06. In the year 2006-07, it shows a marginal growth of around 2%. Growth rate in property tax collection was highest in 2008-09 with 18%. Growth rate in own revenue was shown marginal rise of 0.5% in the year following the UAM of property taxation wherein it peaked in the year 2010-11 with a huge 70% growth. Total receipts of MCD were also increased by more than 68% in the year 2010-11. After trifurcation of MCD in the year 2012, data is available for South Delhi Municipal Corporation (SDMC) only. (Refer Table No 3)

TABLE 3: GROWTH RATE OF MCD REVENUES: 2004-05 TO 2013-14 (Values in Rs Crores)

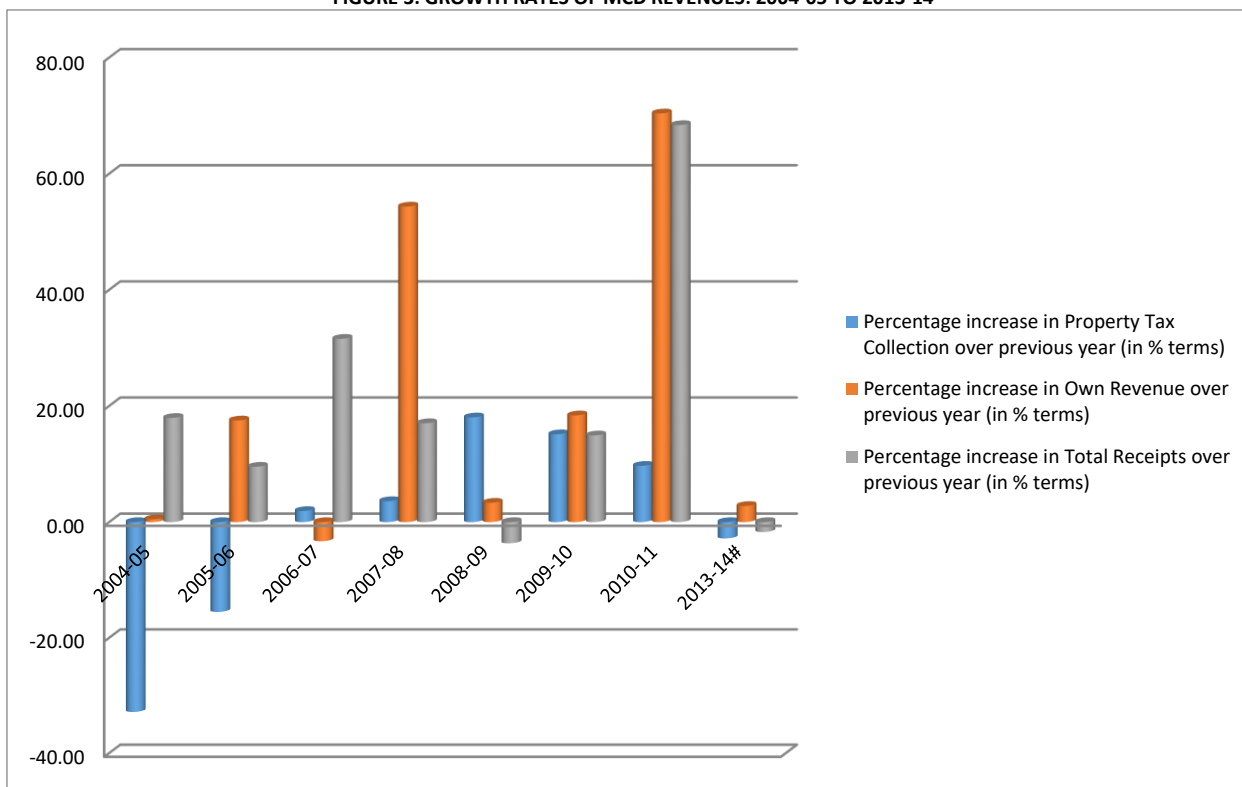
Year	Property Tax Collection	Y-o-Y growth% in Property Tax Collection	Own Revenues of MCD	Y-o-Y growth% in Own Revenues	Total Receipts	Y-o-Y growth% in Total Receipts
2004-05	575.76	-32.86	1243.05	0.48	1948.48	17.94
2005-06	486.44	-15.51	1460.57	17.50	2134.12	9.53
2006-07	495.69	1.90	1412.40	-3.30	2807.75	31.56
2007-08	513.53	3.60	2179.92	54.34	3285.92	17.03
2008-09	606.10	18.03	2252.31	3.32	3165.97	-3.65
2009-10	697.75	15.12	2666.17	18.37	3638.54	14.93
2010-11	765.34	9.69	4542.68	70.38	6126.48	68.38
2011-12	NA	NA	NA	NA	NA	NA
2012-13 <sup>#</sup>	539.92	---	1896.73	---	2718.46	---
2013-14 <sup>#</sup>	524.72	-2.82	1949.26	2.77	2672.00	-1.71

Note: 1. NA - Data not available for 2011-12; 2. # Data pertains to SDMC only

Source: 1. Interim Report of MVC - III (2010); 2. MCD Budget Document 2011-12; 3. Budget Documents of SDMC: 2012-13, 2013-14, and 2014-15; 4. Author's Computation

After the implementation of UAM, correlation coefficient between property tax collection & own revenues of MCD and between property tax collection & total receipts of MCD which was 0.99 in pre-reform era has fallen to 0.86 and 0.82 respectively after the reform period.

FIGURE 3: GROWTH RATES OF MCD REVENUES: 2004-05 TO 2013-14



#### Coverage Ratio

No concrete survey has been undertaken by MCD to calculate total number of properties under its jurisdiction neither does it has figures for number of tax-paying properties. With the help of limited information, we draw the following conclusion.

TABLE 4: COVERAGE RATIO OF MCD PROPERTIES: 1995-96 TO 2003-04

Year	Total Number of Properties	Number of Properties Assessed for Property Tax Purpose	Number of Tax Paying Properties	Percentage of Properties Assessed out of Total Properties	Tax-Paying Properties as a percentage of Assessed Properties	Tax-Paying Properties as a percentage of Total Properties
1995-96	2568000	776400	214000	30.23	27.56	8.33
2003-04	3100000	963119	650381	31.07	67.53	20.98

Source: Author's Compilation from various sources/literature

With the passage of time, only tax-paying properties have increased, as there is hardly any rise in assessed properties out of total properties in percentage terms. It has increased from around 30% in 1995-96 to 31% in 2003-04. This was due to the fact that no efforts were made by MCD to increase the number of assessed properties under property tax net. Tax-paying properties out of assessed properties has shown a massive jump from around 27.5% in 1995-96 to above 67.5% in 2003-04 which shows an improvement in compliance ratio. Tax-paying properties out of total properties in Delhi have also increased in the same time period from above 8.3% to around 21% which also reflects better compliance.

Even in the post-reform era, the data was not available for total number of properties. Number of assessed properties in 2004-05 was 9.46 lakh whereas the tax-paying properties was 7.46 lakh contributing to around 79% out of assessed properties. In the year 2009-10, number of assessed properties was increased to 9.80 lakhs whereas the tax-paying properties were reduced to 6.43 lakh. This means that only 65% of people paid their property tax in 2009-10. As per population census of 2011, the number of properties in Delhi was estimated to about 41 lakh. Taking an approximate figure of 40 lakh properties in 2009-10, number of assessed properties out of total properties of Delhi stood at around 25% whereas the tax-paying properties out of total properties of Delhi was mere 16%.

#### Collection Efficiency

Collection Efficiency of property tax is low in Indian cities, which is one of the reasons for low collections of property tax (Mohanty et al 2007, Bandyopadhyay and Rao 2009, Rao and Bird 2011).



The average collection of property tax revenues was declined from 67% to approximately 30% in the own revenues of MCD after the implementation of UAM method whereas out of total receipts of MCD, the average share of property tax revenues has decreased to 20% which was 50% in the pre-reform era. During the rental value system of property taxation, MCD was able to collect around 73% of property tax out the current targets set as per budget estimates but due to huge amount of arrears, the tax collection out of total demand by MCD is just above 16%. The property tax collection out of current demand has increased to 77% with the introduction of new method of property tax collection. Due to non-availability of data regarding arrears, calculations regarding the contribution of property tax in total demand cannot be computed. However, the study done by OP Mathur, 2009 states that the average collections of property tax as a percentage of total property tax demand for the three years (2004-05 to 2006-07) was 16%.

Population size has a strong impact on property tax collection (with a correlation of 0.82 – 'national average')<sup>2</sup>. The figures for Delhi states that prior to implementation of UAM method the correlation coefficient between *MCD property tax collection* and *population of Delhi* was 0.99 whereas after its implementation it has fallen to 0.81 (due to non-availability of data, correlation is calculated from figures of 2004-05 till 2010-11). This shows that the estimate has fallen just below the national average.

#### Comparison of MCD Property Tax data with State and Central Government data

Being the capital city of India, Delhi accommodates a large population and, with growing economy, the income levels of people of Delhi are continuously rising. The data reveals that the per capita income of Delhi has increased from Rs 25,400 in 1994-95 to Rs 2,20,000 in 2013-14 (i.e. more than 850% in 20 years) and per capita revenue collection of MCD has increased from Rs 478 in 1994-95 to 2400 (i.e. 500% in 20 years). The basic rule of progressive tax system suggest that higher the level of income of an individual higher is the tax paying capacity thus there must be a positive relation between the per capita income and per capita tax payment.

Correlation Coefficient between *Per Capita Revenue of MCD* and *Per Capita Income of Delhi* shows that before the UAM method the correlation was 0.97 whereas it has declined to 0.92 in the period from 2004-05 till 2010-11 (as the figures for per capita revenue of MCD is not available for last three years of analysis period). On the similar grounds, the relationship between *total property tax collected* and *GSDP of Delhi* has the same story. Correlation coefficient is calculated till 2010-11 in the post-reform period due to non availability of concrete data and is turn out to be 0.86 against the pre-reform figure of 0.98.

Interesting facts been revealed while making a comparative study of Local Government (MCD) with State Government (Delhi Government) and of State Government (Delhi Government) with Central Government (Government of India).

TABLE 5: REVENUE COMPARISON OF LOCAL, STATE & CENTRAL GOVERNMENT

Year	Total MCD Revenues as a percentage of GSDP of Delhi	GSDP of Delhi as a percentage of GDP of India	Year	Total MCD Revenues as a percentage of GSDP of Delhi	GSDP of Delhi as a percentage of GDP of India
1994-95	1.98	3.05	2004-05	1.94	3.38
1995-96	2.19	2.85	2005-06	1.85	3.40
1996-97	2.20	2.89	2006-07	2.07	3.43
1997-98	2.06	3.13	2007-08	2.08	3.45
1998-99	2.52	3.19	2008-09	1.67	3.57
1999-00	2.74	3.21	2009-10	1.67	3.56
2000-01	2.86	3.25	2010-11	2.42	3.49
2001-02	2.89	3.25	2011-12	NA	3.54
2002-03	2.90	3.31	2012-13	NA	3.71
2003-04	2.92	3.29	2013-14	NA	3.84
Average	2.53	3.14	Average	1.96	3.54
Standard Deviation	0.38	0.16	Standard Deviation	0.26	0.14

Note: NA- Data not available

Source: 1. MCD Budget Document (2011-12); 2. Statistical Abstract of Delhi (2014); 3. Author's Computation

The average collection of MCD revenues vis-à-vis with Delhi government revenues has decreased from 2.53% to 1.96% (data taken from 2004-05 till 2010-11) after the implementation of UAM method whereas in the same period the average GSDP of Delhi government has increased from 3.14% to 3.54% with respect to the GDP of India. The standard deviation of MCD revenues with respect to revenues of Delhi government has reduced from 0.38% to 0.26%. The figure for GSDP of Delhi vis-à-vis with GDP of India remains constant throughout the 20 years of analysis period. (Refer Table No 5)

#### REASONS FOR LOW COLLECTION OF PROPERTY TAX BY MCD

There are number of reasons why property tax collection after the introduction of the new assessment method declined in MCD. First and foremost, there was a decline in the number of assessed properties after the implementation of the unit area based system in 2004. Delhi offers an example where the total number of properties is stated to be 25.3 lakh, but only 9.6 lakh properties are on the municipal tax register. From 9.4 lakh returns in 2004-05, the figure fell to 8.2 lakh returns in 2005-06 and till 2009-10, the number of properties filing returns has only gone up only to 9.8 lakh. The introduction of the UAM System led to a large fall in filing of returns and increase in non-compliance. Various reasons have been put forward for this fall including the discontinuing of the system of issuing notices to property owners after the introduction of the UAM System as well as in sending bills on the ground that the new system was a self-compliance based system.

The major reason considered for the unassessed properties in Delhi is large scale unauthorized properties which accounts for 1639 colonies out of 2300 colonies (approx) and large pool of slum area (3.68 slum properties in Delhi as per 2011 census) which largely remains out of the purview of property tax net. It is believed that the people living in the unauthorized colonies are from the poor strata of the society and area of house would not be too large i.e. it would be of one room or two rooms. But as per the report submitted by the Mathur committee (2006), unauthorized colonies were also inhabited by affluent people, which have so far been identified in one of the posh colonies of Delhi - Anant Ram Dairy, Mahendru Enclave and Sainik Farms.

Other reasons behind the failure of the unit area method in MCD were the lack of awareness regarding the unit area method among the public, lack of proper database to check for non-payers, inadequate training of the staff regarding the new method of assessment. The Hardship and Anomaly Committee was set up in 2004 to address the grievances of the people and find solutions. The Hardship and Anomaly Committee (HAC) changed the categories of colonies, the base unit area values of each category, and the multiplicative factors, specially the Age Factor (AF) and the Structure Factor (SF) in such a manner as to make a significant adverse impact on revenue realization.

#### Trifurcation of MCD in 2012

After trifurcation colonies in Delhi is distributed among three civic bodies. Category wise distribution of such colonies is provided in table below

<sup>2</sup> Bandyopadhyay S. (July 2014) – Critical Issues in Municipal Finance: A Summary for India

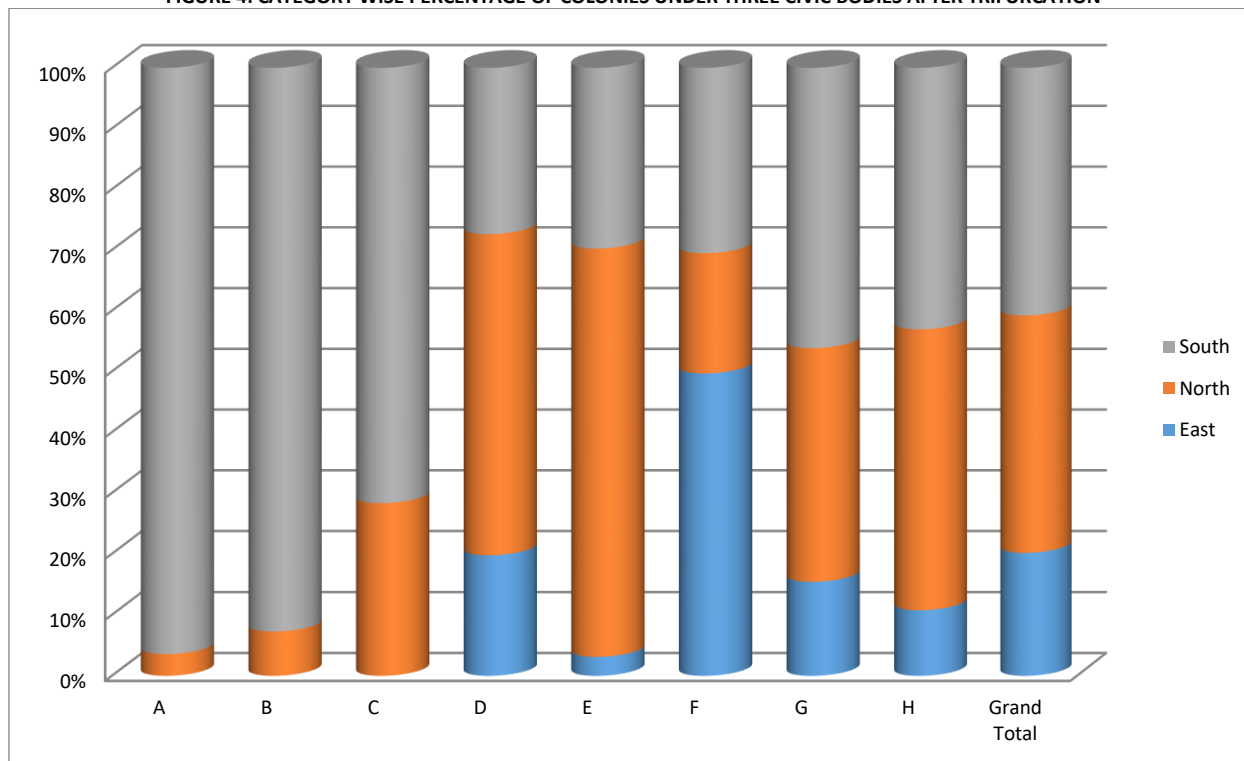
BOX 2: DISTRIBUTION OF COLONIES AMONG THREE CIVIC BODIES AFTER TRIFURCATION OF MCD

Corporation/Category	A	B	C	D	E	F	G	H	Grand Total
East				52	9	241	140	24	466
North	1	4	17	139	194	96	349	103	903
South	27	51	43	72	86	148	419	96	942
Grand Total	28	55	60	263	289	485	908	223	2311

Source: Colonies in different categories (MVC-III Data), 2012

As is visible from the above data, EDMC has majority (87%) of its colonies in the E-H category. It has no colonies in the A, B and C categories while the other two corporations have sizeable number of colonies in these categories. SDMC enjoys the creamy layer of categories of A – C while North Corporation has its maximum share in D & E category. This anomaly was deliberately maintained since the MVC in its draft report had argued that East Delhi post the 2010 Commonwealth Games and other massive infrastructure upgradation projects, has not been able to uplift in its infrastructure which need reflection in the categorization of the EDMC.

FIGURE 4: CATEGORY WISE PERCENTAGE OF COLONIES UNDER THREE CIVIC BODIES AFTER TRIFURCATION



#### REMEDIAL MEASURES TO IMPROVE EFFICIENCY

It is important that the tax officials should not only understand the reform well, but also be prepared to promote it. Apart departments should work with high degree of coordination and exchange of information amongst them as this would ultimately result in improved efficiency. MCD needs to update its property tax register, which clearly states the ownership and tenancy rights so as to increase the number of properties under property tax net and to levy the tax as per the use value of the properties. Compulsory formal registration of all new properties would form the first step in beginning the required effort to build- up a proper database of all properties in Delhi. The Expert Committee of MVC III had recommended a complete inventory of properties in Delhi through a field survey on a 100% basis updated in subsequent years through regular periodical surveys and inspection. The database so created was to be linked to a GIS System and a digitized urban map. An Urban Mapping division manned by trained staff needs to be set up.

As far as the definition of property tax base is concerned, the real challenge is to define what will not be included in the tax base (i.e. exemptions) rather than what will be included. Rationalizing exemptions is very important, as they are implicit subsidies, which should be targeted to properties for which these exemptions are justified on efficiency and equity grounds.

Improvement needs to be made in GIS technique so that non-paying properties be adequately and accurately mapped with the tax-paying properties. GIS technique should not be limited to non-paying property but the technique should also be utilized to incorporate the value of additions and improvements to the original buildings.

As there are large number of unauthorized colonies and slum clusters are situated in Delhi and the people living in such areas are under the impression that they are exempted from property tax payment even though they are not. Regularizing such colonies along with the provision of public services will definitely result in improvement in property tax collection. But regularizing such colonies is not an easy task as there are various legal and technical aspects associated with it which serves as a major roadblock in this task since couple of decades.

Poor provision of public services is also one of the low collections of property tax as funds collected by the corporation are majorly spent on provision of public services. As stated earlier, there is a vicious circle of low level of tax, which results in low level of public services, and ultimately, with such low level of service, people will restrict themselves in making payment of taxes. Thus, with the help of State and Central government, MCD needs to improve the basic services, so that people will also realize the importance of making tax payments.

#### CONCLUSION

Property tax is generally considered to be an appropriate source of raising local revenues as there is a direct connection between the services financed by the tax and the benefit to property values. If property taxes are used to fund local services, it establishes a link between the benefits and costs of local services to the residents.

The experience of reform with the property tax shows that transition from the annual rental value to area based taxation holds a lot of promise and if properly done, can bring in significant additional revenues. The main advantages of the unit area based property taxation are objectivity, transparency, fairness and lower compliance cost which benefit both the taxpayers and the government. An immediate consequence expected would be higher tax collections.

As far as Delhi is concerned, the method of valuation of properties and assessment were based on similar principles as those in Bangalore. But the implementation suffered as the above criteria could not be ensured in the process. Both in absolute and per capita terms, property tax collection declined in Delhi after the

introduction of new assessment and valuation method. This is caused by a decrease in number of assessed properties in Delhi and in turn results in the decline in property tax to GSDP ratio in Delhi.

MCD property tax reform was undertaken to improve the property tax collection but comprehensive correction of the property tax system has been lacking. Thus, growth in property tax revenues has been slow, and unless structural issues are resolved, improved administration will do little to make the property tax a viable revenue source for local government. It will also require trained staff, capable of valuing real property, and perhaps a central valuation unit in the state should be considered. Study concludes that MCD do not have a cadre of trained assessors to evaluate property values and update them on a regular basis.

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## ANNEXURE

### FORMULA FOR CALCULATING PROPERTY TAX AS PER MVC 2003

Property tax is levied on the annual value of the building, which is determined by the formula:

$$\text{Annual Value} = \text{Covered Area} \times \text{Base Unit Area Value} \times \text{Multiplicative Factors}$$

The multiplicative factors include factors relating to Occupancy, Age, Structure and Use.

The "covered area" was the floor area covered including the thickness of the walls and the *verandahs*, *chajjas*, *lobbies* etc. The "base unit area value" was set using the norms for different categories of properties A to H at Rs 630, 500, 400, 320, 270, 230, 200, 100 per sq meters area, respectively.

The Occupancy Factor (OF) is "1" if it is a residential "self occupied unit" and "2" if it is a residential "rented" unit. The factors for age (AF) were set according to the year of completion of the property. The Structure Factor (SF) is set as 1 for pucca and semi pucca properties and 0.5 for kuchcha categories. The basis for Age Factor (AF) and Use factors (UF) are presented in Boxes 1 and 2.

Age Factor (AF)	
Year of Completion	Age Factor (AF)
Before 1960	0.5
1960-1969	0.6
1970-1979	0.7
1980-1989	0.8
1990-1999	0.9

Use Factor (UF)	
Classification of Non-Residential Properties	Use Factor (UF)
Public Purpose	1
Public Utility	2
Industry, Recreation Clubs	3
Business Restaurants/Hotels (upto two star)	4
Towers/Hoardings/Hotels with three star and above	10

The following property categories are entitled for Property Tax Rebate

S No	Category Rebate (in percentage)
1	Senior Citizen – 30%
2	Women Owned – 30%
3	Physically Challenged – 30%
4	Ex-Servicemen – 30%
5	DDA/CGHS Residential – 10% Upto 100 sq meters of Covered/ Built up area
6	Group Housing Flats – 20% Upto 30 <sup>th</sup> June of financial year

\* The Rebate is automatically calculated for Village Abadi, DDA Residential and Group Housing Properties.

Conditions for Rebate entitlements are:

- i. Rebate is applied for a maximum of 200 Sq meters of total covered/built-up area 'except in DDA/CGHS Residential Flats'
- ii. Occupancy factor/Use should be residential
- iii. Use factor should be self-used (non-rented)
- iv. In case of joint owners, the rebate will be applied to the property share of owners who are under rebate category

Under section 115 (1) of DMC Amendment Act (2003), the following property categories are entitled for Property Tax Exemption

- i. Agricultural - Sec 115 (1) (i)
- ii. Exclusively used for public worship - Sec 115 (1) (iii)
- iii. Used for Public Charity - Sec. 115 (1) (iv)
- iv. Land and Building exclusively used for burial / cremation ground 115 (1) (v)
- v. Heritage lands and buildings - Sec. 115 (1) (vi)
- vi. Owned by war widow / Gallantry Award winner being permanently used for self - residence and no portion is let out for any purpose whatsoever
- vii. Land and building of Corporation as per section - Sec.115 (1) (viii)

The new system introduced w.e.f. 01.04.2004 has benefited more than 8 lakh property taxpayers, is equitable, corruption free and transparent and has enabled public-private partnership. It is also probably the first urban taxation system to safeguard gender concerns by providing objective a tax rebate of 30% to women owned properties with a view to economically empower women by encouraging transfer of property titles to women.

# THE REPERCUSSIONS OF THE GLOBAL FINANCIAL CRISIS 2008 ON THE PROFITABILITY OF ISLAMIC BANK IN JORDAN

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## ABSTRACT

*This study aimed at identifying the repercussions at the global financial crisis on the profitability of Jordanian Islamic Banks during the period 2005-2011. The study period has been split into two sub-period before the global crisis from 2005-2007 and after crisis from 2009-2011. The study used the analysis of financial ratios, such as: return on assets, return on equity, profit to expenses ratios. The sample at the study consist two Islamic banks in Jordan. This study depends on the descriptive statistical method, also used regression. The result showed that the profitability of the Jordanian Islamic banks was affected by the crisis only slightly, as Islamic banks but showed resilience in the face of crisis.*

## KEYWORDS

global financial crisis, profitability in Jordanian Islamic bank.

## JEL CODES

H12, E5.

## INTRODUCTION

Islamic banking commenced in Jordan approximately two decades ago, ever since it has played an important role in financing and contributing to different economic and social sectors in the country. This study, therefore, examines and analyzes the Jordanian experience of Islamic banking. To know the effect of the crisis on the profitability of Jordanian Islamic banks, focusing on the two largest, Jordan Islamic bank for finance and investment and Arab Islamic International Bank.

The 2007 global crisis is recognized as a sequence of global crises since the 1970s and started with the subprime mortgage in the United States. This crisis is the most important and exceptional one among the other financial crises because of the significant impact it had not only on the US economy but also on other major economic in the world.

This crisis occurs in countries with developed more than other countries. It has given a wide range of impacts to the operating and financial performance of many banks all over the world. As a result, many banks across the world reported financial losses on their financial reports due to their connections with subprime mortgage in the U.S. or were simply affected by economic recession in their own countries. The impact of the crisis have even forced around 123 banks in the U.S. to file for bankruptcy in the year, including American giant bank Lehman Brother.

## PROBLEM OF THE RESEARCH

The Jordanian economy as a part of international economy, and the opening of the Jordanian economy to the world. That the Jordanian economy is one of the world's least affected by the repercussions of the financial crisis. This is because financial deposits are few in United State of America. Also the Jordanian economy is not directly linked to the international economy.

The study problem is the following questions:

Is the performance of the Jordanian Islamic banks affected by the profitability ratio pre and post global financial crisis?

## OBJECTIVE OF THE RESEARCH

Investigating the Islamic banks performance regarding the profitability ratios pre and post the global financial crisis.

## IMPORTANCE OF THE RESEARCH

The importance of the study is attributed to the fact that it addresses the importance of the impact on the economic and social well-being of many countries of the world. Although Islamic banks are somewhat modern, their contribution to addressing the repercussions of the financial crisis has been somewhat tangible. Therefore, this study comes to give evidence of a new experimental about whether Islamic banks have the ability to withstand the economic crisis.

## THE CONCEPT OF THE GLOBAL FINANCIAL CRISIS

The oscillations which is affect wholly or partly on the total financial variables, or the consequences of mortgage crisis that appeared on the surface in 2007 due to the failure of millions of borrowers of purchase of housing and real estate in United States in repaying bank debts that resulted in a shake in the US economy.

## THE BEGINNING OF THE GLOBAL FINANCIAL CRISIS

The financial crisis indicators started at the beginning of 2007 where some of mortgage loans had crashed which is considered to be of a high risk where people of both middle-income and low-income were rushing to take loans in a remarkable way for buying houses regardless of the high interest starting from 3.2% and even reached 16%, these groups of people are suffering from the an inability to pay for this with a very high interest loans which led to a full collapse for this economic system, whether refinancing institutions, insurance companies, and cognitive sector one after the other. And on top of that largest banks in United States so-called bank Lehman Brothers, it did not end up here and to this extent, this crisis had grown in September 2008 until it's become bigger and bigger and carried out to the geographical area which had started in the US and reached Britain, this crisis forced the British government to nationalize one of the largest banks Northern Rock Bank.

**ROOT OF THE GLOBAL FINANCIAL CRISIS IN 2008**

The historical roots of the financial crisis in 2008, many researchers and specialist agree that the financial crisis is not the result of the moment and has historical roots associated with some economic events that negative impact the performance of U.S. economy.

**First:** The negative impact of the Asian Financial Market Crisis of 1997 and the crisis of the information technology and internet companies in 2000 on the performance of the American economy, and the events of 11 September 2011 exacerbated the crisis.

**Second:** The U.S. federal reserve cut interbank lending rates in response to economists, expectations of a recession in 2001, from 6% in January 2001 to 1,75 in December.

**Thirdly:** The continued deficit in the balance of trade payment to the United States of America reached very worrying level. In 2005, this deficit reached 800 billion US \$, equivalent to 6.4% at the GDP of the United States of America, equivalent to 1.5% of the world GDP.

**Fourth:** The diversion of American and foreign investment to housing and real estate.

**REASONS OF THE GLOBAL FINANCIAL CRISIS**

1. The economic recession in U.S.
2. Increase in real estate debt securitization.
3. Mortgage banking credit companies trap.
4. Lack of supervision of financial institution.
5. Expansion and excessive application of credit cards without balance (bank overdraft).
6. Dealing in usury.

**IMPACT FINANCIAL CRISIS ON THE GLOBAL ECONOMY**

1. Continuously bankruptcy of many banks, real estate institutions and insurance companies.
2. A sharp deterioration in the activity of global financial markets influence by the banking and financial sector.
3. High mortgage debt ratio about 6.6 trillion dollar.
4. The decline of oil price.
5. A significant decline in the growth rates of the industrial countries from 1.4% in 2008 in 3% in 2009.

**LITERATURE REVIEW**

Anouar Hassoune (2002) studied the volatility of Islamic banks in terms of return on equity ROE and return on assets ROA by comparing with Conventional peers in GCC countries. He used ROE as efficiency measure and ROA as profitability measure equity ROE and return on assets ROA by comparing with Conventional peers in GCC. Moreover, he found that Islamic banks are more profitable than conventional banks with the same structure of balance sheet. And he explained his empirical results in a way that Islamic banks gets benefit from imperfection of market. Furthermore, he found that Islamic banks have weakness in terms of liquidity, concentration risks and operational Efficiency.

Quesmi (2010) the researcher measured the impact of the financial liberalization on the Jordanian banks performance where he used the quantitative analysis method, for a sample consist of (8) Jordanian banks 1986-2008, the performance have been measured by using the return on equity, the return on assets and four fake variables, where the study showed that the liberalization of interest rates have no effect on the Jordanian banks performance, and that there is a negative impact of the lifting restrictions on the foreign ownership.

Hussni Al-kholi (2009) the research addressed the conventional and Islamic Saudi banks indicators, where that these banks reflect in its entirety stability covered with caution, where the study showed that the Saudi banking sector absorbed the consequence of the global financial crisis, where the Saudi banks results appear during the first nine month of 2009 a slight decline in profitability reached.

While Turk Ariss (2010) searched in measuring the competitive conditions of Islamic and conventional banks, where it relied on market power indicators during the period(2000-2006) it explained that the weakness of the competition has a positive and intangible correlation with the degree of profitability and that the conventional banks, have bigger competitive compared to Islamic banks, where this study is characterized with the standard comparison for the financial stability between the conventional and Islamic banks in Saudi Arabia. Shammout (2003): this study addressed the efficiency performance test of the Jordanian banks, especially with Jordan applying the debugging and liberalization of economic and financial programs in the early nineties of the previous century, the study aimed to analyze and examine the relationship nature between the performance of Jordanian banks measured by profitability with the characteristics of these banks, taking into account some of the overall economic factors used the researcher linear regression (ols).

**HYPOTHESIS**

There is no significant difference in the performance of profitability ratios of Jordanian Islamic banks between pre and post crisis period.

**RESEARCH METHODOLOGY****SAMPLE OF THE RESEARCH**

Two Islamic banks, which were founded and its practice before the start of the global financial crisis, Jordan Islamic bank for finance and investment and Arab International Islamic bank.

**SOURCES OF DATA COLLECTION**

The study relied on secondary sources of data, which are represented by the Jordanian public shareholding companies issued by the Amman Stock Exchange guide for the period (2005 - 2011). In addition the annual financial statements issued by the banks in the same period, and that in order to obtain the necessary data to calculate the financial ratios used in knowing the impact of the global financial crisis on the performance of Islamic banks.

**STATISTICAL METHODS USED**

The descriptive analysis method was used based on: the Mean, Standard deviation, measured by the proportions of different performance pre and post the global financial crisis began. Where this type of analysis will take two equal periods of time, some pre-crisis (2005-2007), and some post-crisis (2009-2011), and to learn performance of the Jordanian Islamic banks in the light of the global financial crisis In addition to all of that, the study also used and Regression to find out if there are any differences in averages pre-and post-start the global financial crisis.

**THE FINANCIAL RATIOS USED IN ASSESSING THE PROFITABILITY RATIOS**

We can judge it through the following indicators:

- A. Return on Assets (RoA).
- B. Return on Equity (RoE).
- C. Profit to Expenses (PER)



## DATA ANALYSIS

TABLE 1: DESCRIPTIVE STATISTICS OF PROFITABILITY RATIOS BEFORE AND AFTER CRISIS

Ratio	Measure	Jordan Islamic bank(JIB)		International Arab Islamic bank(IIAB)		Overall	
		Before	After	Before	After	Before	After
Return on Assets(ROA)	Mean	1.16	1.13	1.40	0.61	1.28	0.87
	St. Deviation	0.25	0.15	0.43	0.35	0.34	0.37
	Max	1.44	1.28	1.83	0.94	1.83	1.28
	Min	0.97	0.98	0.97	0.25	0.97	0.25
Return on Equity(ROE)	Mean	16.50	14.83	11.44	7.35	13.97	11.09
	St. Deviation	2.79	1.05	4.03	4.84	4.16	5.16
	Max	18.86	15.77	14.67	11.81	18.86	15.77
	Min	13.42	13.69	6.93	2.21	6.93	2.21
Profit/Expenses (PER)	Mean	0.64	0.65	1.00	0.40	0.82	0.53
	St. Deviation	0.14	0.13	0.34	0.18	0.31	0.20
	Max	0.79	0.74	1.25	0.55	1.25	0.74
	Min	0.52	0.51	0.61	0.20	0.52	0.20

Based on table (1) The following conclusions are drawn:

1. The overall mean of ROA for period before crisis was (1.28), and after crisis (0.87), this variation comes from the variation between means of ROA, for (IIAB), (from 1.40 to 0.61), whereas means of ROA, for (JIB) were approximate (from 1.16 to 1.13).
2. The overall mean of ROE for period before crisis was (13.97), and after crisis (11.09), this variation comes from the variation between means of ROE, for (IIAB), (from 11.44 to 7.35), whereas means of ROE, for (JIB) were approximate (from 16.50 to 14.83).
3. The overall mean of profit/expenses for period before crisis was (0.82), and after crisis (0.53), this variation comes from the variation between means of profit/expense, for (IIAB), (from 1.00 to 0.40), whereas means of profit/expenses, for (JIB) were approximate (from 0.64 to 0.65).
4. The above results show that there was a variation in profitability ratios, before and after crisis, but this variation did not include both banks. (JIB) profitability ratio were remarkably stable, while (IIAB) were not. This reason may due to the seniority of (JIB), and its market share, and its large operations across the country.

## HYPOTHESIS TESTING

1. Hypothesis based on profitability ratios.

H01: Return on assets (ROA) in the after crisis era is not significantly different from pre-crisis era.

H02: Return on equity (ROE) in the after crisis era is not significantly different from pre-crisis era.

H03: Profit/expenses in the after crisis era is not significantly different from pre-crisis era.

## IMPACT OF FINANCIAL CRISIS ON FINANCIAL PERFORMANCE

Linear regression analysis is performed to test study hypotheses, where financial crisis is the independent variables, and financial ratios are dependent variables, the results are as following:

1. Results of testing the hypotheses for profitability are:

TABLE 2: REGRESSION RESULT FOR PROFITABILITY RATIOS

Hypothesis	H01	H02	H03
Dependent Variable	Return on Assets	Return on Equity	Profit to Expenses
Independent variable: Financial crisis			
Coefficient	-0.408	16.855	-0.293
t-value	-1.989	-1.066	-1.074
Sig.*	0.075	0.311	0.077
R	0.532	0.319	0.530
R Square	0.283	0.102	0.280
F	3.954	1.137	3.897
Sig.*	0.075	0.311	0.077

\*Significant level 0.05

Based on Table (2) The sig. value for first hypothesis is (0.075) and it is not statistically significant, so the null hypothesis is accepted. And, the sig value for second hypothesis is (0.311) and it is statistically significant, so the null hypothesis is rejected, the difference for period before crisis. Moreover, the sig. value for third hypothesis is (0.077) and it is not statistically significant, so the null hypothesis is accepted.

It shows that there is no significant effect of financial crisis on profitability ratios. So, we can accept all null hypotheses (H01, H02, H03).

## CONCLUSION

The results indicate that profitability of Jordanian Islamic banks slightly affected by global financial crisis. All profitability ratios dropped down after financial crisis. This is an inevitable result since the crisis impacts on all economies and commercial sectors, and this consequently impact the profitability of banks sector. Since transactions in Islamic banks related to real investment and secured by tangible goods and assets, the impact of financial crisis was weak.

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## NON-PERFORMING ASSETS MANAGEMENT IN INDIAN BANKING SECTOR - A CASE STUDY OF PUBLIC SECTOR BANKS

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### ABSTRACT

*Interest on Loans and advances has been one of the important sources of earning in Indian banking industry. Secondly, in one way, public sector banks have promised to the government of India to provide financial support for the economic growth. For this reason public sector banks have been adopting a less strict credit policy to increase their earning. This less strict credit policy brings a lot of pain in the form of NPA or unconscious Assets. It is not only for banks but also for the economy and nation as a whole. In the other side Banks are arguing that, they are giving their level best to reduce these unconscious assets to the minimum possible extend. This study has given an effort to find out the result of the unconscious assets management effort of banks and which among the public sector banks ranks better as compare to other in the race. The study placed Central bank of India in first position in unconscious assets management. State Bank of Bikaner and Jaipur, Dena Bank, Union Bank of India, State Bank of Travancore, Punjab and Sind Bank are also playing well. Other banks, which come under top ten ranking, are Indian Bank, State Bank of India, Bank of Maharashtra and Bank of Baroda. The study also found that there is a significance differences in the addition and reduction of unconscious assets in different public sector banks working in India.*

### KEYWORDS

GDP, NPA, unconscious assets.

### JEL CODE

M1

### BACKGROUND OF THE STUDY

The survival and growth of any commercial bank depends on the operational result or earning. Before reforming, Indian public sector banks had restricted their activities by following a conservative credit policy. But, after reform with the thrust of profit, global competition and government pressure, Indian public sector Banks have adopted a liberal credit policy by enhancing the credit range and easy loan. These liberal policies of banks create problems in Indian public sector. Because, a considerable amount of bank assets (loans and advances) are in non performing form. The analysis of performance of different commercial banks, so far as the management of NPAs is concern, and competition among them in reducing NPAs seems to be very important to know the movement of NPAs in Indian banking sector which is a major objective of this study.

### REVIEW OF LITERATURE

Laveena, Guleria (2016) in their study titled "A Study of Non Performing Assets of Public Sector Banks in India" concluded that The NPA level of the banking system in India is still at a high compare to the international standards. Joseph, Prakash (2014) concluded that Compared to private sector banks, public sector bank is more in the NPA level. Arora (2009) found that bank credit has served as the source of growth and has assisted in increasing total output. Rajput N. & Gupta M., (2011) Mishra N., (2011) indicate about the negative relationship of profitability and NPAs of banks. Pacha Malyadri, S. Sirisha (2011) observed that the public sector banks have achieved a greater penetration compared to the private sector. Satpal (2014) concluded that the problem of NPAs is not only affecting the banks but also the whole economy. Laveena, Kulbir Singh Guleria (2016) found that the level of NPA are increasing in India. Priyanka Mohnani, Monal Deshmukh (2013) has stated that Private and public Sector banks are highly affected by this NPA.

### OBJECTIVES OF THE STUDY

1. To study the movement of NPAs of different public sector banks working in India.
2. To rank different public sector bank working in India on the basis of their NPAs.
3. To examine whether there is a significant difference in NPAs of different banks.

### LIMITATION OF THE STUDY

The study has concentrated only on public sector banks and given an effort to rank different public sector banks according to their performance in reduction of NPAs from the existing level, addition of NPAs to the existing level, movement of Gross NPAs and movement of Net NPAs.

### SCOPE OF THE STUDY

The study provide scope for analysis of financial statement and action plan of the said top performing banks to find out the clue of their management to reduce NPAs which will be beneficial for other banks and different stake holder of banks.

### RESEARCH METHODOLOGY

The study focuses on public sector banks working in India. There are 27 public sector banks working in India having branches all over in India. Out of 27 banks, 24 banks have been taken under the study. Secondary data has been collected from financial statement of different bank and RBI data base. The period of study is 13 years starting from the year 1999 to 2013. To fulfil the second objective, average reduction of NPAs per year, the average addition of NPAs per year, average gross NPAs per year and average net NPAs per year of the selected bank is calculated. Rank is allotted on the basis of the following conditions.

1. Average percentage reduction of NPAs per year from the existing balance should be maximised.
  2. Average percentage of addition of NPAs per year to the existing balance should be minimised.
  3. Average percentage of gross NPA should be minimised.
  4. Average percentage of net NPA should be minimised.
- The statistical techniques, Average and ANOVA is used to find out the movement of NPAs in public sector banks.

**HYPOTHESIS**

To fulfil the third objective, following Null Hypothesis ( $H_0$ ) and Alternative Hypothesis ( $H_1$ ) have taken.

1.  $H_0$  = There is no significant difference in reduction of NPAs between different banks.
2.  $H_0$  = There is no significant difference in addition of NPAs between different banks.
3.  $H_0$  = There is no significant difference in Gross NPAs between different banks.
4.  $H_0$  = There is no significant difference in Net NPAs between different banks.

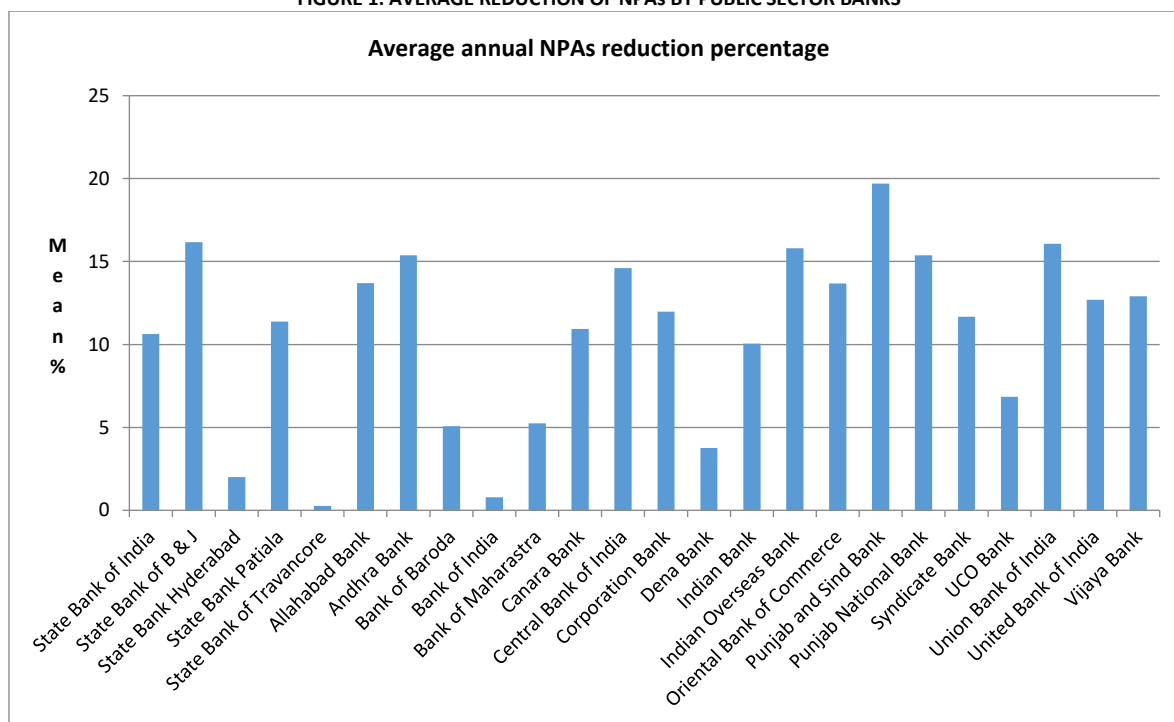
**ANALYSIS AND INTERPRETATION OF DATA**

The following table shows the data on average amount of reduction in NPAs per annum and average percentage of reduction of NPAs per annum of different public sector banks in India from the year 1999 to 2013.

**TABLE 1: RANK OF PUBLIC SECTOR BANKS IS ACCORDING TO REDUCTION OF NPAs**

Name of the bank	Amount	Mean%	Rank	Name of the bank	Amount	Mean%	Rank
Punjab and Sind Bank	19833	20	1	Syndicate Bank	53838	12	12
State Bank of B & Jai.	19592	16	2	State Bank of India	456631	11	14
Indian Overseas Bank	63204	16	2	State Bank Patiala	28234	11	14
Union Bank of India	56894	16	2	Canara Bank	128849	11	14
Andhra Bank	18486	15	5	Indian Bank	51489	10	17
Central Bank of India	70685	15	5	UCO Bank	53042	7	18
Punjab National Bank	119454	15	5	Bank of Baroda	91743	5	19
Allahabad Bank	50700	14	8	Bank of Maharashtra	25246	5	19
Ori. Bank of Com.	52932	14	8	Dena Bank	45189	4	21
United Bank of India	30751	13	10	State Bank Hyderabad	27025	2	22
Vijaya Bank	32394	13	10	Bank of India	115171	1	23
Corporation Bank	20217	12	12	S B of Travancore	29032	0	24

Source: RBI Database, Researcher, (Amount in Rs. Lakh)

**FIGURE 1: AVERAGE REDUCTION OF NPAs BY PUBLIC SECTOR BANKS**

Source: Researcher.

The above data clearly shows that Punjab and Sind bank rank first in reduction of NPAs followed by State Bank of Bikaner and Jaipur, Indian Overseas Bank, Union Bank of India, Andhra Bank, Central Bank, Punjab National Bank. Other bank that comes under top ten in reduction of NPAs is Allahabad Bank, Oriental Bank of Commerce, United Bank of India and Vijay Bank. The bank that shows negligible response to reduction of NPAs is State Bank of Travancore, Bank of India, and State Bank of Hyderabad.

**ANOVA FOR REDUCTION IN NPAs OF DIFFERENT BANK****TABLE 2: ANALYSIS OF VARIANCE FOR REDUCTION OF NPAs IN DIFFERENT BANKS**

Source of Variation	SS	Df	MS	P Value	Significance level
Between Years	7944.07	23	345.42	0.99	.05
Between Banks	255007.6	11	23182.51	5.4	.05
Residual	327616.3	253	1294.93		
Total	590567.97	287			

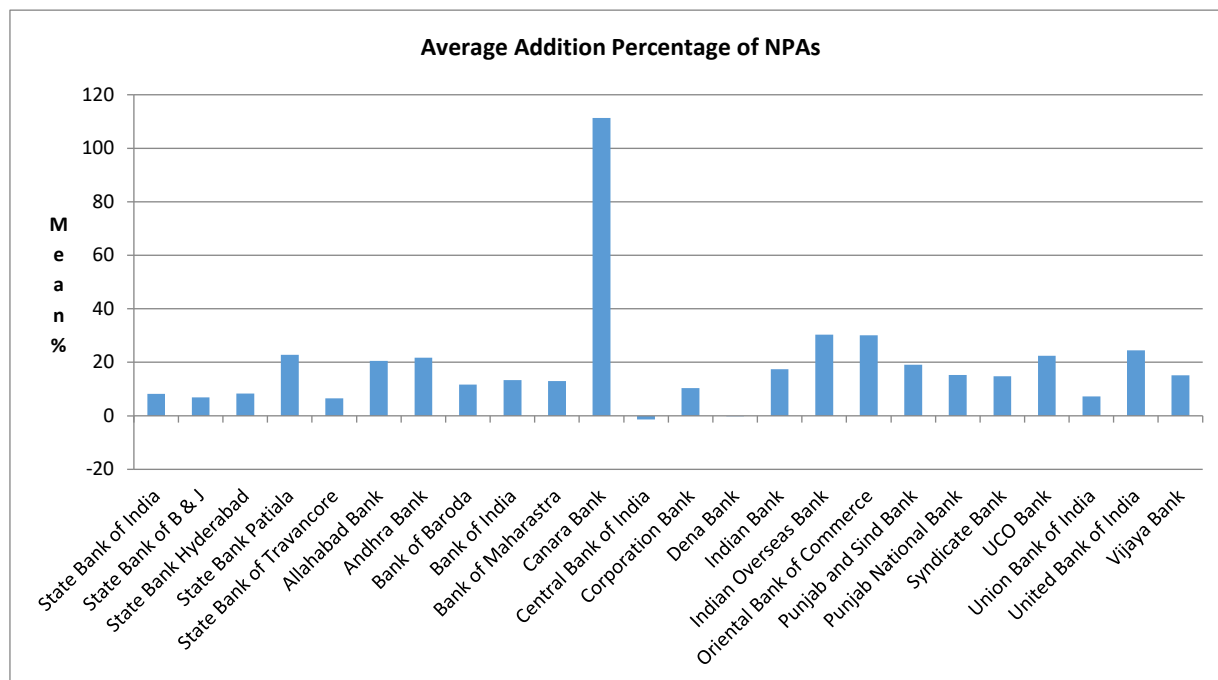
The ANOVA table above contain the sum of square (SS), degree of freedom (df), mean square (MS). The P value between years is 0.99 and the level of significance is .05. This is representing that it is less than P value. So it can be concluded that there is no significance difference between the reductions of NPAs in different Years. The calculated P value of ANOVA between Banks is 5.4. So it is also concluded that there is no significance difference in reduction of NPAs in different banks.

TABLE 3: RANKING OF PUBLIC SECTOR BANK ACCORDING TO ADDITION OF NPAs

Name of the Bank	Amount	%	Rank	Name of the Bank	Amount	%	Rank
Central Bank of India	77187	-1	1	Syndicate Bank	60511	15	12
Dena Bank	45003	0	2	Vijaya Bank	37297	15	12
State Bank of B. & Jaipur	21995	7	3	Indian Bank	30838	17	15
State Bank of Travancore	27697	7	3	Punjab and Sind Bank	16749	19	16
Union Bank of India	74936	7	3	Allahabad Bank	54647	20	17
State Bank of India	557791	8	6	Andhra Bank	20777	22	18
State Bank Hyderabad	27229	8	6	UCO Bank	59202	22	18
Corporation Bank	23084	10	8	State Bank Patiala	32590	23	20
Bank of Baroda	86628	12	9	United Bank of India	32246	24	21
Bank of India	134444	13	10	Indian Overseas Bank	87930	30	22
Bank of Maharashtra	29358	13	10	Oriental Bank of Com	62198	30	22
Punjab National Bank	134966	15	12	Canara Bank	111569	111	24

Source: RBI Database, Author, (Amount in Rs. Lakh)

FIGURE 2: AVERAGE ADDITION OF NPAs BY PUBLIC SECTOR BANKS



Source: Author.

Central Bank of India, Dena bank, State Bank of Bikaner and Jaipur, State Bank of Travancore, Union Bank of India are the Banks which are performing well as compare to other bank by adding minimum possible amount of NPAs to the existing level of NPAs of their own. Canara Bank is the bank which record highest percentage of NPAs addition.

TABLE 4: ANOVA FOR ADDITION OF NPAs OF DIFFERENT BANKS

Source of Variation	SS	Df	MS	F	Significance level
Between Years	115825.4	23	5035.89	0.88	.05
Between Banks	478837.5	10	47883.75	2.1	.05
Residual	1770843	230	7699.32		
Total	2365506	263			

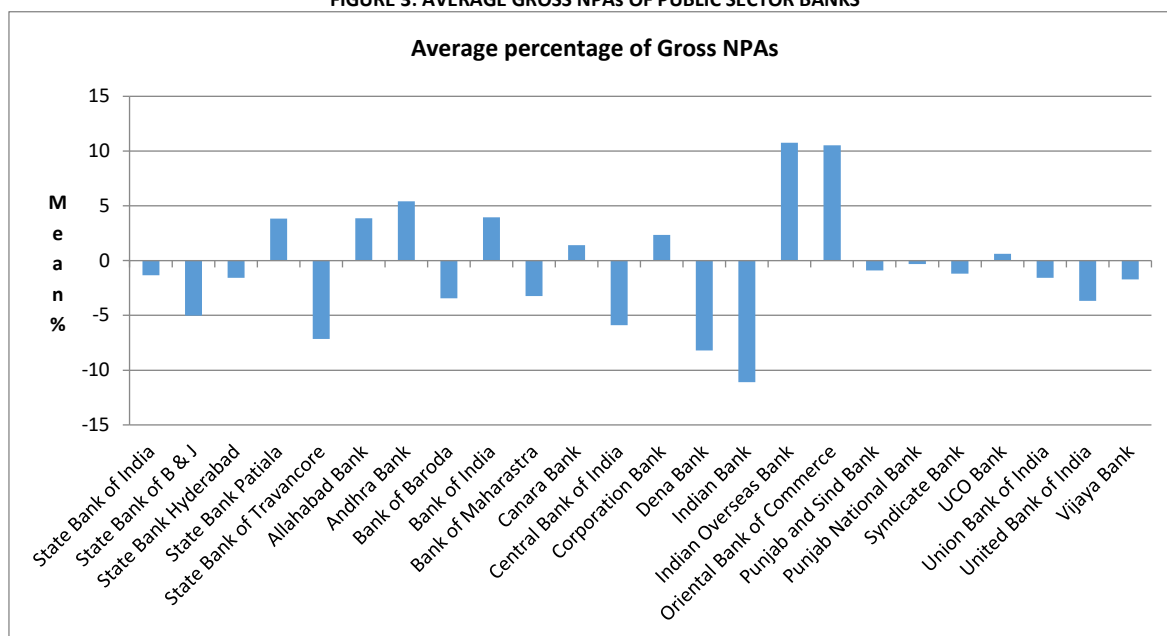
The calculated P value of the ANOVA between years is 0.88 and between Banks comes to 2.1. So it can be concluded that there is no significance difference between the additions of NPAs in different Years and Banks also.

TABLE 5: RANKING OF PUBLIC SECTOR BANK ACCORDING TO AVERAGE GROSS NPAs

Name of the Bank	Amount	%	Rank	Name of the Bank	Amount	%	Rank
Indian Bank	112331	-11	1	Punjab and Sind Bank	60868	-1	12
Dena Bank	98818	-8	2	Syndicate Bank	127259	-1	12
State Bank of Travancore	56793	-7	3	Punjab National Bank	312474	0	15
Central Bank of India	244083	-6	4	Canara Bank	180869	1	16
State Bank of B & Jaipur	48768	-5	5	UCO Bank	131005	1	16
United Bank of India	92173	-4	6	Corporation Bank	51553	2	18
Bank of Baroda	266783	-3	7	State Bank Patiala	55094	4	19
Bank of Maharashtra	76680	-3	7	Allahabad Bank	124589	4	19
State Bank Hyderabad	58107	-2	9	Bank of India	274703	4	19
Union Bank of India	185014	-2	9	Andhra Bank	42386	5	22
Vijaya Bank	52803	-2	9	Indian Overseas Bank	152414	11	23
State Bank of India	1249919	-1	12	Oriental Bank of Commerce	115478	11	23

Source: RBI Database, Researcher, (Amount in Rs. Lakh)

FIGURE 3: AVERAGE GROSS NPAs OF PUBLIC SECTOR BANKS



In Gross NPAs reduction race Indian bank comes in first rank followed by Dena Bank, State Bank of India, and Central Bank of India.

TABLE 6: ANOVA FOR GROSS NPAs OF DIFFERENT BANKS

Source of Variation	SS	Df	MS	F	Significance level
Between Years	7159.352	23	311.2762	0.93	.05
Between Banks	241164.2	10	24116.42	2.98	.05
Residual	121105.1	230	526.5437		
Total	369428.6	263			

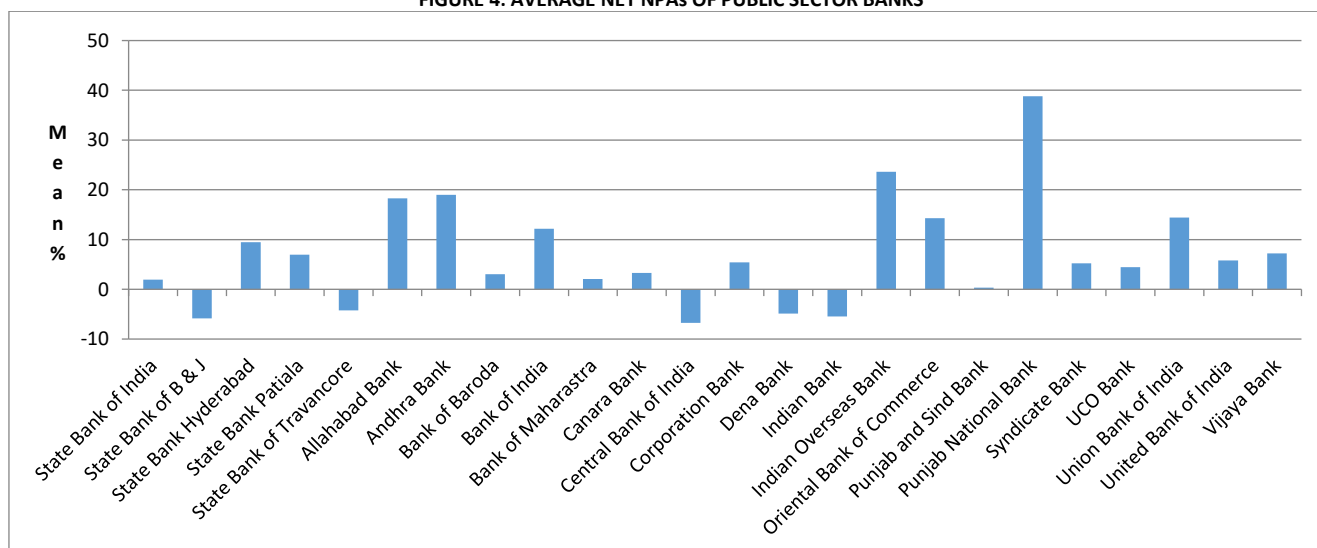
The P value between years is 0.93 and between Banks is 2.98 which indicate to conclude that there is no significance difference between the gross NPAs in different Years and Banks also.

TABLE 7: RANKING OF PUBLIC SECTOR BANK ACCORDING TO AVERAGE NET NPAs

Name of the Bank	Amount	%	Rank	Name of the Bank	Amount	%	Rank
Central Bank of India	109288	-7	1	Syndicate Bank	52835	5	12
State Bank of Bikaner and Jaipur	25409	-6	2	United Bank of India	41378	6	14
Dena Bank	60099	-5	3	State Bank Patiala	23851	7	15
Indian Bank	42968	-5	3	Vijaya Bank	23856	7	15
State Bank of Travancore	28806	-4	5	State Bank Hyderabad	22674	9	17
Punjab and Sind Bank	30053	0	6	Bank of India	138186	12	18
State Bank of India	610589	2	7	Oriental Bank of Commerce	36331	14	19
Bank of Maharashtra	33123	2	7	Union Bank of India	79246	14	19
Bank of Baroda	95805	3	9	Allahabad Bank	57462	18	21
Canara Bank	111132	3	9	Andhra Bank	12916	19	22
UCO Bank	74332	4	11	Indian Overseas Bank	70207	24	23
Corporation Bank	16374	5	12	Punjab National Bank	94572	39	24

Source: RBI Database, Researcher, (Amount in Rs. Lakh)

FIGURE 4: AVERAGE NET NPAs OF PUBLIC SECTOR BANKS



Sources: Researcher.

In Net NPAs reduction race Central Bank of India comes in the first rank. State Bank of Bikaner & Jaipur comes in the second place and Dena Bank comes in the third place.

TABLE 8: ANOVA FOR NET NPAs OF DIFFERENT BANKS

Source of Variation	SS	Df	MS	F	Significance level
Between Years	28713.55	23	1248.41	0.95	.05
Between Banks	399903.2	10	39990.32	2.1	.05
Residual	528854.5	230	2299.37		
Total	957471.3	263			

The calculated P value of the ANOVA between years is 0.95 whereas between Banks comes to 2.1. So it can be concluded that there is no significance difference between the net NPAs in different Years and banks.

TABLE 13: OVERALL RANKING OF DIFFERENT BANK

Name of the Bank	Rank in Reduction	Rank in Addition	Rank in Gross NPA	Rank in Net NPA	Average	Overall Rank
Central Bank of India	5	1	4	1	2.75	1
State Bank of B & J	2	3	5	2	3	2
Dena Bank	21	2	2	3	7	3
Union Bank of India	2	3	9	19	8.25	4
State Bank of Travancore	24	3	3	5	8.75	5
Punjab and Sind Bank	1	16	12	6	8.75	5
Indian Bank	17	15	1	3	9	7
State Bank of India	14	6	12	7	9.75	8
Bank of Maharashtra	19	10	7	7	10.75	9
Bank of Baroda	19	9	7	9	11	10
Vijaya Bank	10	12	9	15	11.5	11
Syndicate Bank	12	12	12	12	12	12
Corporation Bank	12	8	18	12	12.5	13
United Bank of India	10	21	6	14	12.75	14
State Bank Hyderabad	22	6	9	17	13.5	15
Punjab National Bank	5	12	15	24	14	16
Canara Bank	14	24	16	9	15.75	17
UCO Bank	18	18	16	11	15.75	17
Allahabad Bank	8	17	19	21	16.25	19
Andhra Bank	5	18	22	22	16.75	20
State Bank Patiala	14	20	19	15	17	21
Bank of India	23	10	19	18	17.5	22
Indian Overseas Bank	2	22	23	23	17.5	22
Oriental Bank of Commerce	8	22	23	19	18	24

## CONCLUSION

The study concluded that there is significant difference in reduction of NPAs, Addition of NPAs, Gross NPAs and net NPAs in different public sector Bank working in India. So far as reduction of NPAs is concern Punjab and Sind Bank is in first position by reducing larger percentage of NPAs from the existing NPAs. So far as addition of NPAs is concern Central bank of India comes in first position by adding lesser amount of NPAs to the existing quantum of NPAs of the bank. In gross NPAs race Indian Bank comes in first position by having lower amount of NPAs and in net NPAs race Central Bank of India is in the first position by having lesser amount of NPAs as compare to other banks. Central Bank of India comes in first the position in overall ranking of NPAs management.

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# WORK LIFE BALANCE OF WOMEN BANKERS: A CASE STUDY OF PRIVATE COMMERCIAL BANKS OF CHITTAGONG METROPOLITAN CITY

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## ABSTRACT

*Women empowerment through economic and professional involvement is significant for sustainable development of any nation. But professional career for women is tougher than male considering demographic and social issue. Working women are supposed to maintain dual career which impact on work life balance. This study is miniature scale work on work life balance especially focuses on women bankers professional life vs. Personal life. Researcher conducted a survey on 50 women bankers from 25 private commercial banks in Chittagong Metropolitan City as random sampling. XLSTAT software used for data analysis. Research findings states that most of the women bankers want to escape from existing job if get better chance to leave out imbalance of professional and personal life since they supposed to stay more time than required working hours in the office for work pressure.*

## KEYWORDS

work life balance (WLB), women bankers, work pressure.

## JEL CODES

J17, J24.

## 1. INTRODUCTION

Work-life balance is a concept including the proper prioritization between work (career and ambition) and (health, pleasure, leisure, family). The work-leisure dichotomy was invented in the mid-1800s. Paul Krassner, an American journalist, observed that anthropologists define happiness as having as little separation as possible between your work and your play. The expression "work-life balance" was first used in the United Kingdom in the late 1970s to describe the balance between an individual's work and personal life. In the United States, this phrase was first used in 1986 (Wikipedia). Clark (2000) defines work-family balance as "satisfaction and good functioning at work and at home, with a minimum of role conflict". The term work life balance call up a reflection of a scale (something women are often at war with anyhow) with work on one side and family and/or other personal relationships on the other. In the middle is the woman with both arms extended trying to balance everything. The woman represents the stabilizer caught in the middle being divided her life into two parts - where she feels she should be and where society says she should be. But a woman is a whole being and the focus should be on her as a whole being and not on just two (important) aspects of her life (Lahle Wolfer 2016). Striking a balance between work and personal life is not an easy job for working women. Setting a priority in life post-marriage and kids is by far the most difficult thing for a working woman. Women are bonded emotionally as well as physically to their responsibilities. Becoming a mother is a blessing which is bestowed only on women - along with motherhood comes the responsibility of raising children with the best of everything. A woman is designed to multi-task without even realising that they are performing ten different things at the same time (Rediff.com/getahead). Reducing absenteeism and turnover, improving productivity and image, and ensuring loyalty and retention are the benefits of work life balance, whereas the employees' perspective highlighted that job satisfaction, job security, autonomy, stress reduction and improving health are the benefits of work life balance (Chimote & Srivastava-2013).

## 2. LITERATURE REVIEW

A good number of research works were done on work life balance but especially studies on women bankers' work life balance are very few. G. Delina and Dr. R. Prabhakara Raya (October 2013) revealed that married working women find it is very hard to balance their work and personal life irrespective of the sector they are into and quite hard to steal out time for their own hobbies or leisure activities and maintain friendships or extended relationships. Sahana Maiya and Dr. M.M. Bagali (2014) studied in deep insight of work life balance of working mothers in Public and Private sector. An experimental survey of equal number of Public and Private sector employees were carried out for this purpose. The outcome revealed the portrait of difficulties faced in balancing the work demand and the life (family) responsibility. There was high correlation between the difficulties faced and the balancing act to be performed. The married working women in the age group of fewer than 30 years were found to have more work-life imbalance problems than those in the age group of 30 to 40 years while married working women over 40 years were found to be balancing work-life slightly better than the above mentioned age groups. Md. H Asibur Rahman, Nafizlmtiaz, Afif Bin Mustakim, Md. Abdullah Al Noman and Md. Hannan Molla (August 2017) studied on 48 female bankers from 21 private commercial banks surrounding Dhaka city. They revealed that most of the female bankers who work in the private commercial banks in Bangladesh they have to work more in office it obstruct their balance with work and life. A greater portion of the week has to spend on working in banks by the female bankers and which is more than one-third of total hours available in a week. Most of the female working in the private commercial banks in Bangladesh can only spend 4-5 hours with their children in a day. Vijaya Mani (2013) studied on 500 women from Tamil Nadu, India and revealed that role conflict, lack of recognition, organizational politics, gender discrimination, elderly and children care issues, quality of health, problems in time management and lack of proper social support are the major factors influencing the work life balance of women professionals in India. The study showed that gainful employment and career pursuit does delay marriage among employed women and this study suggest that 25 % among the working women are now finding their own partners in marriage despite parental opposition. The rest 75% of women still continue to wait for their parents to arrange their marriages.

D. Manjula Sureshkumar and Dr. M. Selvakumar Marimuth (September 2014) revealed that there is a chance to increase the number of dissatisfied employees in private sector banks in Virudhunagar District due to lack of quality of work life. Poonam Sharma and Dr. Purshottam Dayal (September 2015) studied on 200 banking employees from the private and the public, Co-operative sector banks located in Kota city and found that about 56 % public sector employees were dissatisfied with the policies/facilities regarding time off for family engagements whereas the private and Co-operative sector bank employees also followed the same trend with 59 % and 71 % of their employees. Ms. Priyanka Ranga and Prof(Dr.) P.S. Vohra (April 2016) found that managing work and family responsibility is very complicated for the employees in dual income families. The researcher examined the classic and theories to multiple roles and then introduced a typology of work-life balance based on the synthesis of the presented theoretical foundation. Shujaat, Cheema, & Bhutto (2011) studied on impact of work life balance on employee job satisfaction in private banking sector of Karachi, Pakistan. The results of this research shown that even in the metropolitan city like Karachi, employees are unaware of issues like job satisfaction and work life balance. G.N.Dev (2012) suggested that work-life balance is considerably correlated with job satisfaction in the banking sector. It suggested that female employees should allow more amenities such as flexi time, job sharing, childcare, etc. to put on their organizational commitment. Maurya et al. (2015) investigated on the impact of work life balance policies on employees' job satisfaction and performance in nationalized commercial banks in India. The findings of this study tinted that each of the work life balance policies is a forecaster of job satisfaction. A comparative study is conducted by Rajesh K. Yadav and Nishant Dabhade (2014) among the working women of some Govt. colleges and national institutes of Bhopal in education sector and

nationalized banks, running their in Bhopal (M.P.) for banking sector. Researchers suggested that work life balance can be achieved by the factors responsible for job satisfaction such as: supportive colleagues, supportive working conditions, mentally challenging work, equitable rewards and employee oriented policies. Tabassum, Rahman & Jahan (2011) studied on quality work life between the employees of the local private and foreign commercial banks through quantitative survey on 50 local and 50 foreign bank's employees. The study revealed that a significant difference exists between the local private and foreign commercial bank's employees perception over Quality Work Life and in the following factors of Quality Work Life; adequate and fair compensation, work and total life space, opportunity to develop human capacities.

Lalita Kumari (2012) investigated on 350 respondents of public sector banks which emphasized that each factors of work life balance in itself is a salient predictor of job satisfaction and there is shocking hole among the male and female respondents with job satisfaction with respect to all factors of work life balance. Correlation indicates that job satisfaction is an important signal of work life balance. Mohd.Sarfraz investigated the work-life balance and Job satisfaction among women employees in a hospital in India. A questionnaire is developed with 24 items. The data collected from women employees who are working in a hospital in Aligarh, India. The constructs considered in this study include work-life balance and Job satisfaction. He showed that different age groups have different perceptions regarding WLB, so work should be distributed according to the age and qualification. It will improve the employee's Commitment and satisfaction level along with productivity and profitability. Uddin et al. (2013) surveyed on 62 education institutions of Bangladesh with a sample of 320 teachers to identify the actual position of work-life balance. The study showed that the work-life balance situation is moderate which can be enhanced by corroborate supple working hours (family friendly starting and finishing times), transport facility, residential facility, childcare center, flexible work arrangements/ job sharing, reduced working hours & workload and child schooling for the female teachers. Nawaz (2016) carried out a study on 350 respondents from 5 commercial banks of all the divisions of Bangladesh and found that job satisfaction and work life balance are connected to each other and the relationship is habitually pretentious by elongated working hours, job stress and job knowledge. Tasnim, Hossain, & Enam (2017) conducted a research based on primary research where a sample of 40 female employees from different organizations was selected. The finding of the study focused on formulating a structured guideline for the organizations so that the above mentioned reasons can be omitted and female employees can balance their professional and personal life and live in harmony.

### 3. OBJECTIVES OF THE STUDY

The primary aim of this study was to investigate the work life balance of women bankers especially who work in different private commercial banks of Chittagong Metropolitan City, Bangladesh. The objectives of the study are:

1. To study the prevalence of work-life balance problem among the women bankers
2. To study the effect of work-life balance on the quality of life of women bankers
3. To study the extent to which various factors like working hours, work involvement and family life affect the work life balance of women bankers.

### 4. RESEARCH METHODOLOGY

The study was conducted among women bankers of private commercial banks of Chittagong Metropolitan City. A sample of 50 women bankers were selected using convenient sampling from above mentioned city. The scope of the study was limited to the women bankers of Chittagong metropolitan city. The paper is a case study based qualitative research. Both primary and secondary data are used for data collection. A mixture of academic contexts, books, journals, exploratory reports and HR departmental manuals are used as secondary data of the research. Personal conversation and interview with employees are the source of primary data collection. To interview the respondents a planned questionnaire is draw on based on employee promotional criteria. Approximately all data were composed from both the primary and secondary font. Primary data were collected using a scheme. Data were serene by face-to-face interview of the sample employees and were analysed according to the scale developed by Griffin (1999): Strongly Agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. Secondary data were collected from the annual reports, books, journals and other published materials.

### 5. DESCRIPTION, ANALYSIS AND INTERPRETATION

#### 5.1 PROFILE OF THE SAMPLE

Sample has taken from below mentioned private commercial banks whose operation is available in Chittagong Metropolitan City, Bangladesh. Such as:

1. AB Bank Ltd,
2. Bank Asia Ltd,
3. BRAC Bank Ltd,
4. The City Bank Ltd,
5. Dhaka Bank Ltd,
6. Dutch Bangla Bank Ltd,
7. Eastern Bank Ltd,
8. IFIC Bank Ltd,
9. Jamuna Bank Ltd,
10. Meghna Bank Ltd,
11. Mercantile Bank,
12. Midland Bank Ltd,
13. Mutual Trust Bank Ltd,
14. National Bank Ltd,
15. NCC Bank Ltd,
16. NRB Bank Ltd,
17. NRB Commercial Bank Ltd,
18. One Bank Ltd,
19. Premier Bank Ltd,
20. Prime Bank Ltd,
21. Pubali Bank Ltd,
22. Southeast Bank Ltd,
23. Standard Bank Ltd,
24. Trust bank Ltd,
25. United Commercial Bank Ltd.

#### 5.2 PROFILE OF THE CITY

Chittagong is a major coastal seaport and commercial city and business hub in south-eastern Bangladesh. Chittagong is an important economic hub in South Asia. Presently 31 private commercial banks (excluding Islamic and foreign banks) are operating in this city. Anlased data is based on 25 banks out of 31 banks.

#### 5.3 ANALYSIS AND INTERPRETATION

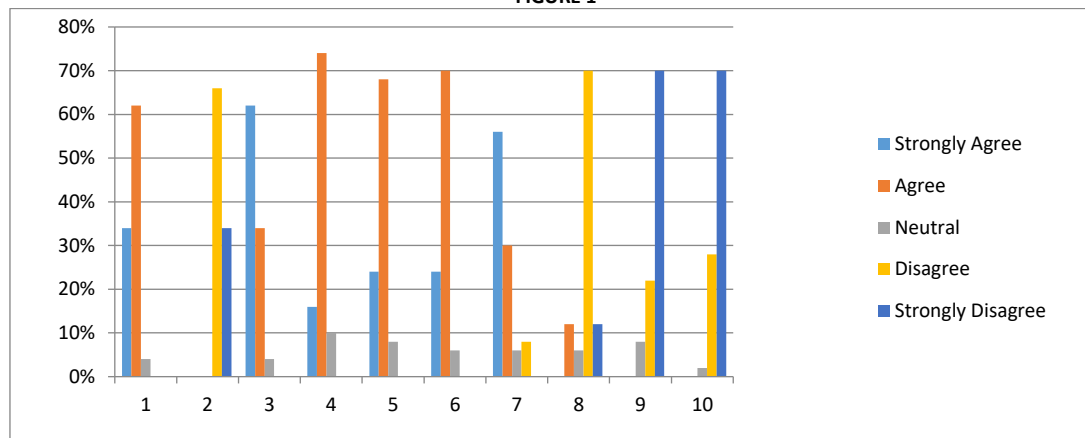
In order to subject the data for statistical testing, the collected data were coded and analyzed using XLSTAT.com software (a package software for data analysis). The data were also tabulated with frequency tables and percentages using MS-Excel.

**5.3.a. PERCENTAGE ANALYSIS**

A percentage analysis made through coding data and statistical tool is furnished below:

**TABLE 1**

Question/Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My job and family interfere with another	34%	62%	4%	0%	0%
I can manage the demands of work and personal life	0%	0%	0%	66%	34%
I cannot enjoy my job because of work-life balance situation	62%	34%	4%	0%	0%
I will leave the job if I get a better one	16%	74%	10%	0%	0%
My family life has disturbed me in doing my job as good as I could do.	24%	68%	8%	0%	0%
My family (spouse / parents) is cooperative to maintain a work life balance.	24%	70%	6%	0%	0%
Often I face problem in my family due to my job	56%	30%	6%	8%	0%
My organization is cooperative to maintain work life balance.	0%	12%	6%	70%	12%
I never miss any quality time with my family or friends because of pressure at work	0%	0%	8%	22%	70%
I always work in general working hour (8-hour) in a day	0%	0%	2%	28%	70%

**FIGURE 1**

According to survey; most of the women bankers are unhappy and searching new job or window to make healthier, balance and well integrated life with professional career and personal life. Summarise responses are given below:

Ques. 01. 62% respondents strongly believed that existing job conflicts with one another and remaining portion stated also agreed with the statement.

Ques. 02. 66% women failed to manage the demand of job with personal life. 34% people also agreed with the statement but only 4% people were neutral to comment.

Ques. 03. 62% people strongly agreed that they cannot enjoy their job for imbalance work life situation and 34% women also voted the statement. Only few women were reluctant to comment.

Ques. 04. 74% women are literally ready to leave the bank job subject to get better chance.

Ques. 05. 68% women have discomfort to their family as they failed to go ahead according to their independent and professional life.

Ques. 06. Only 24% women firmly agreed that their parents and spouse are supportive for their professional career and 70% women agreed that their parent and spouse are helpful

Ques. 07. 56% women believed that they are often facing family problem due to job.

Ques. 08. 70% women showed their disagreeance to their employers regarding cooperation to maintain work life balance.

Ques. 09. 70% women bankers failed to make harmonious quality time with family and friends due to job.

Ques. 10. 70% women bankers are supposed to stay in the office is more than regular working hours.

**5.3.b. RELIABILITY ANALYSIS**

We used XLSTAT software to assess the data (2018.1.49165 - Reliability analysis - Start time: 1/20/2018 at 12:04:51 PM / End time: 1/20/2018 at 12:04:51 PM / Microsoft Excel 12.04518). The data were subjected to Alpha tests of reliability and they had acceptable (0.7136) Cronbach's Alpha value which indicates a good level of internal consistency for the scale with the specific sample used for the study.

**TABLE 2: SUMMARY STATISTICS (ITEMS)**

Statistic	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Nbr. of observations	10	10	10	10	10
Median	0.200	0.320	0.060	0.040	0.000
Mean	0.216	0.350	0.054	0.194	0.186
Variance (n-1)	0.054	0.098	0.001	0.076	0.085
Standard deviation (n-1)	0.233	0.313	0.030	0.275	0.291

**TABLE 3: CORRELATION MATRIX**

Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strongly Agree	1	0.432	0.079	-0.649	-0.658
Agree	0.432	1	0.535	-0.737	-0.777
Neutral	0.079	0.535	1	-0.469	-0.297
Disagree	-0.649	-0.737	-0.469	1	0.412
Strongly Disagree	-0.658	-0.777	-0.297	0.412	1

TABLE 4: COVARIANCE MATRIX

Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strongly Agree	0.054204	0.031	0.001	-0.042	-0.045
Agree	0.031	0.097711	0.005	-0.063	-0.071
Neutral	0.001	0.005	0.000893	-0.004	-0.003
Disagree	-0.042	-0.063	-0.004	0.075827	0.033
Strongly Disagree	-0.045	-0.071	-0.003	0.033	0.084893

## 6. RESEARCH FINDINGS

From above study we can say that women bankers are facing dilemma to manage dual career especially in banking due to required space, support and cooperation from employers as well as family members. Employers are rigid to get best effort and output from any staff whereas pleasant relationship with all family and peers and social life is obstructed. Lastly, researcher has taken only 50 respondents (women bankers) from different banks as sample size to gather the information for his study. These women are representing all other women bankers of the bank concerning work life balance.

## 7. CONCLUSION AND RECOMMENDATION

Ultimate purpose of human life is to make an integration of personal life with social life for self satisfaction and self esteem. Professional life the part of personal and social life especially women are dealing and maintain dual career rather than men. Considering demographical issue, women required higher effort to excel in career as well rearing children and make happy their family. Banking is a most challenging and stressful job as career building. To maintain the tight schedule, month end deadline, division wise target, unit wise performance and individual revenue contribution etc. is common phenomena for bankers. Women bankers are facing more challenges to make a tie with job and personal life due to fulfil the requirement of regular busy tight schedule, quantitative and visible output from all aspects. Most of the women bankers are searching alternate way from existing job to make a balance with personal life and professional life. A healthy and stressless life is required to make a healthier life.

## 8. FUTURE DIRECTION

This study is based on only 50 sample size. A large scale study may launch to know more about work life balance of women bankers. This study is based on Chittagong Metropolitan City based women bankers only. But perception of other parts of the country's bankers compared to Chittagong metropolitan city, male vs. Women bankers' work life balance, married vs. Unmarried bankers's work life balance, public owned vs. Privately owned banks' bankers' work life balance may be different which was not studied by author.

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**APPENDIX****QUESTIONNAIRE****WORK LIFE BALANCE OF WOMEN BANKERS****Name:**

Designation:

Name of the Bank:

Strongly Agree 5

Agree 4

Neutral 3

Disagree 2

Strongly Disagree 1

Quest. no.	Particulars
1	My job and family interfere with another
2	I can manage the demands of work and personal life
3	I cannot enjoy my job because of work-life balance situation
4	I will leave the job if I get a better one
5	My family life has disturbed me in doing my job as good as I could do.
6	My family (spouse / parents) is cooperative to maintain a work life balance.
7	Often I face problem in my family due to my job
8	My organization is cooperative to maintain work life balance.
9	I never miss any quality time with my family or friends because of pressure at work
10	I always work in general working hour (8-hour) in a day

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