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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

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   APPENDIX/ANNEXURE

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CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

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CONFERENCE PAPERS

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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A FACTOR ANALYSIS ON PRODUCT ATTRIBUTES FOR CONSUMER BUYING BEHAVIOR OF MALE COSMETICS IN NAGPUR CITY

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ABSTRACT
This study is needed to consider when designing and implementing marketing programs. Failure to understand the dynamic buyer behavior and improper allocation and coordination of resources will lead the organization to great losses. The better marketers are at understanding consumer behaviour, the more successful they will be at influencing consumers‟ purchase behavior (Kurti Shah 2009). There are three sections of consumer behavior that need to be addressed carefully: psychological influences, socio-cultural influences and situational influences. The marketers have to go through a number of challenges in selling products like cosmetics, as they have to be applied directly on human skins, body and other parts. There is a perceived risk of dissatisfaction in the consumers as far as its benefits are concerned. It is necessary to study the consumer buying decision process in this regard. The study provides evidence and an insight on various variables used for analysis and reveals that texture of product, promised effects, previous usage experience and suitability to skin types have given more significance by Nagpur men for purchasing male cosmetics products.

KEYWORDS
Consumer Buying Behavior, Product Attributes, Promised Effects, Texture of Product.

INTRODUCTION
The core concept of marketing revolves around the decisions consumers and organizations take in buying certain products – May it be goods, services or ideas. While buying certain products, consumers become highly sensitive of their quality, expected benefits and the way of using it. Courtland L Bovee‟ and John V Thill (1992) define consumer behavior as consumer's "all the actions involved in selecting, purchasing, using and disposing of goods and services." Consumers buying behavior is a complex phenomenon with a number of factors that affect their behavior when they involve themselves with buying process.

According to Joel R. Evans and Barry Berman (2009), demographic, social and psychological factors affect the way final consumers make choices and can help a firm understand how people use the decision process. An affluent consumer would move through the process more quickly than a middle-income one due to less financial risk. An insecure consumer would spend more time making decisions than a secure one. Rajan Saxena (2006) calls consumer mind as the black box‟ which is influenced by company controlled stimulus like product, price, advertising, sales promotion, display and distribution, besides social stimulus as word of mouth and reference group. He calls it an enigma or black box which responds to the various stimuli resulting in either buying or no-buying phenomenon.

Philip Kotler and Kevin Lane Keller (2007) states a consumer's buying behavior is influenced by cultural, social and personal factors. According to these authors, culture, subculture and social class are particularly important influences on consumer buying behavior. Social factors include reference groups, family and personal factors comprise of age and stage in the life cycle, occupation and economic circumstances, personality and self-concept, and life- style and values. According to Philip Kotler and Keller, the buying decision process comprises of Five-Stage model involving: Problem recognition, Information search, Evaluation of alternatives, Purchase decisions and Post-purchase behavior.

The market for male cosmetic products, although still niche in India, is growing and evolving. Male consumers are placing greater importance on looking good and the personal care aspects of improved health and wellness. Understanding male needs, attitudes and behaviors towards grooming will open up new commercial avenues in this under-served arena. The male cosmetics market, while exhibiting strong potential, needs a markedly different approach in order to succeed compared to the mature female market, due to some substantial differences in attitudes and behaviors that exist across genders. Before a decade or so, the word cosmetics was predominantly associated with a single gender i.e. woman. It did not mean that male never used cosmetic products. They certainly did. However, marketers coined the term male cosmetics recently thus identifying special segment for particular products on the basis of gender differentiation. Celebrity endorsements of certain products of this category in TV ads seem to have played a greater role in spreading the concept on wider scale.

Undoubtedly, men are becoming more and more sensitive about skin care and grooming. Now that separate products for men are available, it is certain that men will not use the products that are used by women anymore. This also projects the scope of developing more products for men in the years to come. An extensive research at Emami implied that more than 30% of the users of fairness creams (all targeted for women at that time) were male. And this is when they thought of coming up with a revolutionary product exclusively for male skin and created a new segment of 'Male Fairness Cream 'in the Indian market. The product was very well received by the Indian consumers and in just five years time it has become an Rs 100-crore brand.

Men are rapidly converting to using products that were up till now considered the domain of women. High on the spirit of vanity, the male personal care category is growing faster than the overall category growth rates in skin creams, hair colour and even toilet soaps where such products have failed to take off in the past (Times of India, 2012).

The process of evaluating and selecting the most appropriate / suitable types and brands in male cosmetics cannot be very simple. It is because such products have been bought with a lot of expectations and there is always a risk of dissatisfaction and dissonance and sense of uncertainty. Each person must have different expectations of likely benefits from the use of the product. The researcher would like to find out those factors male consumers must be applying while selecting, purchasing and using particular brands of male cosmetics.

OBJECTIVE OF STUDY
1. To get the detailed insight of *'product attributes'* of male cosmetic concept on consumer buying behaviour.
2. To understand and select the key variables of *'product attributes'* of male cosmetic concepts which affects the consumer buying behaviour.

RESEARCH METHODOLOGY
Research Design & Sampling design: This research study is of descriptive nature and has used the quantitative research method. A convenience sample is employed for sampling method from Nagpur Municipal Corporation (NMC) and response is taken from the students, service class, business class and

professionals of age group between 20years to 50years. Size of the universe cannot be defined because every male individual could be a respondent for this particular study. The sample size has been consisting of 312 respondents.

Data collection method: The close-ended questionnaire was developed. For collecting data, researcher has conducted schedule interviews with the help of developed questionnaire. However, secondary data has been collected with the help of print media like books, magazines, research articles on Google scholars and such other websites, related company literature.

Data analysis technique: The statistical Package for the Social Sciences Program (SPSS) version 17.0 was used in this study for all the statistical assessments. The data set was screened and examined for incorrect data entry, missing values, normality and outliers. In this study, descriptive statistics are first employed and then factor analysis is carried out by the researcher.

DATA ANALYSIS AND INTERPRETATION

The breakdown of the respondent's demographic characteristics is shown in *Table 1.* The majority of the respondents are below the age of 30 years (62.18%). Sixty percent of respondents are single and more than fifty percent of the respondents are of service class. Almost sixty percent of respondents reported Family's Monthly Income more than INR 30,001.

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Sr. No.	Characteristics	Category	Frequency	%
1	Age	Less than 30	194	62.18
		30 to 40	102	32.69
		more than 40	16	5.13
2	Marital Status	Single	190	60.90
		Married	12222	39.10
3	Occupation	Student	144	46.20
		Service	164	52.60
		Business/Professionals	4	1.30
4	Family's Monthly Income	Less than 10,000	8	2.60
		10,000 to 20,000	20	6.40
		20,001 to 30,000	64	20.50
		30,001 to 40,000	88	28.20
		40,001 and above	132	42.3

The *Table 2* shows the table of communalities before and after. The communalities in the column labeled *Extraction* reflect the common variance in the data structure. 67.3% of the variance associated with question 1 is common, or shared, variance.

TABLE 2: COMMUNALITIES

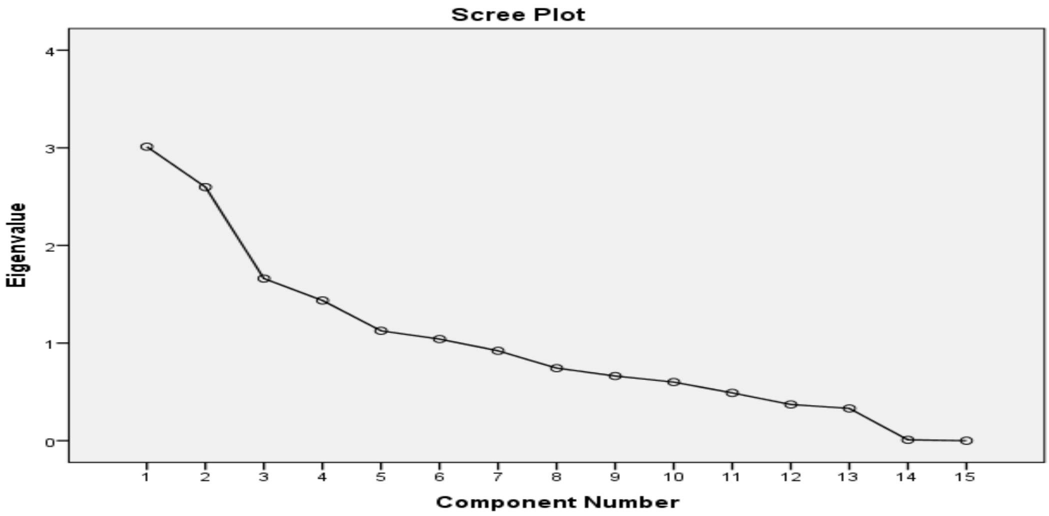
	Initial	Extraction
Manufacturer's credibility	1.000	.673
Affordability	1.000	.511
Packaging	1.000	.840
Ingredients	1.000	.742
Product is domestic	1.000	.750
Texture of product	1.000	.758
promised effect	1.000	.611
Previous Usage Experience	1.000	.601
Suitability to skin type	1.000	.393
Innovativeness	1.000	.942
Price value for money	1.000	.942
Brand	1.000	.607
Quality	1.000	.707
Advertising	1.000	.896
Store LOcation	1.000	.900
Extraction Method: Principal Component Analysis.		

Table 3, labeled *Total Variance Explained* lists the eigenvalues associated with each factor before extraction, after extraction and after rotation. Before extraction, it has identified 15 linear components within the data set. The eigenvalues associated with each factor represent the variance explained by that particular linear component and the table also dispalys the eigenvalue in terms of the percentage of variance explained (factor 1 explains 20.079% of total variance). It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amount of variance. The table extracts all factors with eigenvalues greater than 1, which leaves us with six factors, where 70 % of cumulative variance is displayed. In the final part of the table, the eigenvalues of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of the six factors is equalize. Before rotation, factor 1 accounted for considerably more variance than the remaining five (20.079% compared to 17.317, 11.071, 9.575, 7.504 and 6.940%), however after extraction it accounts for only 19.077% of variance (compared to 15.494, 10.746, 9.795, 8.707 and 8.667% respectively).

TABLE 3: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.012	20.079	20.079	3.012	20.079	20.079	2.862	19.077	19.077
2	2.598	17.317	37.396	2.598	17.317	37.396	2.324	15.494	34.571
3	1.661	11.071	48.468	1.661	11.071	48.468	1.612	10.746	45.318
4	1.436	9.575	58.043	1.436	9.575	58.043	1.469	9.795	55.113
5	1.126	7.504	65.547	1.126	7.504	65.547	1.306	8.707	63.820
6	1.041	6.940	72.487	1.041	6.940	72.487	1.300	8.667	72.487
7	.921	6.139	78.626						
8	.743	4.956	83.582						
9	.662	4.416	87.998						
10	.600	4.003	92.001						
11	.489	3.263	95.264						
12	.371	2.473	97.737						
13	.331	2.204	99.941						
14	.009	.059	100.000						
15	9.064E-017	6.043E-016	100.000						
Extraction Method: Principal Component Analysis.									

The scree plot is shown below with a thunderbolt indicating the point of inflextion on the curve. This curve is difficult to interpreted because the curve begin to tail off after four factors, but there is another drop after six factors before a stable plateau is reached. Therefore, it is justified to retain six factors.



The *Table 4* labeled shows the *Component Matrix* before rotation. This matrix contains the loading of each variable onto each factor. As calculated that all loading less than 0.4 be suppressed in the output and so there are blank spaces for many of the loadings.

TABLE 4: COMPONENT MATRIX[a]

	Component					
	1	2	3	4	5	6
Manufacturer's credibility					.752	
Affordability						
Packaging			.588			
Ingredients						
Product is domestic				.712		
Texture of product						.609
promised effect			.683			
Previous Usage Experience		.567				
Suitability to skin type						
Innovativeness		.815				
Price value for money		.815				
Brand	.608					
Quality	.700					
Advertising	.835					
Store LOcation	.841					
Extraction Method: Principal Component Analysis.						
a. 6 components extracted.						

The *Table 5* labeled *Rotated Component Matrix* contains the same information as the component matrix is calculated after rotation. Factor loadings less than 0.4 have not been displayed because researcher has asked these loading to be suppressed.

Component 1: The rotated matrix has revealed that respondents have perceived these factors to be the most important factors with the highest explained variance of 19.07%. Four out of fifteen variables load on significantly to this component, which includes Brand, Quality, Advertising, Store Location.

Component 2: The rotated matrix has revealed that respondents have perceived these factors to be the most important factors with the highest explained variance of 15.49%. Four out of fifteen variables load on significantly to this component, which includes innovativeness and Price value for Money.

Thus, component 3, 4, 5 and 6 explained the variance of 10.746, 9.795, 8.707 and 8.667% respectively. Along with these components, include manufacturer's credibility, affordability, Packaging, ingredients, Product is domestic, texture of the product, promised effects, previous usage experience and suitability to skin type.

TABLE 5: ROTATED COMPONENT MATRIX[a]

	Component					
	1	2	3	4	5	6
Manufacturer's credibility				.556		
Affordability						-.694
Packaging			.883			
Ingredients			.761			
Product is domestic				.748		
Texture of product					.857	
promised effect				.580		
Previous Usage Experience		.556			.521	
Suitability to skin type						.577
Innovativeness		.960				
Price value for money		.960				
Brand	.734					
Quality	.795					
Advertising	.907					
Store LOcation	.910					

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

FINDINGS AND CONCLUSION

The market for male cosmetic products, although still niche in India, is growing and evolving. Male consumers are placing greater importance on looking good and the personal care aspects of improved health and wellness. Understanding male needs, attitudes and behaviors towards grooming will open up new commercial avenues in this under-served arena. The male cosmetics market, while exhibiting strong potential, needs a markedly different approach in order to succeed compared to the mature female market, due to some substantial differences in attitudes and behaviors that exist across genders. This study reveals the significant product attribute variables from the consumer's point of view who are already users of male cosmetics products in Nagpur city. The researcher has discloses Brand, Quality, Advertising, Store Location are the key variables from the studied product attribute variables.

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CROSS BORDER MERGERS & ACQUISITIONS AND ITS EFFECT ON SHAREHOLDERS WEALTH IN INDIA

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ABSTRACT

The business environment at national and International level is fast changing and to cope with this change corporates have adopted different growth strategies. These growth strategies adopted includes both organic and inorganic routes. Mergers and Acquisitions are one of the popular inorganic growth route adopted by companies, more so in case of developing countries like India. This study looks at the effect of such a strategic decision on the shareholders wealth. The study, done from the acquiring firm shareholders perspective, adopts a standard event study method to know the short term effect of an acquisition announcement on the shareholders wealth. The study is for the announcements made during the period from 2000 to 2010. The study reveals that the shareholders of the acquiring companies gain small positive abnormal returns in and around the announcement period.

JEL CLASSIFICATION
G34

KEYWORDS
Acquiring Firms, Cross Border Mergers & Acquisitions, Event Study, Shareholders wealth.

1. INTRODUCTION

The business environment at national and international level is fast changing and this has influenced the business to adapt to the changes for its survival and growth. Growth being the key driver for any business can be attained through organic and inorganic. The inorganic growth is the instantaneous growth. It enables the firm to skip a few steps on the growth ladder. Mergers and acquisitions is a type of inorganic form of growth to the firms. De-regulation policy, readily available credit, low interest rates, rising equity markets, technological change, global competition and industry consolidation has mainly lead to the change in the business environment and has influenced the corporates to adapt to the changing environment. In the quest for survival and growth, corporates followed inorganic growth strategies like mergers and acquisitions. This activity of mergers and acquisitions intensified in the mid-1990, more so in case of developing countries like India and China. Even though Indian merger scenario is still in a nascent stage, a substantial proportion of FDI came through cross border mergers and acquisitions in recent period. Earlier research has observed three distinct phases of merger activity in India. The intensity of cross-border operations recorded an unprecedented surge since the mid-1990 and the same trend continues (World Investment Report, 2000).

The World Investment Report 2012 provides with data on FDI and Cross Border Mergers and Acquisitions. The FDI flows into India were meager during the period of 1990-2000. The average FDI inflows into India during this period were 414 million dollars with average cross border M&A sales being 287 million dollars when the average FDI inflows for the world were 4,93,320 million dollars and average cross border M&A sales being 2,43,798 million dollars. Similarly, the average FDI outflows during the period 1990-2000 were 110 million dollars with average cross border M&A purchases being 104 million dollars.

The average FDI inflows into India from 2001-2011 stood at 19,034 million dollars with cross border M&A sales being 4,264 whereas the average FDI inflows globally were 11,84,404 million dollars and average cross border M&A sales being 4,56,763 million US dollars. Similarly the average FDI outflows from India during the period were 9,734 million dollars with cross border M&A purchases being 458 million dollars. The average FDI outflows globally were 12, 33,130 million dollars for the said period. The number of cross border outbound deals have also increased in the last decade where from 33 deals in 2000 has increased to 175 deals in 2007. After a decline in 2008 and 2009 due to recession, it was back to 141 deals in 2010. This shows the eagerness of Indian companies to go global and make their presence in the global market, more so in the last decade. However when compared to the developed economies in the west, the size and number of deals are very meager. Still we find Indian companies involved in big size deals as acquirers. Thus, there has been a reversal in the trend for the Indian companies, from being a target to acquirer in the last decade or so.

From the above data of cross border mergers and acquisitions – both global and Indian it is evident that corporate are using M&A as a strategic tool for their growth and survival in this complex business environment. However, different stakeholders- evaluate such corporate actions more so by shareholders. Shareholders being the contributors of capital would be interested to know the impact of such strategic decision on value creation. It is unquestionable that a major goal for a company's management is to achieve growth; however, the management need to make sure that the growth is one that will generate good returns for the shareholders. Management need to critically examine the expected profitability of the revenue derived from growth and determine if the growth is worth the cost. Therefore, it becomes essential to understand the performances of such strategic decisions taken by the firms on shareholders' value creation.

2. REVIEW OF LITERATURE

Historically there have been contradicting debates on the success of mergers and acquisitions. Earlier researches have given mixed results wherein some of the research shows negative returns to the shareholders, mainly to acquirer firm while some research shows positive returns to the shareholders. Most of these researches are conducted in developed countries and very few studies are conducted in developing countries, more so in Indian context. Chitoor (2008) in their study finds that Indian firms involved in International acquisitions create value to their shareholders through significant positive post-merger returns. These gains are higher for acquisitions made in the developed countries than in the other developing economies. Further, these gains are higher for acquisitions made in the developed economies, compared to the acquisitions of targets from the other developing economies. Earlier studies of the role of Indian firms participation in cross-border acquisitions was mainly restricted to the performance implications for the developed economy firms targeting emerging economy firms, where findings indicated that such acquisitions were beneficial both for the developed economy acquirer and the target from the emerging economy. This result was more consistent in cases where majority control was obtained by the acquirer (Chari, Ouimet and Tesar, 2004). Recent studies have focused on operating performance aspects of domestic acquisitions in India, with mixed results. Ramakrishnan (2009) finds that the wealth gains on merger announcement to the shareholders of the acquired firms appear to be enjoying significant positive share price returns in the long run; accounting based measures of performance indicate that mergers in India have resulted in enhanced post-merger firm operating performance following the merger. Using a similar sample, Mantravadi and Reddy (2008) investigate the post-merger performance of the domestic Indian acquirers' vis-à-vis the type of acquisition— vertical, horizontal, or conglomerate, and conclude that the horizontal mergers led to the highest decline in operating performance following the merger. Apart from these studies that provide mixed results, empirical testing of post-merger operating performance of the domestic Indian acquisitions has been quite limited so far, and focused specifically on the manufacturing sector, using small samples or individual cases, and over limited periods of time (Mantravadi and Reddy, 2008). The study of cross-border acquisitions by the Indian acquirer is of recent origin. Gubbi et. al. (2009) finds that value is created for the Indian acquirer undertaking cross-border acquisitions. Further, the magnitude of value created is higher for Indian firms when the target is located in an advanced institutional and economic environment. Studies in different countries have also shown mixed results. Langetieg (1978) found significantly negative abnormal return after merger to US acquirers for a period from 1929 to 1969 over a post- Merger period of one to three years. Asquith (1983) studied 196 US bidders with successful mergers and 87 US bidders with unsuccessful mergers from 1962-1976 and found that these deals resulted in significantly negative abnormal return after mergers. Agarwal et al (1992) studied 937 US mergers and 227 tender offers for a period of five years and found significantly negative abnormal returns for these mergers and no significant abnormal returns for tender offers. Loughran and Vijh (1997) in their research found significantly negative abnormal returns to 947 US firms which were involved in merger over a post- merger period of five years during 1970 to 1989. Gregory (1997) in the study on 425 UK firms found significantly negative abnormal returns to the acquirers in the post-merger period of five years. The study period was from 1984 to 1992. Similarly Rau and Vermaelen (1998), Mitchell and Stafford (2000), Moeller et al. (2003) in their studies involving US firms found significantly negative abnormal returns to the shareholders of acquiring firms during the post- merger period. Doukas *et al* (1988) presented evidence on the effect of international acquisitions on stock prices of 301 US acquirers engaged in M&A activity for the period 1973-19. The total sample did not show any abnormal performance of US acquirers relative to the pre- and post-announcement day. However, after dividing the original sample into three homogeneous subsamples; firms expanding for the first time, firms not operating in the target firm's country, firms already in the target firm's country, found that the sample of firms not operating in the target firm's country were associated with a small but positive significant abnormal return and the other two samples showed very small and insignificant abnormal returns. Eun *et al* (1996) investigated a sample of foreign acquisitions of US targets during the period 1979-90 and reported a significantly positive abnormal return for US targets but significantly negative abnormal return for the overall sample of acquirers. Datta & Puia (1995) report no abnormal returns to shareholders of the acquiring firm in their study of 112 large cross-border acquisitions between 1978 and 1990. Jensen (1986, 1988) found that M&A are a consequence of a breakdown in the internal governance structures of corporations. They argued that the leadership in a firm actually used the money generated from profitable divisions of a firm to finance and fuel non-performing units of the firm through M&A transactions rather than returning theses excess funds to the shareholders of the firm. Sheleifer and Vishny (1990) are of the view that M&A is the mechanism through which efficiency-seeking firms spin off unrelated lines of business and acquire businesses that enhance efficiency. Malhotra & Zhu (2008) examines the announcement effect and the post-acquisition long-term performance of 96 Indian international acquisitions of U.S. firms made in the period 1999-2005 and found that while the international acquisition announcements by Indian firms create significant short-term shareholders' wealth; in the long run international acquisitions have a negative impact on the shareholders' wealth. Since outbound mergers and acquisitions were very far and few in India,

3. NEED FOR THE STUDY
We find few studies which have evaluated the performance of cross border mergers and acquisitions with mixed results. Most of the studies in India are of domestic mergers with either being confined to a particular industry or for a limited period of time. Hence there is a need to study the performances of Indian cross border mergers and acquisitions.

4. STATEMENT OF PROBLEM
Indian companies have done multiple cross-border mergers and acquisitions to achieve growth targets and to enter global markets. However very little is done to track the performance of these acquisition over a period of time and to see if they actually result in the value they were expected to create

5. OBJECTIVES OF THE STUDY
To analyze the short-term effect of Cross Border Mergers and acquisitions on shareholders' wealth of Indian acquiring companies.

6. HYPOTHESIS
The proposed study intends to set the following hypotheses to answer the basic question of the study

H_0: Cross Border Mergers and Acquisitions have no short-term effect on the wealth of the shareholders of the acquiring firms.

H_1: Cross Border Mergers and Acquisitions have short-term effect on the wealth of the shareholders of the acquiring firms.

7. RESEARCH METHODOLOGY
The methodology of the research is based on the objective of the study and the guidance received from the review of literature on Mergers and Acquisitions. The research used the Cumulative Abnormal Returns (CAR) method to evaluate the short term performance of the cross border Mergers and Acquisitions. Economists have frequently asked to measure the effects of an economic event on the value of firms. The impact of an economic event such as M&A can be assessed by observing the price change in the acquirer's security over a relatively short period through a technique known as event study methodology (MacKinlay 1997).

For the sample selected for the study Cumulative Abnormal Returns (CAR) are calculated using a standard event study analysis. Abnormal returns, that indicate the additional impact on stock returns due to an event over and above normal market movements, are computed as follows:

$$AR_{i\tau} = R_{i\tau} - \hat{\alpha}_i - \hat{\beta}_i R_{m\tau}. \qquad (1)$$

Where, R_{it} is the daily return on firm 'i' on day't' and R_{mt} is the return on the bench mark index, α and β are OLS regression parameters that are estimated using the market model over the previous period of 200 days (Estimation Window). It is calculated using the following equation

$$\boldsymbol{R_{it} = \alpha_i + \beta\, R_{mt} + \varepsilon_{it}} \qquad (2)$$

Where $\mathbf{E}\ (\varepsilon_{it} = 0)$ $\quad$ $\mathbf{var}\ (\varepsilon_{it}) = \sigma^2_{\varepsilon i}$

The abnormal return observations must be aggregated in order to draw overall inferences for the event of interest. The aggregation is along two dimensions—through time and across securities. We will first consider aggregation through time for an individual security and then will consider aggregation both across securities and through time. The concept of a cumulative abnormal return is necessary to accommodate a multiple period event window. Define CARi(τ1, τ2) as the sample cumulative abnormal return (CAR) from τ_1 to τ_2 where

$$T_1 < \tau_1 < \tau_2 \leq T_2$$

The CAR from τ1 to τ2 is the sum of the included abnormal returns,

$$CAR_{i\tau} = \sum_{t=1}^{\tau} AR_{it}\ . \qquad (3)$$

The individual securities 'abnormal returns can be aggregated using AR_{it} for each event period, τ = T1 + 1,……., T2. Given N events, the sample aggregated abnormal returns for period τ is

$$\overline{AR}_{\tau} = \frac{1}{N}\sum_{i=1}^{N} AR_{i\tau} \qquad (4)$$

The average abnormal returns can then be aggregated over the event window using the same approach as that used to calculate the cumulative abnormal return for each security i. For any interval in the event window: The benchmark used in the OLS regression is important. Therefore, the author will use the BSE 500 index of Bombay Stock Exchange- found to be relevant for this study.

Sample Size

The following filters to a preliminary sample that begins on January 1, 2000 and ends on December 31, 2010:
(1) The transaction is completed.
(2) The acquirer is an Indian company and target is located outside India.
(3) The terms of the deal are disclosed by the acquirer
(4) The percent of shares acquired in the deal is 50% or higher, to focus on significant M&A deals.
(5) The acquirer is a public firm listed on one of the stock exchanges in India-BSE or NSE.
(6) The acquirer is active and has daily stock price data. The daily stock price data should have the minimum number of observations before and after the event date, as well as the minimum number of observations before the event window for the estimation window. We select an estimation window of 200 trading days. Because of these selection criteria, our event sample includes 483 M&A deals. To test the significance of the results earlier researchers have relied upon parametric tests as well as non-parametric tests. A standard t- test is used to test the significance of the Cumulative Average Abnormal Returns.

8. RESULTS AND FINDINGS

This section provides with the results of the study and the major findings. The results of short-term performance of cross border mergers and acquisitions by Indian acquiring firms measured by Cumulative Abnormal Returns are reported below. Table 1 provides with the results for Average Abnormal Returns (AAR) and Cumulative Average Abnormal Returns (CAAR) - All sample observations.

TABLE 1: RESULTS FOR AVERAGE ABNORMAL RETURNS (AAR) AND CUMULATIVE AVERAGE ABNORMAL RETURNS (CAAR) - ALL SAMPLE OBSERVATIONS

Day	AAR	CAAR	t-test	Day	AAR	CAAR	t-test
-20	0.0078	0.0078	1.495	1	0.0009	0.019	0.442
-19	**0.0023**	**0.0101**	**1.719*****	2	-0.0008	0.0182	-0.651
-18	**0.0026**	**0.0127**	**1.811*****	3	-0.0015	0.0167	-0.831
-17	0.0015	0.0142	1.204	4	-0.0001	0.0166	-0.046
-16	0.0007	0.0149	0.47	5	-0.0003	0.0163	-0.208
-15	0.0008	0.0157	0.449	**6**	**-0.0032**	**0.0131**	**-2.305****
-14	0.0014	0.0171	1.023	7	0.0002	0.0133	0.148
-13	0.0007	0.0178	0.575	8	0.0004	0.0137	0.299
-12	0.0007	0.0185	0.55	9	-0.0068	0.0069	-1.158
-11	-0.0002	0.0183	-0.18	10	-0.0026	0.0043	-1.347
-10	0.0012	0.0195	0.907	11	0.0009	0.0052	0.71
-9	-0.0012	0.0183	-0.336	12	-0.0019	0.0033	-1.234
-8	-0.0011	0.0172	-0.878	**13**	**-0.0032**	**0.0001**	**-1.632****
-7	-0.0001	0.0171	-0.043	14	0.0009	0.001	0.653
-6	-0.0024	0.0147	-0.967	15	-0.0036	-0.0026	-0.95
-5	-0.0033	0.0114	-0.674	16	0.0000	-0.0026	-0.014
-4	0.0006	0.012	0.383	17	-0.0011	-0.0037	-0.916
-3	-0.0082	0.0038	-1.377	18	-0.0019	-0.0056	-1.003
-2	0.0009	0.0047	0.714	19	-0.002	-0.0076	-1.538
-1	**0.0038**	**0.0085**	**2.454****	20	0.0000	-0.0076	-0.009
0	**0.0096**	**0.0181**	**6.223***				

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

The results obtained in the event window suggests that around the announcement date the shareholders' of the acquiring firm get a statistically significant positive abnormal return and after the announcement date the market tends to correct and the shareholders receive a negative returns immediately after the announcement day. The Cumulative Average Abnormal Returns for all the firms in the study for the event window of 41 days shows a very small positive CAAR on all the days. Further, it is clearly evident from Table-1 that the t-values for the previous day [-1] and on the day of acquisition are 2.454 and 6.223 respectively. As these two values are significant at 5% level and 1% level respectively, we reject the null hypothesis and accept the alternative. The CAAR for different window periods are provided in Table 2. CAAR was calculated for window periods -20+20, -10+10, -5+5 and -1+1 days.

TABLE 2: RESULT FOR CAAR FOR WINDOW PERIODS

Event Window	CAAR	t-value
-20+20 days	-0.0076	-0.4495
-15+15 days	-0.0175	-1.1795
-10+10 days	-0.0139	-1.0897
-5+5 days	0.0016	0.1755
-1+1 days	0.0143	4.8431*

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table -2 that the t-value for -20 and +20 window period is -0.4495. As these t-values are not statistically significant, we accept null hypothesis. We conclude that there is no statistical evidence to reject null hypothesis and infer that there is no -20 and +20 window period effect on wealth of shareholders. A similar kind of situation is observed with respect to -15 and +15, -10 and +10 and -5 and +5 window period before acquisition is showing no significance. However for window period of-1+1 there is a CAAR of 0.0143 which is statistically significant at 1%, we reject the null hypothesis and accept the alternative. In other words, we conclude that there is one day window period effect of cross border merger on wealth of the shareholders.

The study further tried to look at the impact of acquisition by an Indian firm in a developed economy. Two major countries where Indian firms have looked at are USA and UK. Out of the total sample, 213 deals were in USA and UK and Non-USA and Non- UK targets were 270, which is 44% of the total sample. Table 3 reports the CAAR for -1+1 with corresponding t-value for both USA and UK targets and for Non-USA and Non-UK targets.

TABLE 3: CUMULATIVE AVERAGE ABNORMAL RETURNS FOR USA AND UK TARGETS (N=213) AND NON-USA & NON-UK TARGETS (N=270)

Target Status	CAAR (-1+1)	t-value
USA/UK	0.01368	2.502**
Non-USA/UK	0.01511	4.921*

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table -3 that for USA/UK based target companies the CAAR (-1+1) is 0.01368 with a t-value of 2.502, which is statistically significant at 5% and for non USA/UK firms the CAAR (-1+1) is 0.01511 with a t-value of 4.921 which is statistically significant at 1%. Hence we reject null hypothesis. We conclude that there is a statistical evidence to reject null hypothesis and infer that there is a positive short term effect on wealth of shareholders of acquiring firms for both USA & UK and non USA & UK targets. The markets in India react positively to an announcement made by an acquirer of a target company in USA and UK. Diversification being one of the major reasons for M&A, table 4 depicts the CAAR and corresponding t-value for related acquisition and unrelated acquisitions.

TABLE 4: CUMULATIVE AVERAGE ABNORMAL RETURNS FOR RELATED ACQUISITION (N=321) AND FOR UNRELATED ACQUISITIONS (N=162)

Related / Unrelated	CAAR (-1+1)	t-value
Related	0.0148	3.792*
Unrelated	0.0138	3.260*

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table -4 that the CAAR for the window period -1+1 is 0.0148 with a t-value for related based firms is 3,792 and for unrelated firms the CAAR is 0.0138 with t-value of 3.260. As these t-values are significant we reject null hypothesis we conclude that there is a statistical evidence to reject null hypothesis and infer that there is a positive short term effect on wealth of shareholders for both related and unrelated target firms. Thus the stock market reaction is positive to an M&A announcement by an Indian acquiring firm of a related or unrelated target.

Table 5 provides with the data of CAAR for the period -1+1 for manufacturing and service firms involved in the study. The total sample of 483 firms includes 290 firms in manufacturing sector and remaining 193 in service sector.

TABLE 5: CUMULATIVE AVERAGE ABNORMAL RETURNS FOR MANUFACTURING (N=290) AND SERVICES (N=193)

Sector	CAAR (-1+1)	t-value
Manufacturing	0.0167	4.876*
Services	0.0112	2.103**

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table - 5 that the CAAR for the window period -1+1 is 0.0167 with a t-value for manufacturing firms at 4.876 and for service firms CAAR is 0.0112 and with a t-value of 2.103. As these t-values are statistically significant at 1% & 5% respectively for manufacturing and services, we reject null hypothesis. We conclude that there is a statistical evidence to reject null hypothesis and infer that there is a short term positive effect on wealth of shareholders of Indian acquirers for both manufacturing and service sectors. Thus the market does react positively to an acquisition made by Indian acquirer of a foreign target either in manufacturing or a service sector. Empirical studies done earlier have also tried to look at if the returns to the shareholders' of the acquiring firms are affected by the mode of payment. The mode of payment to the shareholders' of the target companies can be cash, stock or a combination of cash and stock. For the purpose of this study the sample of 483 deals are divided into cash and non-cash payment. Table 6 provides the details for the same.

TABLE 6: CUMULATIVE AVERAGE ABNORMAL RETURNS OF CASH DEALS (N=80) AND NON-CASH DEALS (N=403)

Mode of payment	CAAR	t-value
Cash	0.1754	2.523**
Non-cash	0.0138	4.247*

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table - 6 that the CAAR for cash deals is 0.1754 with a t-value of 2.523 and for non-cash deals the CAAR is 0.0138 with a t-value of 4.247. As these t-values are statistically significant, we reject null hypothesis and conclude that there is a statistical evidence to reject null hypothesis and infer that there is a short term effect on wealth of shareholders for both cash based and non-cash based acquiring firms. However acquiring firms conducting cash deals provides higher positive returns to their shareholders' when compared to firms involved in non-cash deals, as the market reaction to an announcement of cash deal by an Indian acquiring firm is positive.

A further attempt is made to know if the abnormal returns to the shareholders' are different in case of complete acquisitions and partial acquisitions. Complete acquisition is defined as one where the acquiring company has acquired 100% of shares in the target company. The results are provided in Table 7.

TABLE 7: CUMULATIVE AVERAGE ABNORMAL RETURNS FOR COMPLETE ACQUISITION (N=372) AND PARTIAL ACQUISITION (N=111)

Complete/Partial Acquisition	CAAR (-1+1)	t-value
Complete Acquisition	0.0173	4.806*
Partial Acquisition	0.049	1.139

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is evident from the above table that firms which have done complete acquisition have generated a CAAR of 0.0173, with a t-value of 4.806, which is statistically significant at 1% level. Thus the market reactions to an announcement of a complete deal are positive and the shareholders of the acquiring company are benefited from such announcements. However the positive market reaction to a partial acquisition is not statistically significant. The target status is considered to be an important variable which has an impact on the abnormal returns to the shareholders of the acquiring firm. Earlier studies have tried to analyze the impact of this variable on the firm's return. Table 8 provides with the results for the sub-group of target status where the sample consists of 420 deals involving private target firms and 59 public firms.

TABLE 8: CUMULATIVE AVERAGE ABNORMAL RETURNS FOR PRIVATE FIRMS AND PUBLIC FIRMS

Target Status	CAAR (-1+1)	t-value
Private	0.0152	4.772*
Public	0.0106	1.256

* Significance at 1 % level, ** significance at 5 % level, ***significance at 10% level

It is observed from Table - 8 that the CAAR for private targets is 0.0152 with a t-value of 4.772. As this t-value is statistically significant at 1% level, we reject null hypothesis and conclude that there is a statistical evidence to reject null hypothesis and infer that there is a short term effect on wealth of shareholders firms acquiring private target. However, this is not true with respect to public firms as the t-value is 1.256, which is statistically not significant and hence we accept null hypothesis that there is no Short-term effect on the wealth of the shareholders of the acquiring public firms.

9. SUMMARY OF FINDINGS

This section provides summary of findings of the study.

- The Cumulative Average Abnormal Returns for all the firms in the study for the event window of 41 days shows a very small positive CAAR on all the days. The t-values for the previous day [-1] and on the day of acquisition are 2.454 and 6.223 respectively. As these two values are significant at 5% level and 1% level respectively, we conclude that there is a very short-term effect of cross border merger on wealth of the shareholders around the announcement date and these abnormal returns are reversed after the announcement date.
- The analysis for window period of-1+1 has a CAAR of 0.0143 which is statistically significant at 1%, we reject the null hypothesis and conclude that there is one day window period effect of cross border merger on wealth of the acquiring company's shareholders wealth.
- For USA/UK based target companies the CAAR (-1+1) is 0.01368 with a t-value of 2.502, which is statistically significant at 5% and for non USA/UK firms the CAAR (-1+1) is 0.01511 with a t-value of 4.921 which is statistically significant at 1%. Hence we reject null hypothesis and conclude there is a positive short term effect on wealth of shareholders of acquiring firms for both USA & UK and non USA & UK targets.
- CAAR for related acquisition, for the window period -1+1 is 0.0148 with a t-value for related based firms is 3,792 and for unrelated firms the CAAR is 0.0138 with t-value of 3.260. As these t-values are significant we reject null hypothesis and conclude that there is a positive short term effect on wealth of shareholders of Indian acquiring firms.
- In case of manufacturing firms the CAAR for the window period -1+1 is 0.0167 with a t-value at 4.876 and for service firms CAAR is 0.0112 and with a t-value of 2.103 and as these t-values are significant we conclude that there is a short term positive effect on wealth of shareholders of Indian acquirers for both manufacturing and service sectors.
- The study reveals that firms which have done complete acquisition have generated a CAAR of 0.0173, with a t-value of 4.806, which is statistically significant at 1% level when compared to partial acquisitions by the firms where the results are not statistically significant.
- In case of firms acquiring a private target, the CAAR for acquiring firms of private targets is 0.0152 with a t-value of 4.772. As this t-value is statistically significant at 1% level, we reject null hypothesis and conclude that there is a short term effect on shareholders wealth of firms acquiring private target.

10. CONCLUSIONS AND SUGGESTIONS

The study provides that a cross border merger or an acquisition by Indian firm has small positive returns to the shareholders around the announcement date. It suggests that shareholders do not benefit from such announcements in the short-run and has the returns are negative immediately after the announcement date; the shareholders should exit from acquiring firm stock.

11. LIMITATIONS

The developing countries capital markets, being reactive rather than taking calculated and informed decisions, can skew the results purely due to speculation. Confounding events which may occur during the study period would adversely affect the stock prices of acquiring firms. This would give incorrect data regarding returns to shareholders.

12. SCOPE FOR FURTHER RESEARCH

Studies have also been done to know the long-term effect of cross border mergers and acquisitions in the developed countries. Thus researchers can also look at this area of research to know the effect of such an event on the shareholders' wealth in a developing country like India.

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CONSUMER BEHAVIOR TOWARDS CELEBRITY ENDORSEMENT OF PRODUCTS AND SERVICES

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ABSTRACT

The goal of most marketing campaigns is to convince a target group of people to buy a product or service. With political and social issues, marketing campaigns might focus on promoting a candidate or helping an organization effect social change. Many marketing techniques exist, and advertisers mix and match them to target different demographics. For example, a political campaign might use direct-mail advertisements, television and radio commercials, and door-to-door volunteers to promote a candidate. Customers are social creatures and are influenced by social changes and the change agents. Celebrities occupy a position of importance and influence many social groups as the members of the group try to identify themselves with the ideals of the celebrity endorsing an opinion or a service or product. Many factors including ego satisfaction of being the celebrity for that moment of using the service or product influence them– like using a cricket bat endorsed by Sachin Tendlukar by a young cricketer! The present research paper aims to find out the impact of consumer behavior towards such celebrity endorsements for products and in particular intangible products like Insurance products and services.

KEYWORDS

Celebrity, endorsement, credibility, impact, endorser, consumer buying behavior, brand building, sponsorship, intangible products and services.

INTRODUCTION

The goal of most marketing campaigns is to convince a target group of people to buy a product or service. Every Advertisement aims to create awareness and arouse interest in the minds of customers. To do so advertisers employ several of marketing techniques. Using a famous person's image to sell products or services by focusing on the person's money, popularity, or fame to promote the products or services or engaging celebrity to endorse the product has emerged as one of the popular marketing technique to promote the product or services. If the famous person agrees to allow his or her image to be used, it is termed a celebrity endorsement. Companies know there is risk when they choose a celebrity-endorsement approach. Many have learned the hard way that it becomes a reflection of themselves: just ask Coca-Cola, with its speedy capitulation of its Michael Vick sponsorship. If you put a face to a name, the more likely you'll remember it, and marketers know the same goes with hitching celebrities to their brands.

REVIEW OF RELATED LITERATURE

Celebrity Endorsement is one of these power tools by which advertisers try to leverage the image and identification of the celebrity to promote a product or company (Atkin & Block, 1983). This not only makes the advertisement lively, attractive, interesting, but attention getting as well (Ohanian 1991, Kamins 1990). It so happens because audience takes the celebrity as a role model and in turn these celebrities impact their lives. Celebrity endorsement has been in application from a long time (Kaikati 1987), in fact not too late when advertisement techniques were taking on new forms because advertisers realized soon that by using publicly renowned personalities in advertisements they will be able to align brands personalities with that of the celebrity's. It's noteworthy that not all the celebrities prove to be successful endorsers, thus making the selection process more difficult (Giffin 1967). That is why advertisers go for a careful selection of celebrities because if any micro aspect may go wrong in celebrity endorsement selection process, whole of the celebrity endorsed advertisement campaign may collapse. This will ultimately show brand the way back to pavilion (Kaikati 1987, Till and Shimp 1995).

Using celebrities to promote products or services capitalizes on their popularity to promote sales. Star athletes, for example, often endorse sneakers and other sportswear for sizable fees. The goal is to give those products credibility. The hope is that people will imitate the celebrity by purchasing the product or service. Marketing campaigns for charities often adopt this approach, only their goal is to use the celebrity status to draw attention to an important need or cause. Celebrity endorsement advertising has been recognized as a "ubiquitous feature of modern day marketing" (McCracken 1989; Keller 2008). Furthermore, celebrity endorsement activity has been increasing over the past years (Biswas et al 2009). From 1984 to 1999, there was a reported eleven-fold increase in sponsorship expenditure representing \$23.16 billion or 7.0% of the worldwide advertising budget (Meenaghen, 2001; Pope, Voges & Brown 2009). Recent estimates suggest that one quarter of all commercials screened in the United States include celebrity endorsers (Till & Shimp 1998). Athletes, both amateur and professional, as well as musicians, television and movie stars, and even animated spokes characters, such as Mickey Mouse, are used to promote and bring awareness to products and services through sponsorship campaigns.

The main goal of using celebrities in advertising is to generate publicity and attention to the brand (Biswas, Hussain & Donnell 2009) as well as influence consumer perceptions of the brand stemming from their knowledge of the celebrity (Keller 2008). This requires that the celebrity must be well known in order to have the desired effect (Keller 2008). Kaikati (1987) expressed five advantages to employing celebrities to endorse products: drawing attention, crisis management, brand repositioning, global marketing, and boosting sales. Biswas et al. 2009 found that the reasons for recalling celebrities included popularity, status symbol, attractiveness and glamour, likeability and recall value or familiarity of the celebrities. The increased awareness and attention resulting from celebrity advertising is thought to combat the challenge of advertising clutter and bring instant credibility and brand recall to consumers. Pope, Voges and Brown (2009) found that sponsorship positively affects an individuals perception of a brands quality and image. Products that may be of inferior quality to their competitors, or have fewer features can benefit from using a high profile celebrity to pitch them to consumers.

Advertisers try to hire such celebrities for endorsement who are not only attractive (Baker and Churchill Jr 1977) but credible as well (Sternthal, Dholakia et al. 1978). Together these aspects cast a comprehensive impact upon the customers, as most of the customers prefer those celebrities who are credible and trustworthy, some like those who are attractive and posses charming physical features, and some look for and consider both of these dimensions. Additionally

advertisers also look for a proper (or at least some) match between the celebrity's personality and product's attributes. This match-up also proves to be successful because the congruence of features from the celebrity and the product targets the senses of the customer more positively and leads to the development of favorable perceptions about the brand (Michael 1989, Ohanin 1991).
Recent studies of hundreds of endorsements have indicated that sales for some brands increased up to 20% upon commencing an endorsement deal. According to Anita Elberse, associate professor at Harvard Business School, some companies have seen their stock increase by .25% on the day the deal was announced.There is the issue of overexposure to consider. We receive more than 3,000 commercial images a day; our subconscious absorbs more than 150 images and roughly 30 reach our conscious mind. Therefore, practice has it that if you use a celebrity-endorsement strategy, you dramatically accelerate the potential for your brand to reach the conscious mind of the consumer, especially given research from Weber Shandwick that finds peer endorsement trumps advertising.
So if word-of-mouth is the No. 1 purchase decision-maker, why are some CMOs displaying recalcitrance toward big names that can create so much brand buzz and peer recommendation? Are we witnessing the decline and fall of "celebrity"? It's true that not every brand needs a celebrity -- it has to be relevant to the brand and the consumer. More important, if there were a face for every brand out there, it would be a calamity. On the upside, celebrity endorsement has the power to instigate and inspire, enlighten and enrage, entertain and edify the consumer. Its inherent benefits are that it can be leveraged across multiple channel experiences (and potentially services), cuts through advertising clutter, creates a brand narrative and allows for channel-specific optimization. Ultimately, celebrity endorsement is always worth investing in if you have the right person. It's an expensive but easy option for companies, but it should be treated like a marriage with added creature comforts that make the partnership invaluable.
Celebrity endorsement is often stymied by constraints and contractual limitations; does leveraging social media represent the next evolution for celebrity endorsement and brand advocacy? 95% of social-media users believe a company should have a presence in social media, which can get the brand into the conversation because social media enables consumers to adopt new behaviors. There are a number of advantages to using celebrities in advertising, whether you are running print, Internet, radio or television commercials. The principal advantage is when celebrities endorse an intangible product which gives a confidence and reliability for trial and usage depending on the reliability of the celebrity. The key for small companies is making sure the local celebrity is relevant and has broad appeal. Popular celebrities often work best because they naturally generate lots of attention. However, despite their following, celebrities are most effective if they promote products or services they are most likely to use. In other words, they must be plausible consumers, such as a local newscaster wearing a business suit from an area men's store.

INFLUENCE ON CONSUMER PURCHASES

The affinity consumers have for certain celebrities can greatly influence their purchases. People may have the attitude, "If the product is good enough for her, it's good enough for me." This philosophy is often the impetus behind advertisements for makeup, skin creams, hair products and attire. Consumers want the wavy hair of a local celebrity, for example. Hence, they purchase the brand that the celebrity uses to achieve her hair's fullness and bounce. Local consumers may also desire the same soft drink as their team's best baseball player. Essentially, the testimonial of the local celebrity adds instant credibility to a small company's product.

BUILD AWARENESS

Celebrities in advertising build brand awareness, according to "Supermarket News," a publication covering the food distribution industry. And they build it much more quickly than traditional types of advertising. Brand awareness measures the percentage of people who are familiar with a particular brand. Small businesses spend lots of money and time for exposure to incrementally increase brand awareness among consumers. The use of a local celebrity can do much to enhance consumers' awareness and understanding of what a small business offers.

POSITION A BRAND

Some small companies use celebrities in advertising to position their brands. Product positioning is placing a company's products in the best possible light in the minds of a target group, according to Inc.com. For example, a small investment firm may use a well-respected and retired local disc jockey to market a retirement plan for people ages 50 and over. The fact that the disc jockey falls in the consumers' age group and has a good reputation in the community makes the company's product and message more believable.

ATTRACT NEW USERS

One challenge small companies face is finding new users for their products. Local celebrities in advertising appeal to customers as well as those who have never tried the brand. The latter may be users of competitive brands. However, those who continually see the local celebrity in a commercial for a certain product may be convinced to try the product.

BREATHE LIFE INTO FAILING BRAND

The use of a celebrity in an advertisement may also help to breathe life into a failing brand. For example, a small soap manufacturer might think about dropping a brand or product, especially if production and overhead costs are leaving little or no profit. However, the use of a celebrity to tout the benefits of the brand could help create new interest and excitement in consumers.
Marketing tends to take on new and unique ways of advertising as advertisers are exploring different ways to make the advertisements effective and influential as well. Celebrity endorsement is one of these. The advertisers know it very well that the positive image that the celebrities cast on the audience is can make the message in the advertisement more persuasive (CHOI and Rifon 2007). According to (Schlecht 2003) term 'celebrity' can be defined as, *"Celebrities are people who enjoy public recognition by a large share of certain Group of people."* And the term 'Celebrity endorsement' as defined by McCracken: *"Any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement."(McCracken 1989)*
Advertisers go for celebrity endorsement because of its greater benefits and immense possible influence. There are certain potential advantages of celebrity endorsement, celebrities endorsed advertisements draw more attention as compared to those of non-celebrity ones, helps the company in re-positioning its product/brand and finally empowers the company when it's new in the market or plans to go global. However celebrity endorsement doesn't hold sole key to success. It also presents the company with potential hazards. These might include, overshadowing, overexposure, and controversy (Erdogan 1999).
A number of models have been presented on celebrity endorsement explaining its mode of application. Some of the renowned models include The Source Models (The Source Attractiveness Model, The Source Credibility Model), The Product Match-up Hypothesis and The Meaning Transfer Model and The Elaboration Likelihood Model.
Source Attractiveness Model relies that customer form positive and favorable perceptions about those endorsers who are physically attractive (Erdogan 1999). Research findings show that attractive endorsers are good at influencing the beliefs of customers (Debevec and Kernan 1984). That is why most of the advertisements depict attractive celebrities (Baker and Churchill Jr 1977). *Source Credibility Model* holds that effectiveness of a message is based on the perceived level of expertise and trustworthiness the customers have in an endorser (Sternthal, Dholakia et al. 1978). Expertise can be defined as the extent to which the endorser (communicator) is perceived to be knowledgeable, skillful and experienced. And the statements it makes turn out to be valid (Hovland and Weiss 1951). The benefit of using expert endorser is that it enhances brand recall and positively affects the buying intentions of consumers (Erdogan 1999).Trustworthiness can be defined as the extent to which the endorser is perceived to be believable, honest and dependable. Greater the proportion of these aspects, higher will be the likelihood of the endorser to be selected by the advertisers (Shimp 2007).
Today companies are exerting great emphasis upon the importance of proper match-up between the celebrity and the product. *The Product Matchup Hypothesis* states that there should be perfect match between the celebrity personality characteristics and brand attributes. The extent of successful match-up can be determined by the degree of fitness between the brand and the celebrity (Erdogan 1999).
The Meaning Transfer Model revolves around meanings and their transfer. Every celebrity bears a unique set of meanings, including its personality, attitudes, lifestyle and even demographic components too (gender, age). First stage is the time when customers associate meanings with the celebrity and shape its image. Second, the meanings associated with the celebrity also get associated with the brand and third, customers finally acquire the brand meaning during the

consumption . the Meaning Transfer Model holds that whenever a celebrity endorses product, customers associate certain meanings with the endorser and eventually transfer it to the brand. In simple words we may state that endorsers bring their very own meanings to the brand (McCracken 1989). According to McCracken (1989) this meaning assigning process moves along a path comprising three successive stages.

The field of consumer behavior is the study of individuals, groups or organizations and the processes they use to select, secure, use and dispose of product, services, experiences, or ideas to satisfy needs and impacts that these processes have on the consumer and society. And understanding the consumer behavior is the prime and toughest task of every marketer. There are a lot of factors, which influence consumer buyer behavior. Celebrity endorsements may be the only hope for certain products in the intangible category where product demonstration or feel is not possible and customer has to rely on endorsement by a celebrated personality with credibility.

OBJECTIVE OF THE STUDY

This study aimed at to understand the "influence of celebrity endorsement on consumer buying behavior and marketing." Marketers pay millions of dollars to celebrity endorsee hoping that the stars will bring their magic to brand they endorse and make them more appealing and successful. But all celebrity glitter is not gold. Celebrity sources may enhance attitude change for a variety of reasons. They may attract more attention to the advertisement than would non-celebrities or in many cases, they may be viewed as more credible than non-celebrities. Thirdly, consumers may identify with or desire to emulate the celebrity. Finally, consumer may associate known characteristics of the celebrity with attributes of the product that coincide with their own needs or desire. The effectiveness of using a celebrity to endorse a firm's product can generally be improved by matching the image of the celebrity with the personality of the product and the actual or desired serf concept of the target market. What therefore seems relevant by the study is that, yes, definitely celebrity endorsement influence consumer buying behavior and brand building but while using celebrity endorsement, marketer has to take care that the personality and image of celebrity matches, celebrity endorsee has deep penetration among the masses and he is considered as credible source etc.

With these thoughts in mind the following Objectives were framed for the current research:

1. To study the effectiveness of celebrity endorsement as a promotional technique and to explore the extent to which the celebrity endorsement influences consumer behavior.
2. To identify the factors that consumers feel as more important for effectiveness of celebrity endorsement.
3. Assess the consumer perception of the role of celebrity endorsement in favor of product offering.
4. Try and evaluate the suitability and impact of Celebrity endorsement for Insurance products and such intangible nature of products.

RESEARCH METHODOLOGY

To achieve the above objectives both quantitative and qualitative methods were employed to understand celebrity and their role in influencing customer in favor of product offering. This research was conducted in the district of Dehradun. A random sample of customers from various locations was selected which included the respondents of various rank and file. Surveys along with a cover letter explaining the significance and the need for conducting the same were sent to all 500 respondents through email. Snow ball sampling techniques was carried out for getting references. Some data was collected personally using personal interview. In order to ensure a good response rate, follow up telephonic calls were made in order to encourage respondents to complete and return the survey. After follow-up 268 questionnaires were returned. After editing 229 responses were found suitable which was taken up for further analysis. SPSS software was used for data analysis and the conclusions were arrived as indicated below:

DATA ANALYSIS AND INTERPRETATION

The information obtained through the questionnaire feedback was tabulated and arranged for better analysis and interpretation to arrive at conclusions. Demographic information is important in understanding the focus group of respondents to whom advertisement and promotional messages can be addressed. It also helps in avoiding wasteful efforts in directing sales and marketing efforts in unprofitable market segments.

AGE CATEGORY

Young people in the age group of up to 30 years represent about 53% of the respondents. If we consider the population up to 50 years are receptive to celebrity endorsement advertisements. In general it can be concluded that people who are in the employed or employable category are the target segment of audience for celebrity endorsement advertisements.

TABLE 1 - AGE CATEGORY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From 13-19 Years	7	3.1	3.1	3.1
	From 20-30 Years	113	49.3	49.3	52.4
	30-40 Years	21	9.2	9.2	61.6
	40-50 Years	23	10.0	10.0	71.6
	Above 50 Years	65	28.4	28.4	100.0
	Total	229	100.0	100.0	

GENDER CATEGORY

Majority of the sample is men. We cannot conclude that celebrity endorsement is only for men, it is equally applicable for women who are exposed to TV and other media and are well aware of celebrities. (See Table 2 below)

TABLE 2 - GENDER CATEGORY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	139	60.7	60.7	60.7
	Female	90	39.3	39.3	100.0
	Total	229	100.0	100.0	

OCCUPATIONAL CATEGORY OF RESPONDENTS

Demographic segmentation of markets and customers is the most popular segmentation technique followed by companies for identifying their target markets and focus their efforts. Occupation gives a good idea to draw the customer profile. In this case students seem to form a dominant segment. This is true as they are in the impressionable age and are more exposed to all types of media and messages. Celebrity endorsement is apt for this audience.
(see Table 3)

TABLE 3 - OCCUPATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Service	36	15.7	15.7	15.7
	Busiess	7	3.1	3.1	18.8
	Students	112	48.9	48.9	67.7
	Others	74	32.3	32.3	100.0
	Total	229	100.0	100.0	

LEVEL OF EDUCATION

It is clear that the level of education has an impact in consumer awareness and preferences. This is true for celebrity endorsements as well. Post graduates and professionally qualified people seem to be more aware and involved because of their chances for media awareness and usage, particularly TV and the electronic media. This is clearly indicated by data tabulated in Table 4, below.

TABLE 4 - LEVEL OF EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matric and below	8	3.5	3.5	3.5
	Post Graduate	144	62.9	62.9	66.4
	Professional Qualification	52	22.7	22.7	89.1
	Othres	25	10.9	10.9	100.0
	Total	229	100.0	100.0	

IMPACT OF CELEBRITY ENDORSEMENTS

Companies are concerned with how the celebrity endorsements impact on their operations. A few conclusions can be derived from the data analysis as indicated below:

- It is interesting to see that about 72% believe that there is no impact on the revenues by celebrity endorsements. Does it mean that this is a wasted effort? (see Table 5 for details)
- Table 6 gives a feed back as to whether celebrities themselves use the products which they endorse. The feedback does not give conclusive evidence on celebrities themselves using the products which they endorse.
- Table 7, would indicate that there is no specific preference of a particular personality for a specific product. So, it is the emotional appeal and not a rational preference! This point needs to be understood clearly.

This information is revealing and needs careful consideration for small budget promotions of products and services. The other thing we have to consider is whether there are any other overriding reasons for using celebrity endorsements? For example: this is what makes the customer perceive our product the way we want them to do etc. Celebrity endorsement serves the purpose of increasing the emotional appeal of the product and it is clear that no specific personality is preferred for this. Customers get just mesmerized for the moment and feel like the personality and for this reason they like the product and buy them.

TABLE 5 - IMPACT ON REVENUES BY CELEBRITY ENDORSEMENTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	63	27.5	27.5	27.5
	NO	166	72.5	72.5	100.0
	Total	229	100.0	100.0	

TABLE 6 - CELEBRITIES USE PRODUCTS THAT THEY ENDORSE?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	67	29.3	29.3	29.3
	No	41	17.9	17.9	47.2
	Donot Know	121	52.8	52.8	100.0
	Total	229	100.0	100.0	

TABLE 7 - PREFERRED PERSONALITY FOR CELEBRITY ENDORSEMENT OF SERVICE PRODUCTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	51	22.3	22.3	22.3
	NO	178	77.7	77.7	100.0
	Total	229	100.0	100.0	

PREFERENCE OF MEDIUM, PERSONALITY

The response on the type of celebrity preferred is heterogeneous, since the response is from different demographic segments. This has also to be liked with the personality's area of work e.g. a sportsperson like Tendulkar endorsing a cricket bat will be relevant. Also gender specific products like shaving product or eye liner etc. In respect of media there seems to be distinct preference for TV, followed by News paper and Internet. A TV personality will have a better impact on a Commercial in TV and a sports person in the sports page of a magazine or news paper. There is a significant response of over 25% not able to connect between celebrity and product endorsed – the reason being the emotional appeal of the moment! (Pl see Table 8 and Table 9)

TABLE 8 – PERSONALITY TYPE ENDORSING PRODUCTS

		Frequency	T	Valid Percent	Cumulative Percent
Valid	Film Star	56	24.5	24.5	24.5
	Famous Personality	48	21.0	21.0	45.4
	Cricketer	39	17.0	17.0	62.4
	Politician	27	11.8	11.8	74.2
	Cant Rate	59	25.8	25.8	100.0
	Total	229	100.0	100.0	

The inescapable conclusion from the above tables (7, 8 and 9) is that celebrity endorsement is very relevant but the personality endorsing the product is more relevant, for an intangible product and the decisions are emotional on the spur of the moment.

TABLE 9 – PREFERENCE OF MEDIA FOR PERSONALITY ENDORSEMENT

		Responses		Percent of Cases
		N	Percent	N
$ab(a)	Television	211	40.0%	92.5%
	Radio	29	5.5%	12.7%
	Newspaper	122	23.1%	53.5%
	Magazine	60	11.4%	26.3%
	Internet	86	16.3%	37.7%
	Others	20	3.8%	8.8%
Total		528	100.0%	231.6%

FACTOR ANALYSIS

One of the main objectives of the research was to identify the underlying factors which motivate customers to buy apart from celebrity endorsement. This is essential for advertisement messages and medium to focus on features- celebrity only endorses and reinforces preferences. From Table 10 it is seen that apart from celebrity endorsements which help in reinforcing consumer preferences it is basically Quality and Price. It is clear as to what a celebrity has to endorse – the reliable and customer buying influences have to be endorsed , particularly for intangible products where customer tends to completely rely on endorsement by a celebrated personality.

TABLE 10 – PRODUCT ATTRIBUTES PREFERRED FOR CELEBRITY ENDORSEMENT

		Responses		Percent of Cases
		N	Percent	N
$w(a)	Price of the product	142	20.9%	62.0%
	Celebrity Endorsement	153	22.5%	66.8%
	Quality of the product	229	33.7%	100.0%
	Value for the money	70	10.3%	30.6%
	Brand Name	86	12.6%	37.6%
Total		680	100.0%	296.9%

Factor Analysis has been carried out to identify the underlying factors motivation celebrity endorsement. The Table 11 gives the result of rotated component analysis and the factors have been identified.

TABLE 11 – FACTOR ANALYSIS

	Questionnaire variables used for analysis	Component					
FACTOR NUMBER AND NAME		1	2	3	4	5	Mean
F1 CONTENT AND STRUCTURE OF INFORMATION	The ad's message through celebrity is relevant to me.	.861					3.6987
	The information provided by celebrity is reliable and trustworthy	.846					3.5725
	My overall product consumption increases due to celebrity endorsement	.764					3.6157
	The cognitive impact of message in favor of the product is increased through celebrity endorsement	.700					3.8122
	Celebrity help me in taking rational decision	.671					3.6581
F2 ATTRACTIVENESS, EMOTIONAL APPEAL and RECALL VALUE OF THE MESSAGE	Physical attractiveness of model influence me most in purchasing the product endorse by him		.894				3.0480
	I do not purchase the product if there is misfit between brand image and product celebrity image		.883				3.0000
	Celebrity endorsement make me emotional in favor of the product		.710				3.1965
	Celebrity endorsement generate the curiosity for the product in my mind		.613				3.5590
	Effectiveness of a message is based on the perceived level of expertise and trustworthiness of celebrity.		.563				3.3868
	Celebrity endorsement help me a lot in recalling the brand name.		.558				3.5022
	Celebrity endorsement effect the buying decision of product.		.535				3.1658
F3 TRUSTWORTHINESS OF THE MESSAGE	The message claimed by the celebrity about the product is trust worthy because of Trustworthiness of the endorsers.			.847			3.1441
	I associate myself with the personality of celebrity of brand while purchasing a particular product. Celebrity endorsement.			.637			2.9520
	The advertising message through celebrity is understandable.				.828		3.2183
F4 CREDIBILITY OF THE MESSAGE	The information provided by the celebrity in the advertisement is credible because of credibility of the celebrity.				.672		2.9170
	The advertisement of the product through celebrity is believable				.609		3.1087
	The benefits described by the celebrity in the ad are believable to me.				.485		3.2582
F5 GENDER IMPACT OF CELEBRITY	My decision in favour of product is influenced by the gender category of the celebrity.					.799	3.8472

NOTE: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 7 iterations.

Researcher was interested to investigate the factors that consumer feel more important and want to know the role of celebrity endorsement in favor of product offering by assessing the effectiveness of celebrity endorsement as a promotional technique and to what extent celebrity endorsement influences consumer behavior. After a thorough analysis of various published resources, comments, viewpoints, discussions and observations of many researchers as well as practitioners, the different variable were constructed and respondents were asked to rate each statement on a scale of 1 to 5. The principle cpmponents were identified using factor analysis with SPSS software. Some factors like

- o **content and structure of information,**
- o **attractiveness, emotional appeal and recall value of the message,**
- o **trustworthiness of the message,**
- o **credibility of the message and**
- o **gender impact of celebrity**

have been taken as evaluative criteria.

TABLE 12 - MEAN OF PERCEIVED FACTORS OF CELEBRITY ENDORSEMENT ACROSS CONSUMPTION PATTERN

My overall product consumption increases due to celebrity endorsement	Content and structure of information	Attractiveness emotional appeal and recall value	Trustworthiness of the message	Credibility of message	Gender impact of celebrity
Strongly Disagree	2.1000	2.4286	2.5000	2.0000	1.5000
Disagree	2.3892	2.4170	2.0811	2.6351	3.2162
Neither agree no Disagree	3.1191	3.0881	3.1277	2.7447	4.4043
Agree	4.0205	3.6477	3.6591	3.3892	3.9205
Strongly Agree	4.3176	3.4706	3.8725	3.5441	3.9412
Total	3.5878	3.2626	3.3122	3.1332	3.8472

It is seen from the above table that mean rating of gender impact of celebrity in influencing customer in promoting product consumption is highest among all the factors of celebrity endorsement which are helpful in promoting product consumption as it scored highest mean of 3.8472.

TABLE 13 - ONE WAY AOVA OF PERCEIVED FACTORS OF CELEBRITY ENDORSEMENT ACROSS CONSUMPTION PATTERN

		Sum of Squares	df	Mean Square	F	Sig.
Content and structure of information	Between Groups	120.400	4	30.100	113.804	.000
	Within Groups	59.246	224	.264		
	Total	179.646	228			
Attractiveness emotional appeal and recall value	Between Groups	47.320	4	11.830	15.625	.000
	Within Groups	169.599	224	.757		
	Total	216.919	228			
Trustworthiness of the message	Between Groups	88.241	4	22.060	32.258	.000
	Within Groups	153.185	224	.684		
	Total	241.426	228			
Credibility of message	Between Groups	38.357	4	9.589	12.130	.000
	Within Groups	177.081	224	.791		
	Total	215.438	228			
Gender impact of celebrity	Between Groups	63.295	4	15.824	1.814	.127
	Within Groups	1954.356	224	8.725		
	Total	2017.651	228			

One-way ANOVA analysis was carried out with the assumption that consumer opinion about mean of different factors of celebrity endorsement in influencing their consumption pattern.. From the table 13, it is clear that calculated value of F is less than the tabulated value of F (2.60, $\alpha = .05$) for the factors like Gender impact of celebrity Hence the null hypothesis is accepted, indicating that there is no significant difference in the opinion of respondents about the role of gender in celebrity endorsement in influencing their consumption pattern . How ever it is seen that calculated value of F is greater than the tabulated value of F(2.60, $\alpha = .05$) for the factor like Content and structure of information, Attractiveness emotional appeal and recall value, Trustworthiness of the message Credibility of message and hence null hypothesis is rejected indicating that there is significant difference in the opinion of respondents about the role of gender in celebrity endorsement in influencing their consumption pattern.

CONCLUSION

From the survey results and data analysis and interpretation, it is clear that celebrity endorsement definitely impacts consumer behavior. As a promotional technique it is found to be quite useful. However it needs to be qualified with respect to company benefits of promotion and overall strategy and budgets. There has to be a proper congruence between the celebrity personality and the product profile! We need to remember- as the name suggests- that role of the celebrities is simply limited to endorsement of the product' This method of promotion is very relevant and useful for intangible products like insurance products where a celebrity endorsement is worth its weight in gold. The prospects have nothing else to depend upon. They will lap up celebrity endorsement like a drowning man catching a straw. But beware – the credibility of the personality endorsing the services has to be fool proof.

Factor analysis has clearly indicated that the following are the main underlying components of a celebrity endorsement and the messages have to keep in mind the following:

1. Content and structure of information provided by celebrity endorsement
2. Attractiveness and emotional appeal – since this is the underlying root cause of celebrity endorsement needs no further emphasis
3. Recall value of Message – this determines the Quality of endorsement!
4. Trust worthiness of the message – depends on who endorses – like Amitabh Bachan!
5. Credibility of the endorsement – This is the essence of this technique – Once the credibility is eroded, Product will become defunct very fast!
6. Gender Impact – appropriateness of Gender of the personality makes a big difference in product endorsements (Shaving product endorsement by a famous lady may end up in consumer courts!)

Consumers have clearly indicated that the role of celebrity endorsement is to reinforce their choice of products or service based on Quality, Price and utility and a mere endorsement will not attract them towards a product. So, a product which meets customer expectations in terms of its performance parameters can only be reinforced by celebrity endorsement and promotion!

For intangible products like insurance products – one can estimate from the factor analysis and conclusions there of that credibility and gender impact are critical factors for endorsement i.e. an appropriate personality has to be selected for services endorsement – like for example a recently retired famous personality endorsing an insurance product as to how it has impacted his life after retirement- which will draw more customers towards such products and services and get over the intangibility of the offering!

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ASSESSMENT OF CONSUMER BUYING BEHAVIOUR TOWARDS ELECTRIC SCOOTERS IN PUNJAB

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ABSTRACT
With fast depleting fossil fuel and thrust on green energy has paved the way for electric scooter, and it is poised to create a new landscape of competition after the invention of internal combustion engine. These scooters are known for absence of pollution, economy, low maintenance, etc. In spite of all these advantages they have not become popular as per expectation. Leading two wheeler manufacturers has now entered into this segment and weighing different strategies to make it popular. This present study is an effort towards understanding the Consumer's buying behaviour towards these kinds of two wheelers. Factor analysis has been performed to understand important factors which affect consumer buying behaviour towards electric scooters. With the help of ANOVA it has been tried to understand that based on demographic factors like Income, Age, Qualification etc., does consumer buying intension towards electric scooters differ?

JEL CLASSIFICATION
M31

KEYWORDS
ANOVA,Buying Behavior, Electric Scooters, Factor Analysis, t-test.

INTRODUCTION
The auto industry is all set to see dawn of a new era in two wheeler industry after the invention of fuel efficient 4-stroke engine technology; a new technology came in to existence. Neither Petrol nor diesel or any other fuel, but its electricity that have initiated a revolution in two wheeler segment in India. In the developed countries like Japan, America and China, Electric Scooters are very popular mode of personal transport. Indian two wheeler industries has embraced with this new concept of e-bikes and geared bicycles, due to its popularity in many countries. As the conventional fuel i.e. Petrol, diesel and kerosene etc. prices are rising at International and national level, pollution and congestion levels in transport system especially in urban areas are also increasing. Higher maintenance and running cost of petrol and diesel vehicle, the electrically charged scooters or bikes have very bright future in area of personal transportation. Riding the crest of rapid growth of e-bikes, automobile companies are entering into the business of manufacturing e-bikes trying to tap the nascent electric two wheeler segment. The electric vehicle industry is in its infancy in India and has experienced substantial growth and change in the last few years.

The electric two wheeler segment has potential to grow as already seven conventional two wheelers are sold for every one car sold in India. The market forecasters are taking a positive look in the e-bike segment. Indian manufacturers of electric bikes are gearing up for what they call a second wave of growth for these 'plug and ride' bikes.

To the total sales of automobile, 75% constitute of two wheelers. According to SIAM[1] report the cumulative annual growth is 21.8% in two wheelers segment in the last three years. As per ICRA[2] rating agency there will be 8-9% growth in the two wheelers segment in coming year. The demand for scooters is increasing from the previous quarter reports. Though there is 70% decrease in sales of electric two-wheelers but the rising prices of the petrol will lead the growth of the electric two wheelers. There is a big platform and a huge market for the electric two-wheelers in India. As the electric bikes/Scooters are very cost effective as compared to normal petrol bikes, the sales figures are expected to grow very high and also the government supports' the growth of this industry.

LITERATURE REVIEW
The preference of the customers towards these electric bikes is affected by several factors that are explained by various researchers. Saxena, (2008) studied that green marketing concept and characterized a product as being environment friendly to be termed as green product. The consumer's attitude towards green marketing was measured in the study by using T-Test, Z-test, One way ANOVA and Two way ANOVA and concluded that the Attitude of consumers towards green products is becoming positive. Marian Beise, Thomus Cleft, (2008) concluded that there is huge potential for the innovative projects in the developing and developed countries. Researchers also explained about the techniques of assessing the market potential of the various countries for Innovative designs. Jacob Cherian, Jolly Jacob, (2012) studied the consumer's attitude towards the green lifecycle and discussed about the concept of green marketing and looks into various ways in which the different consumers attributes are related to the concept of green marketing and concluded that the attitude of consumers towards eco products has been changed, consumers are taking interest in eco friendly products. Ravindra P. Saxena, Pradeep K. Khandelwal, (2011) examined the demographics of customer like age, Gender, Income Spending Pattern, Attitude towards Green Products and concluded that there is huge market potential in India for the eco-friendly products. Chanchai Petchprapunkal, (2011) probed the Consumer's Attitude and behaviour with the application of SEM and AMOS, propose a more convenient theory to provide advantages and benefits to the marketing discipline. Mrinal Kranti Das, Swati Pal, (2011) studied about some

[1]http://www.fadaweb.com//itw_industy.htm
[2]http://www.moneycontrol.com/news/icra-reports/two-wheeler-may-see-growth8-9fy13-icra_710047.html

unique features like (fuel consumption, carbon emission and ease of use) about e-bikes that give strong prospects to buyers as well as highlights the future market of e-bikes in comparison to other two wheelers run by petrol in future. It gives us the advantage to fight with the problem of global warming and concluded that India and China has a huge market potential for the e-Bikes Cherry, (2007) examined that electric bikes provide cost effective, convenient, and relatively energy efficient mode of transportation in china and they are becoming one of the dominant transport mode among the Chinese people. This report studied the environmental performance of e-bikes relative to other competing modes, their market potential, and the viability of alternative battery technologies and concluded that in China the market is in growing stage, there is a lot of opportunity for the Electric Vehicles market in China in terms of domestic usage and exporting the Electric Vehicles to other nations also. Gan, (2003) analyzed the transportation management and the state of automobile industry in China. The researcher focused on the response of automobile industry to challenges like dynamics and barriers resulting from technological change, economic development and environmental and concluded that Industry is welcoming the green products and there is huge potential for the electric vehicles in the devolving as well as developed countries.

OBJECTIVES

- To study the factors affecting the buying behaviour of customers towards Electric scooters.
- To understand Customer's buying behaviour towards Electric scooters on the basis of Location, Income, Qualification and Gender.
- To develop the segmentation, targeting and positioning strategy for electric scooters in Punjab.

NEED OF THE STUDY

As the world goes green and nations are depleting fossil fuels, the Electric Scooter/Bike is making a strong come back as the transport mode of choice in many countries. Electric vehicles are the most cost-effective and cleanest form of transportation which can help the society to meet its present and future challenges of saving petroleum resources and reducing pollution. Today, the Electric Scooter/Bike is gaining strong popularity in various parts of world where wide roads, traffic discipline and a serious concern for Mother Nature have sprouted several friendly e-bike manufacturing companies.

As of today electric two-wheeler market is very week having only 1.5% market share of entire two-wheeler market in India. Indian government is supporting the manufacturing of electric bikes and providing subsidy to the manufacturing companies. With such regulatory policies support to electric two-wheeler market, Market is expected to grow at 15-20% in current financial year and 30-50% in coming 2-3 years in India. All these facts and figures have unfolded a new opportunity to gather insights about the Indian Customer's Buying Behaviour towards Electric Scooters and various variables which affect their decision.

SCOPE OF THE STUDY

The scope of the study is limited to the 3 cities of Punjab (Jalandhar, Amritsar and Chandigarh) and its suburbs region, thus limiting the area of consideration under study. However, the data collected within from the population gives better insights about the perception of a customer towards Electric Scooters and helps in forming a conclusion. The data is collected in between the time frame of month January 2013 to March 2013.

RESEARCH DESIGN

TYPE OF RESEARCH: For the present study, descriptive research design has been adopted. This research study examines the customer's buying behaviour towards Electric Scooters. This study has also identified and evaluated the influence of defined variables on customer's buying decisions for Electric Scooters across various customer/respondent groups confronted in the study and suggested segmenting, targeting and positioning strategies for Electric Scooters in Punjab based on respondent's demographics like age, gender, income level and qualification level. As this research is describing the characteristics of the population surveyed and data under study has also been analyzed quantitatively, thus it evidences to be Descriptive Research.

SAMPLING DESIGN

TARGET POPULATION: People from 11 years to 50 years of age who uses two wheelers in Punjab.

SAMPLING TECHNIQUE: This study is widely based on examining the buying behaviour of customers toward Electric Scooters. However, a large share of population is still either unaware of Benefits of using Electric Scooter or find inconvenience to use Electric Scooters. So, Researchers have chosen "Convenience Sampling" design with the purpose of fulfilling the objectives of this study. Researchers have collected the data only from those people, who drive two wheelers. It is a type of non-probability sampling technique.

SAMPLE SIZE: Researchers have collected the data from 400 respondents residing in 3 cities of Punjab (Chandigarh, Amritsar and Jalandhar). After examining the data, the researchers did not consider 20 questionnaires due to errors in response thus effective sample size turns to be 380 respondents. Here, researchers have divided each city into four parts for sampling purpose on the basis of population density, from each part equal number of respondents has been surveyed.

TABLE 1: SAMPLE SIZE

Sr. No.	Name of City	Sample Size
1	Jalandhar	200
2	Amritsar	100
3	Chandigarh	100
	Total	400

Source: The Researcher's Survey

Type of data: For this study, Researchers have used both the primary and secondary data. Primary data is collected from defined target population with the help of structured questionnaire. To achieve the objectives of the study a "Likert scale" of five points has been used in survey instrument to record Customer's Buying Behaviour towards Electric Scooters. Few dichotomous questions have also been set into the questionnaire for measuring buying intension of electric scooters across demographic. The secondary data is collected from different sources like Internet, books, journals, magazines and periodicals etc.

Pilot testing: A pilot testing was done by doing convenient sampling technique. The sample was of 40 in size. A questionnaire was instrumented for this purpose. Reliability testing for the pilot survey was satisfactory with Cronbach's Alpha 0.729. Some necessary changes were made in the questionnaire post pilot testing.

BRIEF SUMMARY OF TOOLS USED FOR ANALYSIS

- Descriptive Statistics: For profiling of customers based on demographic variables like Income, age, gender and qualification etc.
- Factor Analysis: - To identify important factors affecting Customer's buying behavior towards Electric Scooters.
- ANOVA test: - To understand Customer's buying behaviour towards Electric scooters on the basis of Location, Income, Qualification.
- t-Test: - To understand Customer's buying behaviour towards Electric scooters on the basis of Gender.

FREQUENCY DISTRIBUTION

The frequency distributions of various groups of respondents are displayed below. The frequency distributions are related to Demographics characteristics of respondents surveyed under study.

TABLE 2: FREQUENCY DISTRIBUTION OF RESPONDENTS ON THE BASIS OF GENDER

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	268	70.5	70.5	70.5
	Female	112	29.5	29.5	100.0
	Total	380	100.0	100.0	

Source: The Researcher's Survey

For the purpose of survey as, 112 Females constituting 29.5% of Sample has been surveyed. However, 70.5% of Sample surveyed belongs to Male respondents.

TABLE 3: FREQUENCY DISTRIBUTION OF RESPONDENTS ON THE BASIS OF INCOME

Monthly Income (INR)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10000	24	6.3	6.3	6.3
	10001-20000	36	9.5	9.5	15.8
	20001-30000	76	20.0	20.0	35.8
	30001-40000	72	18.9	18.9	54.7
	40001-50000	28	7.4	7.4	62.1
	50001-60000	62	16.3	16.3	78.4
	>60000	82	21.6	21.6	100.0
	Total	380	100.0	100.0	

Source: The Researcher's Survey

Out of 380 respondents surveyed under study, 82 respondents had monthly income of more than Rs. 60000, 76 respondents forming 20 % of sample were earning the monthly income around Rs. '20001-30000', 72 respondents were in income group Rs. '30001-40000' and 62 respondents were from Rs. '50001-60000' income group. Only 6.3% of the total respondents surveyed had monthly income of less than Rs. 10000.

TABLE 4: FREQUENCY DISTRIBUTION OF RESPONDENTS ON THE BASIS OF AGE

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<15	11	2.9	2.9	2.9
	15-20	138	36.3	36.3	39.2
	21-25	178	46.8	46.8	86.0
	26-30	11	2.9	2.9	88.9
	31-35	11	2.9	2.9	91.8
	36-40	13	3.5	3.5	95.3
	41-45	11	2.9	2.9	98.2
	>45	7	1.8	1.8	100.0
	Total	380	100.0	100.0	

Source: The Researcher's Survey

As Convenience Sampling method is used for surveying the respondents so respondents of different Age Groups came into consideration. 178 respondents are between the age group of 21 - 25, 138 respondents are between the age group of 15-20. However, respondents above age of 45 years contribute least i.e. 1.8% of total sample.

TABLE 5: FREQUENCY DISTRIBUTION OF RESPONDENTS ON THE BASIS OF QUALIFICATION

Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to 10th	16	4.2	4.2	4.2
	12th	79	20.8	20.8	25.0
	Bachelors	131	34.5	34.5	59.5
	Masters	149	39.2	39.2	98.7
	Doctorate	4	1.1	1.1	99.7
	Others	1	.3	.3	100.0
	Total	380	100.0	100.0	

Source: The Researcher's Survey

In the present study, 149 respondents were holding Masters Degree, 131 respondents were graduates and 79 respondents were senior secondary passed. Only 16 and 4 respondents were matriculate and Doctorate respectively.

TABLE 6: CROSS TAB QUALIFICATION* PURCHASE INTENSION TOWARDS E SCOOTERS

Count		Given an opportunity to you, would you like to buy electric scooters instead petrol two-wheelers?			Total
		Yes	no	may be	
Qualification	Up to 10th	1	2	13	16
	12th	30	21	28	79
	Bachelors	30	32	68	130
	Masters	61	30	58	149
	Doctorate	0	0	4	4
	Others	0	1	0	1
Total		122	86	171	379

Source: SPPS output

It can be inferred from table that people who have qualification above bachelor have more positive intension towards purchasing electric scooters.

TABLE 7: CROSS TAB INCOME* PURCHASE INTENSION TOWARDS E SCOOTERS

Income Group	Given an opportunity to you, would you like to buy electric scooters instead petrol two-wheelers?			Total
	Yes	no	may be	
<10000	7	1	16	24
10001-20000	9	6	21	36
20001-30000	14	32	30	76
30001-40000	30	15	26	71
40001-50000	7	1	20	28
50001-60000	28	15	19	62
>60000	27	16	39	82
Total	122	86	171	379

Source: SPSS output

It is evident from cross tabulation that acceptance of electric scooters are relatively high in high income group people.

TABLE 8: CROSS TAB AGE GROUP* PURCHASE INTENSION TOWARDS E SCOOTERS

Age Group		Intension of buying electric scooter			Total
		yes	no	may be	
Age	<15	11	0	0	11
	15-20	28	38	72	138
	21-25	69	44	64	177
	26-30	4	0	7	11
	31-35	3	2	6	11
	36-40	3	1	8	12
	41-45	1	0	10	11
	>45	2	1	4	7
Total		121	86	171	378

Source: SPSS output

This can be observed from above table that people belonging to age group from 15-25 have more favourable response towards purchasing intension of electric scooters.

FACTOR ANALYSIS

The data related to 380 respondents was entered into SPSS data sheet. Reliability test was conducted and after confirming about the reliability of data, Factor Analysis was performed by using Principal Components Analysis (PCA) method. Varimax rotation with Kaiser Normalization was chosen to get the %age of variance for 15 variables in the questionnaire regarding the customer's buying behaviour towards Electric Scooters. Eigen value of greater than 1 is identified to acquire relevant factors as per the statements given in the questionnaire. A Rotated Component Matrix Table was obtained and two factors were derived. The derived factors had been arranged based on the variables that have been categorized into each factor. The list of factors along with the supporting statements is displayed in Table 11.

TABLE 9: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.725
Bartlett's Test of Sphericity	Approx. Chi-Square	1.847E3
	Df	105
	Sig.	.000

Source: SPSS output

To assert the appropriateness of a factor model, researchers have applied Kaiser-Meyer-Olkin and Bartlett's Test. KMO value is 0.725 which is more than ideal value of 0.6. Hence, the data under study is adequate in nature and the Bartlett's Sphericity Test Sig. value is 0.000 which is less than 0.05 confirming the validity of the test.

Table 10: ROTATED COMPONENT MATRIX

	Component				
Variable	1	2	3	4	5
Style	**.897**		.087		.182
Design	**.848**	.102	.202	.140	.059
Comfort	**.754**		.130	.061	-.247
Mileage	**.491**	.118	.093	.324	.378
Optimum Speed		**.812**	-.190	-.070	-.165
After sales service	.162	**.693**		.402	.083
Durability		**.636**	.412		.253
Brand Image		**.594**	.307	.055	.403
Maintenance Cost	.245	**.501**	.398	.225	.078
Weight	.136	.138	**.768**		.070
Price	.249		**.682**	.149	-.075
Re-sale market value	.174	.089	-.092	**.803**	.127
Availability of spare parts		.095	.466	**.730**	
Advertisement		.106	.350	.118	**.696**
Engine Power			.241		**-.686**

Source: SPSS output

Table 11: FACTOR LIST

Trend and Fashion	**Features and brand equity**	**Physical Quality**	**Added Value**	**Engine power & Advertisement**
Factor 1	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**
Style	Optimum speed	Weight	Resale Market value	Advertisement
Design	After sale service	Price	Availability of spare parts	Engine power
Comfort	Durability			
Mileage	Brand Image			
	Maintenance Cost			

Source: SPSS output

DESCRIPTION OF THE FACTORS

Factor 1, refers to **'Trend and fashion'** and contributes to 27.91% variance. This factor is explained in terms of style, design, comfort, mileage and availability of spare parts.

Factor 2, describes the **'features and brand equity'** and contributes to 12.89% variance. This factor is identified in terms of 5 Variables i.e. Optimum Speed, Maintenance Cost, Durability, Brand Image and after sale service.

Factor 3, focuses on **'Physical Quality'** and contributes to 8.90% variance. This factor includes price and weight.

Factor 4, describes the **'Added Value'** and contributes to 8.156% variance. This factor relates to Resale Market Value and Availability of Spare parts.
Factor 5, pertains to **'engine power & Advertisement'** and contributes to 7.52% variance. This factor includes engine power (CC) and advertisement.

ANOVA (K.W. TEST) & t-TEST

To study the influence of various factors affecting Customer's Buying Behavior towards Eelectric Scooters on the basis of Demographic Variables i.e. Location, Income, Qualification and Gender.

ANOVA test was carried out to understand Customer's buying behaviour towards Electric scooters on the basis of Location, Income, Qualification and Gender. To apply this parametric test normality of the data is required to be confirmed. So, the normality tests (details in Annexures) were applied on the data.

Since the sample size of the study is less than 1000, thus Shapiro-Wilk test is considered to check the normality of data. The test output from SPSS shows that the significance value for all the variables involved is 0.000 i.e. less than 0.05, so it can be concluded that the data under consideration is not normally distributed.

As the data is not normally distributed, so the non-parametric test for ANOVA and the two independent sample t-Test i.e. Kruskal Wallis and Man Whitney's test resp. have been used.

ANOVA (K.W. TEST)

ON LOCATION BASIS

Null Hypothesis (H_0): There is no significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of various locations.

Alternate Hypothesis (H1): There is a significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of various locations.

TABLE 12: ANOVA (K.W. TEST) ON LOCATION BASIS

Variables	Chi-square	df	Asymp. Sig.
Price	.451	2	.798
Design	.288	2	.866
Style	.344	2	.842
Comfort	3.308	2	.191
Engine Power	4.934	2	.085
Mileage	1.392	2	.499
Optimum Speed	4.079	2	.130
Weight	5.409	2	.067
Maintenance Cost	2.031	2	.362
Durability	41.741	2	.000
Brand Image	15.441	2	.000
Advertisement	26.939	2	.000
Availability of spare parts	1.002	2	.606
After sales service	14.975	2	.001
Re-sale market value	3.301	2	.192

Source- SPSS Output

The survey results show that as most of the variables (Design, Style, Comfort, Maintenance Cost, Price, Engine Power, Mileage, Optimum Speed, Weight, Availability of spare parts, Re-sale market value) have sig. value more than 0.05. So, Null hypothesis for these variables is accepted which depicts that they have same influence on buying behaviour of customers across 3 locations selected under study i.e. Jalandhar, Chandigarh and Amritsar. However "Durability, Brand Image, Advertisement and After Sales Service" have sig. value less than 0.05 thus Null Hypothesis for these variables is not accepted which signifies that these variables have different influence on the buying behaviour of customers towards Electric Scooters across 3 cities.

ON QUALIFICATION BASIS

Null Hypothesis (H_0): There is no significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of Qualification.

Alternate Hypothesis (H1): There is a significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of Qualification.

TABLE 13: ANOVA ((K.W. TEST) ON QUALIFICATION BASIS

Variables	Chi-square	Df	Asymp. Sig.
Price	36.595	5	.000
Design	6.162	5	.291
Style	2.518	5	.774
Comfort	2.640	5	.755
Engine Power	13.377	5	.020
Mileage	21.947	5	.001
Optimum Speed	20.263	5	.001
Weight	18.355	5	.003
Maintenance Cost	7.266	5	.202
Durability	9.019	5	.108
Brand Image	15.013	5	.010
Advertisement	8.805	5	.117
Availability of spare parts	13.137	5	.022
After sales service	18.666	5	.002
Re-sale market value	28.727	5	.000

Source- SPSS Output

It can be construed from the above output that Price, Engine Power, Mileage, Optimum Speed, Weight, Brand Image, Availability of spare parts, after sales service and Re-sale market value has different influence on the Customers Buying Behaviour towards Electric Scooters across different qualification groups confronted under study. However, variable i.e. "Design, Style, Comfort, Maintenance Cost, Durability and Advertisement" have alike on the Customers Buying Behaviour towards Electric Scooters across different qualification groups presented under study.

ON INCOME BASIS

Null Hypothesis (H_0): There is no significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of various income groups.

Alternate Hypothesis (H1): There is a significant difference in the influence of defined variables on the buying behaviour of customers towards Electric Scooters on the basis of various income groups.

TABLE 6: ANOVA (K.W. TEST) ON INCOME BASIS

Variables	Chi-square	Df	Asymp. Sig.
Price	98.280	6	.000
Design	46.915	6	.000
Style	36.951	6	.000
Comfort	23.871	6	.001
Engine Power	29.181	6	.000
Mileage	49.126	6	.000
Optimum Speed	21.893	6	.001
Weight	38.231	6	.000
Maintenance Cost	14.889	6	.021
Durability	31.406	6	.000
Brand Image	22.668	6	.001
Advertisement	24.899	6	.000
Availability of spare parts	31.653	6	.000
After sales service	21.439	6	.002
Re-sale market value	48.424	6	.000

Source- SPSS Output

The survey results depicts that every variable considered under study influences the customer's buying behaviour for Electric Scooters differently across all the income groups presented under study as all variables have sig. Value less than 0.05. Hence, Null Hypothesis for all variables is accepted.

t-TEST (MAN WHITNEY'S TEST) ON GENDER BASIS

Null Hypothesis (H_0): There is no significant difference in the influence of the defined factors on buying behaviour among the male and the female customers towards Electric Scooters.

Alternate Hypothesis (H_1): There is a significant difference in the influence of the defined factors on buying behaviour among the male and the female customers towards electric scooters.

TABLE 7: t-TEST (MAN WHITNEY'S TEST) ON GENDER BASIS

Variables	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
Price	13813.000	20029.000	-1.202	.229
Design	11257.000	17585.000	-4.190	.000
Style	13082.000	19410.000	-2.148	.032
Comfort	12109.500	18437.500	-3.284	.001
Engine Power	13435.000	19763.000	-1.742	.082
Mileage	13486.000	19814.000	-1.735	.083
Optimum Speed	14594.500	50640.500	-.464	.642
Weight	13850.500	20178.500	-1.263	.207
Maintenance Cost	12759.500	18975.500	-2.367	.018
Durability	14902.000	21230.000	-.122	.903
Brand Image	14871.500	21199.500	-.151	.880
Advertisement	14661.500	50707.500	-.386	.699
Availability of spare parts	10303.000	16631.000	-5.233	.000
After sales service	14843.000	50889.000	-.189	.850
Re-sale market value	10882.000	17210.000	-4.445	.000
a. Grouping Variable: Gender				

Source- SPSS Output

The above table shows that there is significant difference in the influence of Design, Style, Comfort, Maintenance Cost, Availability of Spare Parts and Re-sale Market Value on customers buying behaviour towards Electric Scooters on the basis of Gender because the significance value for all these factors is less than 0.05. Thus Null Hypothesis is not accepted for all these factors. However, for rest of the variables the Null Hypothesis is accepted as these variables have similar influence on the buying behaviour of Male and Female Customers towards Electric Scooters.

SUMMARY OF RESEARCH FINDINGS

- Consumer buying behaviour towards electric scooter is shaped by several factors. By applying factor analysis trend & fashion, features & brand equity, added value, engine power and advertisement emerged as important factors which shapes consumer buying behaviour.
- Factors like comfort, mileage, optimum speed, maintenance cost, durability advertisement, availability of spare parts, after sale service and re-sale have difference in influence on the consumer's buying behavior towards electric scooter on occupation basis in Jalandhar.
- Factors like 'maintenance cost', 'durability', 'brand image' and 'after sale service' have difference in the influence on consumer's buying behavior towards electric scooter on income basis.
- Design, Style, Comfort, Maintenance Cost, Availability of Spare Parts and Re-sale Market Value on customers buying behaviour towards Electric Scooters on the basis of Gender.
- Acceptability of e- scooters is higher among relatively younger age group of 15-25.
- People belonging to higher income strata showed more favorable response towards e bikes.
- People who have education qualification above bachelors have favorable intension towards purchasing electric scooters.

CONCLUSION

Electric scooter is an emerging sector in two wheeler industry and it's catching up the market. The market potential of these scooters can be judged on the basis of respondent age, income group, willing to pay. As per our research the target market should be the age group of 15 to 25 years age of people who have their income on higher side. Companies marketing Electric scooter should target little more educated urban people. To achieve higher market share companies should focus on trend & fashion, features & brand equity, value for money, engine power and advertisement.

LIMITATIONS

1. Electric vehicles are not much prominent in Indian market therefore it was very difficult to find respondents who are actual electric vehicle users.
2. Though major chunk of respondents under study was aware of Green Products yet they did not have the conceptual and literal knowledge of various green products available in market and pros & cons of their usage. Thus, their perception related to electric scooter and hybrid bicycle may not be genuine enough to get to any conclusion.

3. Most of the related researches reviewed under present study are based on foreign countries, especially, China. However, there is huge difference in vehicle usage pattern in Indian and Chinese Market. Thus, variables undertaken for the present study based upon previous studies may not be truly applicable for Indian consumers for studying their perception regarding electric scooter and hybrid bicycle.
4. The present study has been done in 3 cities of Punjab. As in metro cities, people are relatively more aware of Green products as there is more need of Green Products because of higher pollution in metro cities. Literacy rate of public is also relatively more for these cities. Hence, the results of the study could have been improved by taking respondents from metro cities also.
5. Convenience sampling technique is used for undertaking survey in the research so the sample might not be the true reprehensive of the population which can have adverse effect on the findings of the study.

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ANNEXURE

NORMALITY TESTS

The data to be subjected to ANOVA and t-Test is checked for normality using the tests of normality in SPSS. The output obtained is given as follows:

Table 8 - Features of Electric Scooter normality test:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Price	.288	377	.000	.748	377	.000
Design	.271	377	.000	.786	377	.000
Style	.262	377	.000	.791	377	.000
Comfort	.312	377	.000	.762	377	.000
Engine Power	.416	377	.000	.229	377	.000
Mileage	.286	377	.000	.747	377	.000
Optimum Speed	.364	377	.000	.438	377	.000
Weight	.249	377	.000	.821	377	.000
Maintance Cost	.254	377	.000	.800	377	.000
Durablity	.323	377	.000	.731	377	.000
Brand Image	.266	377	.000	.799	377	.000
Advertisement	.263	377	.000	.780	377	.000
Availbility of spare parts	.248	377	.000	.789	377	.000
After sales service	.342	377	.000	.738	377	.000
Re-sale market value	.240	377	.000	.842	377	.000

a. Lilliefors Significance Correction

Source- SPSS Output

CRITICAL STUDIES OF RISK AND RETURN ON MUTUAL FUNDS

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ABSTRACT

Mutual fund industry in India has emerged as the most dynamic segment of the Indian financial system. The industry grew by leaps and bounds during the last five years. With the plethora of schemes available for the investors to choose, it become essential for a retail investor to know the performance of the mutual funds in order to make informed decision. In this paper, we have carried out the performance evaluation of open-ended equity sector mutual funds using three approaches of performance measures viz. Sharpe ratio, Treynor ratio, jensen's measure. The Mutual funds scheme are selected for the purpose of the study are UTI mutual fund, SBI mutual funds, ICICI mutual funds, Reliance mutual funds, Franklin Templeton mutual funds, HDFC mutual funds. All the schemes are selected were existing during the period of the study. The period for the study is from 1st April.2007 to 31 march 2012

KEYWORDS
risk and return, mutual fund.

1. INTRODUCTION

Mutual Funds over the years have gained immensely in their popularity. Apart from the many advantages that investing in mutual funds provide like diversification, professional management, the ease of investment process has proved to be a major enabling factor. However, with the introduction of innovative products, the world of mutual funds nowadays has a lot to offer to its investors. With the introduction of diverse options, investors needs to choose a mutual fund that meets his risk acceptance and his risk capacity levels and has similar investment objectives as the investor.

With the plethora of schemes available in the Indian markets, an investors needs to evaluate and consider various factors before making an investment decision. Since not everyone has the time or inclination to invest and do the analysis himself, the job is best left to a professional. Since Indian economy is no more a closed market, and has started integrating with the world markets, external factors which are complex in nature affect us too. Factors such as an increase in short-term US interest rates, the hike in crude prices, or any major happening in Asian market have a deep impact on the Indian stock market. Although it is not possible for an individual investor to understand Indian companies and investing in such an environment, the process can become fairly time consuming. Mutual funds (whose fund managers are paid to understand these issues and whose Asset Management Company invests in research) provide an option of investing without getting lost in the complexities.

Most importantly, mutual funds provide risk diversification: diversification of a portfolio is amongst the primary tenets of portfolio structuring, and a necessary one to reduce the level of risk assumed by the portfolio holder. Most of us are not necessarily well qualified to apply the theories of portfolio structuring to our holdings and hence would be better off leaving that to a professional. Mutual funds represent one such option. Lastly, Evaluate past performance, look for stability and although past performance is no guarantee of future performance, it is a useful way to assess how well or badly a fund has performed in comparison to its stated objectives and peer group. A good way to do this would be to identify the five best performing funds (within your selected investment objectives) over various periods, say 3 months, 6 months, one year, two years and three years.

Shortlist funds that appear in the top 5 in each of these time horizons as they would have thus demonstrated their ability to be not only good but also, consistent performers. An investor can choose the fund on various criteria according to his investment objective, to name a few:

1. Thorough analysis of fund performance of schemes over the last few years managed by the fund house and its consistent return in the volatile market.
2. The fund house should be professional, with efficient management and administration.
3. The corpus the fund is holding in its scheme over the period of time.
4. Proper adequacies of disclosures have to see and also make a note of any hidden charges carried by them.
5. The price at which you can enter/exit (i.e. entry load / exit load) the scheme and its impact on overall return

2. LITERATURE REVIEW

The most comprehensive study on mutual fund in India was conducted by SEBI and NCAER (2000) covering 30000 geographically dispersed rural and urban households. The objective of the study were to estimate the number of households and the population of individual investors, their economic and demographic profile, portfolio size, investment preference for equity as well as other savings instruments. It was found among other things that mutual funds have still not become an investment vehicle for small investors. Hemant Rustagi (2007) found that mutual funds have the potential to beat inflation on a consistent basis. Besides the tax efficiency,return profile of the instrument is also becoming an important factor while selecting the option. Dr Dnyandeo V Ingle (2010) conducted a study to understand the opportunity for Retail Investors in mutual fund industry. The study revealed that the major advantage of investing in a mutual fund is that investors get a professional money manager for equity investment for a small fee. Dr.S.Kaliya moorthy and G. Gayathri (2001) finds that the investors consider liquidity as the prime factor for their preference to mutual funds. Shankar (1996) points out that the Indian investors do view mutual funds as commodity products and AMCs, to capture the market should follow the consumer product distribution model. Madhusudhan V Jambodekar (1996) conducted a study to assess the awareness of mutual funds among investors to identify the information sources influencing the buying decision and the factors influencing the buying decision and the choice of a particular fund. The study revealed among other things that income schemes and open-ended schemes are more preferred than growth schemes and close ended schemes during the prevailing market condition. Investors look for safety of principal, liquidity and capital appreciation in the order of importance while making the choice. Shyama Sunder (1998) conducted a survey to get an insight into the mutual fund operations of private institutions with special reference to Kothari Pioneer. The survey revealed that awareness about mutual fund concept was poor during that time in small cities. Agents can play a vital role in spreading the mutual fund culture; open-end schemes were much preferred and brand image and return are the prime considerations while investing in any mutual fund. From the above review it can be inferred that mutual fund as an investment vehicle is capturing the attention of various segments of the society. All investment decisions are futuristic. Therefore it often guided by risk return trade off.

3. RESEARCH OBJECTIVES

The major objectives of the study are:

1. To evaluate Mutual Fund Schemes in respect of their risk & return.
2. Analyzing the performance of mutual fund schemes with their benchmark
3. Finding the Volatility of mutual fund schemes by using beta.
4. Provide information about pros and cons of investing in Mutual Funds.

4. RESEARCH METHODOLOGY

DATA SOURCES: Mutual funds which have been operating for greater than five years and performing during the period of study (i.e. 2007 –2012) were selected for the present research. There were 340 such mutual funds belonging to categories - Money market category funds, Debt Category Funds, Equity category funds and balanced category funds, etc. The reasons for studying the performance of mutual fund for a period of five years (2007- 2012) are:

• A large number of mutual funds have been affected during 2007 - 2012.
• The mutual fund industry in India registered notable growth & fluctuations during 2007 – 2012 Period.
• The Indian stock market has fluctuated exceptionally well during 2007 – 2012.

It gives brief ideas related to Mutual Fund investment like

• Comparison of different mutual funds & their schemes
• By using what kind of tool customer can safely invest his money
• Information on the risks & returns involved in mutual funds
• Giving the right information to the investor about the safe investments in mutual fund's schemes.
• Analysis of the performance of mutual fund schemes with their Benchmark
• Provide information about pros and cons of investing in Mutual Funds
• Safety of the investment to the customer.

TYPE OF RESEARCH: Type of research is Descriptive research**,** which is Quantitative in nature**.**

The whole study can be termed as critical study of risk & return of investment in mutual funds. It is purely a quantitative study of available secondary data**.**

SAMPLE SIZE

Sample size of the study was as below:

Method of sampling is convenience sampling. Six mutual funds and their schemes are selected.

The present study is a sample study. Samples were selected from top & representative mutual funds offered by domestic and foreign AMC's operating in India. Samples drawn for the study includes six funds & their schemes from AMCs, operating in India.

SAMPLE PROFILE

Mutual Funds'Schemes of

1. UTI mutual fund
2. SBI mutual funds
3. ICICI mutual funds
4. Reliance mutual funds
5. Franklin Templeton mutual funds
6. HDFC mutual funds

PERFORMANCE MEASURES

THE TREYNOR MEASURE

Developed by Jack Treynor, this performance measure evaluates funds on the basis of Treynor's Index. This Index is a ratio of return generated by the fund over and above risk free rate of return (generally taken to be the return on securities backed by the government, as there is no credit risk associated), during a given period and systematic risk associated with it (beta). Symbolically, it can be represented as:

Treynor's Index (Ti) = (Ri - Rf)/Bi.

Where, Ri represents return on fund, Rf is risk free rate of return and Bi is beta of the fund.

All risk-averse investors would like to maximize this value. While a high and positive Treynor's Index shows a superior risk adjusted performance of a fund, a low and negative Treynor's Index is an indication of unfavorable performance**.**

THE SHARPE MEASURE

In this model, performance of a fund is evaluated on the basis of Sharpe Ratio, which is a ratio of returns generated by the fund over and above risk free rate of return and the total risk associated with it. According to Sharpe, it is the total risk of the fund that the investors are concerned about. So, the model evaluates funds on the basis of reward per unit of total risk. Symbolically, it can be written as:

Sharpe Index (Si) = (Ri - Rf)/Si

Where, Si is standard deviation of the fund. While a high and positive Sharpe Ratio shows a superior risk adjusted performance of a fund, a low and negative Sharpe Ratio is an indication of unfavorable performance

JENSON MODEL

Jenson's model proposes another risk adjusted performance measure. This measure was developed by Michael Jenson and is sometimes referred to as the Differential Return Method. This measure involves evaluation of the returns that the fund has generated. The surplus between the two returns is called Alpha, which measures the performance of a fund compared with the actual returns over the period. Required return of a fund at a given level of risk (Bi) can be calculated as:

Ri = Rf + Bi (Rm - Rf)

Where, Rm is average market return during the given period. After calculating it, alpha can be obtained by subtracting returns of the fund.

Higher alpha represents superior performance of the fund and vice versa. Limitation of this model is that it considers only systematic risk not the entire risk associated with the fund and an ordinary investor cannot mitigate unsystematic risk, as his knowledge of market is primitive.

BETA

Market risk is commonly measured by the Beta co-efficient. Beta reflects the sensitivity of the fund's return to fluctuations in the Market Index. The formula for calculating Beta may be stated as;

Beta value= (σi /σm) X pim

Where —σi is the standard deviation of the fund, —σm is the standard deviation of the Market, and —pim is the correlation coefficient of the portfolio with market.

STANDARD DEVIATION

Standard deviation is a measure if dispersion in return. A high value of standard deviation means high risk.

HYPOTHESES OF THE STUDY

1. There is no significant difference between the returns of different mutual fund schemes of respective mutual fund categories.
2. There is no significant difference between the returns of mutual funds of different mutual funds categories. The broader hypothesis for the study would be as under.

Ho: There would be no significant difference in performance of various selected six Mutual Fund in various sectors.

H1: There would be significant difference in performance of various selected six Mutual Fund in various sectors.

Above Hypothesis would be expected to review with following sub – parameters which are as under.

a) Level of Risk
b) Level of Return
c) Values of Book Value Ratio and Price Earnings Ratio.
d) Assets under Management

e) Diversification of Assets
f) Net Assets Value.

5. ANALYSIS AND INTERPRETATION

STUDY OF RETURNS OF GROWTH SCHEMES

Scheme Name	1month %	3month %	6month %	1year %	3 year %	5 years %	Since Inception	Category	Structure
Reliance Growth-Growth	-5.99	-11.12	-19.21	-26.89	18.92	6.38	24.77	Equity	Open Ended
HDFC Growth Fund - Growth	-4.24	-7.56	-16.41	-20.86	20.76	8.68	19.28	Equity	Open Ended
Templet on India Growth Fund – Growth	-6.12	-8.72	-21.04	-29.05	20.63	7.03	15.71	Equity	Open Ended
ICICI Prudential Eq. & Deri. Fund – IO - IP - Growth	0.56	1.48	3.00	7.54	6.11	7.44	7.52	Equity	Open Ended
UTI Equity Fund - Growth	0.51	-3.96	-11.14	-11.30	24.46	8.20	9.09	Equity	Open Ended
SBI Magnum Equity Fund -Growth	1.05	-3.79	-11.54	-10.56	25.29	6.67	10.52	Equity	Open Ended

STUDY OF RETURNS OF DIVIDEND SCHEMES

Scheme Name	1month %	3month %	6month %	1year %	3 year %	5 years %	Since Incep tion	Categ ory	Struct ure
Reliance Growth - Dividend	-5.99	-11.11	-19.20	-26.89	18.92	6.37	16.96	Equity	Open Ended
HDFC Growth Fund - Dividend	-4.24	-7.56	-16.41	-20.80	20.81	8.72	15.20	Equity	Open Ended
Templet on India Growth Fund - Dividend	-6.12	-8.72	-21.04	-29.05	20.64	7.03	13.65	Equity	Open Ended
ICICI Prudential Eq. & Deri. Fund – IO - IP - Dividend	0.59	1.52	3.08	7.60	6.23	7.47	6.87	Equity	Open Ended
UTI Equity Fund - Dividend	0.51	-3.95	-11.13	-11.30	24.43	8.03	8.94	Equity	Open Ended
SBI Magnum Equity Fund - Dividend	1.05	-3.78	-11.55	-11.55	25.48	6.76	10.60	Equity	Open Ended

STUDY OF RETURNS OF BALANCED SCHEMES

Scheme Name	1month %	3month %	6month %	1year %	3 year %	5 years %	Since Inception	Category	Structure
FT India Balanced Fund - Dividend	1.47	-2.78	-7.48	-5.78	17.94	6.66	11.35	Equity & Debt	Open Ended
HDFC Balanced Fund - Dividend	0.10	-5.10	-9.42	-3.47	27.56	10.15	12.08	Equity & Debt	Open Ended
FT India Balance d Fund - Growth	1.47	-2.78 -	-7.48	5.78	17.93	6.66	13.38	Equity & Debt	Open Ended
ICICI Prudential Balance d - Dividend	-0.13	-2.62	-7.72	-3.15	20.01	4.60	9.52	Equity & Debt	Open Ended
UTI Balance d Fund - Dividend	0.73	-4.65	-11.67	-12.47	18.33	4.75	9.39	Equity & Debt	Open Ended
SBI Magnum Balance d Fund - Dividend	1.13	-3.71	-12.41	-14.97	16.09	4.02	12.96	Equity & Debt	Open Ended
HDFC Balance d Fund - Growth	0.10	-5.10	-9.42	-3.48	27.56	10.12	15.76	Equity & Debt	Open Ended
ICICI Prudential Balance d - Growth	-0.18	-2.60	-7.74	-3.22	20.01	4.59	12.96	Equity & Debt	Open Ended
UTI Balance d Fund - Growth	0.70	-4.64	-11.64	-12.47	18.55	4.90	12.85	Equity & Debt	Open Ended
SBI Magnum Balance d Fund - Growth	1.13	-3.70	-12.40	-14.96	16.19	4.05	13.72	Equity & Debt	Open Ended

STUDY OF RETURNS OF LIQUID SCHEMES

Scheme Name	1month %	3month %	6month %	1year %	3 year %	5 years %	Since Inception	Category	Structure
Reliance Liquid Fund – Daily Div	0.63	1.82	3.61	7.05	5.17	5.83	4.90	Short Term Debt	Open Ended
HDFC Liquid Fund – Daily Div	0.62	1.79	3.57	6.97	5.01	5.66	5.16	Short Term Debt	Open Ended
Templet on India Cash Mgmt. A/c Fund - Dividend	0.48	1.40	2.69	5.21	3.48	4.24	3.57	Short Term Debt	Open Ended
ICICI Prudential Liquid Plan – Daily Div	0.57	1.66	3.28	6.40	4.52	5.28	3.96	Short Term Debt	Open Ended
UTI Liquid Fund – Cash Plan - Daily Div	0.65	1.88	3.74	7.24	5.11	5.72	4.54	Short Term Debt	Open Ended
SBI Premier Liquid Fund – IP - Daily Div	0.62	1.80	3.57	6.99	5.00	5.51	4.41	Short Term Debt	Open Ended
Reliance Liquid Fund – Growth	0.79	2.32	4.61	9.08	6.65	7.47	7.23	Short Term Debt	Open Ended
HDFC Liquid Fund – Growth	0.78	2.28	4.54	8.90	6.43	7.24	6.71	Short Term Debt	Open Ended
Templet on India Cash Mgmt. A/c Fund -Growth	0.61	1.78	3.46	6.78	4.55	5.49	5.38	Short Term Debt	Open Ended
ICICI Prudential Liquid Plan – Growth	0.72	2.11	4.19	8.21	5.82	6.79	7.02	Short Term Debt	Open Ended
UTI Liquid Fund – Cash Plan - Growth	0.74	2.16	4.31	8.41	6.09	6.89	6.28	Short Term Debt	Open Ended
SBI Premier Liquid Fund – IP - Growth	0.79	2.29	4.56	8.97	6.41	7.06	6.49	Short Term Debt	Open Ended

STUDY OF RETURNS OF INCOME SCHEMES

Scheme Name	1month %	3month %	6month %	1year %	3 year %	5 years %	Since Inception	Category	Structure
Reliance Income Fund – Retail - Dividend	2.07	2.29	4.03	6.01	2.51	7.57	6.23	Debts	Open Ended
HDFC Income Fund - Dividend	1.86	1.83	3.48	5.76	3.99	6.70	5.53	Debts	Open Ended
Templet on India Income Fund – Dividend	0.63	1.65	3.68	7.69	5.07	5.72	5.64	Debts	Open Ended
ICICI Prudential Income Fund - Dividend	2.06	2.88	4.59	6.51	3.02	7.97	5.88	Debts	Open Ended
UTI Bond Fund - Dividend	1.24	2.74	5.53	10.26	2.87	7.95	7.34	Debts	Open Ended
SBI Magnum Income Fund - Dividend	1.63	2.82	4.61	8.15	3.22	3.94	4.73	Debts	Open Ended
Reliance Income Fund – Retail - Growth	2.07	2.29	4.03	6.57	3.37	7.91	9.14	Debts	Open Ended
HDFC Income Fund - Growth	2.04	2.01	3.86	6.34	4.62	7.43	7.99	Debts	Open Ended
Templet on India Income Fund - Growth	0.63	1.80	3.83	8.24	5.61	6.73	8.90	Debts	Open Ended
ICICI Prudential Income Fund - Growth	2.06	2.87	4.83	7.00	3.74	8.78	9.23	Debts	Open Ended
UTI Bond Fund - Growth	1.59	3.10	6.16	11.21	3.63	7.37	8.56	Debts	Open Ended
SBI Magnum Income Fund - Growth	1.63	2.82	4.83	8.62	3.64	4.94	7.23	Debts	Open Ended

CALCULATIONS AND STUDIES OF DIFFERENT MEASURES OF RISK

S.D., BETA, SHARPE & TREYNOR OF EQUITY & GROWTH SCHEMES AS ON 31ST MARCH, 2012

Scheme Name	S.D.	Beta	Sharpe	Treynor
Reliance Growth - Growth	**3.73**	**0.86**	**0.05**	**0.23**
HDFC Growth Fund - Growth	3.46	0.80	0.06	0.28
Templeton India Growth Fund - Growth	3.75	0.86	0.06	0.25
ICICI Prudential Eq. & Deri. Fund – IO - IP - Growth	**0.25**	**0.74**	**0.07**	**0.02**
UTI Equity Fund – Growth	**3.08**	**0.73**	**0.08**	**0.33**
SBI Magnum Equity Fund -Growth	**3.76**	**0.88**	**0.06**	**0.24**

S.D., BETA, SHARPE & TREYNOR OF GROWTH DIVIDEND SCHEMES AS ON 31ST MARCH, 2012

Scheme Name	S.D.	Beta	Sharpe	Treynor
Reliance Growth - Dividend	**3.73**	**0.86**	**0.05**	**0.23**
HDFC Growth Fund - Dividend	**3.47**	**0.80**	**0.06**	**0.28**
Templeton India Growth Fund - Dividend	**3.75**	**0.86**	**0.06**	**0.25**
ICICI Prudential Eq. & Deri. Fund – IO - IP - Dividend	**0.30**	**0.39**	**0.06**	**0.05**
UTI Equity Fund – Dividend	**3.08**	**0.73**	**0.08**	**0.33**
SBI Magnum Equity Fund - Dividend	**3.75**	**0.88**	**0.06**	**0.25**

S.D., BETA, SHARPE & TREYNOR OF BALANCED SCHEMES AS ON 31ST MARCH, 2012

Scheme Name	S.D.	Beta	Sharpe	Treynor
FT India Balanced Fund -Dividend	**2.46**	**0.90**	**0.05**	**0.15**
HDFC Balanced Fund - Dividend	**2.52**	**0.88**	**0.11**	**0.32**
FT India Balanced Fund - Growth	**2.46**	**0.90**	**0.05**	**0.15**
ICICI Prudential Balanced-Dividend	**2.57**	**0.90**	**0.07**	**0.21**
UTI Balanced Fund - Dividend	**2.72**	**0.98**	**0.06**	**0.17**
SBI Magnum Balanced Fund - Dividend	**2.97**	**1.08**	**0.04**	**0.10**
HDFC Balanced Fund – Growth	**2.52**	**0.88**	**0.11**	**0.32**
ICICI Prudential Balanced - Growth	**2.56**	**0.90**	**0.07**	**0.21**
UTI Balanced Fund - Growth	**2.72**	**0.98**	**0.06**	**0.17**
SBI Magnum Balanced Fund - Growth	**2.97**	**1.08**	**0.04**	**0.10**

S.D., BETA, SHARPE & TREYNOR OF LIQUID SCHEMES OF SELECTED MUTUAL FUNDS AS ON 31ST MARCH, 2012

Scheme Name	S.D.	Beta	Sharpe	Treynor
Reliance Liquid Fund – Daily Div	**0.03**	**0.46**	**-0.26**	**-0.02**
HDFC Liquid Fund – Daily Div	0.03	0.43	-0.43	-0.03
Templeton India Cash Mgmt. A/c Fund - Dividend	0.03	0.45	-1.38	-0.09
ICICI Prudential Liquid Plan -Daily Div	0.03	0.45	-0.70	-0.04
UTI Liquid Fund – Cash Plan -Daily Div	0.03	0.50	-0.32	-0.02
SBI Premier Liquid Fund – IP - Daily Div	0.03	0.44	-0.45	-0.03
Reliance Liquid Fund – Growth	0.04	0.60	0.53	0.03
HDFC Liquid Fund – Growth	0.04	0.55	0.39	0.03
Templeton India Cash Mgmt. A/c Fund - Growth	0.04	0.58	-0.53	-0.03
ICICI Prudential Liquid Plan –Growth	0.04	0.59	0.12	0.01
UTI Liquid Fund – Cash Plan -Growth	0.04	0.58	0.24	0.01
SBI Premier Liquid Fund – IP –Growth	0.04	0.57	0.34	0.02

S.D., BETA, SHARPE & TREYNOR OF INCOME SCHEMES OF SELECTED MUTUAL FUNDS AS ON 31ST MARCH, 2012

Scheme Name	S.D.	Beta	Sharpe	Treynor
Reliance Income Fund – Retail- Dividend	0.81	1.99	0.06	0.02
HDFC Income Fund - Dividend	0.77	1.96	0.07	0.03
Templeton India Income Fund- Dividend	0.36	0.89	0.05	0.02
ICICI Prudential Income Fund - Dividend	0.91	2.28	0.07	0.03
UTI Bond Fund – Dividend	0.82	1.78	0.05	0.02
SBI Magnum Income Fund - Dividend	0.62	1.44	0.01	0.01
Reliance Income Fund – Retail - Growth	0.80	2.00	0.08	0.03
HDFC Income Fund – Growth	0.77	1.97	0.09	0.03
Templeton India Income Fund - Growth	0.37	0.91	0.08	0.03
ICICI Prudential Income Fund - Growth	0.91	2.28	0.08	0.03
UTI Bond Fund – Growth	0.82	1.79	0.07	0.03
SBI Magnum Income Fund - Growth	0.62	1.43	0.02	0.01

6. SUGGESTIONS

This research work has find out the following facts and figures about the risk and returns of selected Mutual Funds Schemes as on 31st December, 2011.

1. ICICI Pru. Equity & Deri. Fund.Grth gives the best return, i.e. ICICI Pru. Equity & Deri. Fund.Grth is the best option on the short-term basis. Hence, on the basis of recent returns, UTI Equity-G and HDFC Growth-G are the best options and on the basis of far previous year returns, Reliance Growth.G and HDFC Growth-G are the best options. Therefore on overall basis HDFC Growth-G is the best option.
2. ICICI Pru. Equity & Deri. Fund.D gives the best return, i.e. ICICI Pru. Equity & Deri. Fund.D is the best option on the short-term basis. On the basis of recent returns, UTI Equity-D and HDFC Growth-D are the best options and on the basis of far previous year returns, Reliance Growth.D and HDFC Growth-D are the best options. Therefore on overall basis HDFC Growth-D is the best option.
3. Returns are positive for 1 month of FT India Bal. Fund.D&G, SBI Mag. Bal. Fund.D&G and UTI Bal. Fund.D&G including HDFC Bal. Fund-D&G. All other give negative return for short-term up to 1 year. That is on the basis of 1 month return FT India Bal. Fund.D&G, SBI Mag. Bal. Fund.D&G are the best option. Options with negative returns are not selected. On the basis of long-term returns, HDFC Bal. Fund-D&G are the best options and on the basis of returns since inception, HDFC Bal. Fund-G is the best option. Therefore on overall basis HDFC Bal. Fund-G is the best option.
4. The top five selected liquid schemes are Reliance Liq. Fund-G, SBI Pre. Liq. Fund-IP.G, HDFC Liq. Fund-G, UTI Liq. Fund.CP-G and ICICI Pru. Liq. Plan-G in their descending order for shortterm up to 1 year, i.e. best one is Reliance Liq. Fund-G on the basis of short-term, i.e. up to 1 year. On the basis of 3 yrs., 5 yrs. and return since inception, maximum return is secured by the Reliance Liq. Fund-G, then by the HDFC Liq. Fund-G, SBI Pre. Liq. Fund-IP.G, UTI Liq. Fund.CP-G and ICICI Pru. Liq. Plan-G in their descending order for 3 yrs., 5 yrs. returns and ICICI Pru. Liq. Plan-G, HDFC Liq. Fund-G, SBI Pre. Liq. Fund-IP.G and UTI Liq. Fund.CP-G for return since inception. Therefore, Reliance Liq. Fund-G is the best one on overall basis long-term and short-term both.
5. On the basis of all the short-term period up to 1 year, we see that UTI has performed well on the basis of 3 months, 6 months and 1 year. But in the last 1 month Reliance, ICICI and HDFC have performed well comparative to others in their descending order. Hence, best option is UTI Bond Fund-G on short-term basis. ICICI Pru. Income Fund-G is the best one on the basis long-term. But Templ. India Income Fund-G&D and HDFC Income Fund-D&G have secured more returns for 5 years period comparative to others & best one is Templ. India Income Fund-G.
6. Reliance Growth-D, UTI Equity Fund-D, Templ. India Growth Fund-D and HDFC Equity Fund-D have created their good NAV value through their overall long term better performance in descending order and all these top four have beaten the average performance of similar category funds.
7. Reliance Growth-G, HDFC Equity Fund-G have created their good NAV value due to their better long term performance in their descending order and both the funds have beaten the average performance of similar category funds.
8. On the basis of \Standard Deviation., SBI Mag. Equity Fund.G, Templ. India Growth Fund-G, Reliance Growth-G, HDFC Growth-G, UTI Equity Fund-G and ICICI Pru. Eq. & Deri. Fund-G are most risky in their descending order. ICICI Pru. Eq. & Deri. Fund-G is least risky on all risk bases. On the basis of \Beta., the pattern is almost similar to the previous one. As per Sharpe and Treynor, returns are good enough or compensate the risk taken by investors by investing in these. The best options, in their descending order, are UTI Equity Fund-G and HDFC Growth-G.
9. On the basis of \Standard Deviation., SBI Mag. Equity Fund.D, Templ. India Growth Fund-D, Reliance Growth-D, HDFC Growth-D, UTI Equity Fund-D and ICICI Pru. Eq. & Deri. Fund-D are most risky in their descending order. ICICI Pru. Eq. & Deri. Fund-D is least risky on all risk bases. On the basis of \Beta., the pattern is almost similar to the previous one. Asper Sharpe and Treynor, returns are good enough or compensate the risk taken by investors by investing in these. The best options, in their descending order, are UTI Equity Fund-D and HDFC Growth-D.
10. On the basis of \Standard Deviation., SBI Mag. Balance Fund. D&G, UTI Balance Fund-D&G, ICICI Pru. Balance Fund-D, ICICI Pru. Balance Fund-G, HDFC Balance Fund-D&G and FT India Balance Fund-D&G are most risky in their descending order. FT India Balance Fund-D&G are least risky on all risk bases. On the basis of \Beta., the pattern is almost similar to the previous one. As per Sharpe and Treynor, returns are good enough or compensate the risk taken by investors by investing in these. The best options, in their descending order, are HDFC Balance Fund-D&G and ICICI Pru. Balance Fund-D&G. Therefore, on overall basis HDFC Balance Fund-D&G are the best options.
11. On the basis of \Standard Deviation, Reliance Liq. Fund-Dly D, SBI Pre. Liq. Fund-IP.Dly D, HDFC Liq. Fund-Dly D, UTI Liq. Fund.CP-Dly D, ICICI Pru. Liq. Plan-Dly D and g Templ. India CM A/c Fund-D are least risky with same risk. Schemes with dividend option are least risky on all risk bases. On the basis of \Beta., the pattern is little bit different. The pattern is Reliance Liq. Fund-G, ICICI Pru. Liq. Plan-G, SBI Pre. Liq. Fund-IP.Dly D and HDFC Liq. Fund- Dly D in their descending order of risk. HDFC Liq. Fund-Dly D is the least risky. Sharpe and Treynor are positive only for Reliance Liq. Fund-G, HDFC Liq. Fund-G, SBI Pre. Liq. Fund-IP.G, UTI Liq. Fund.CP-G and ICICI Pru. Liq. Plan-G. That shows that the returns are good enough or compensate the risk taken by investors by investing only for/in Reliance Liq. Fund-G, HDFC Liq. Fund-G, SBI Pre. Liq. Fund-IP.G, UTI Liq. Fund. CP-G and ICICI Pru. Liq. Plan-G and returns / compensations are in the above mentioned descending order. Therefore the best one is Reliance Liq. Fund-G and the worst one is Templ. India CM A/c Fund-D.
12. On the basis of \Standard Deviation., ICICI Pru. Income Fund297 D&G, UTI Bond Fund-D&G, Reliance Income Fund-Ret.- D&G, HDFC Income Fund-D&G, SBI Mag. Income Fund. D&G and Templ. India Income Fund-D&G are most risky in their descending order. Templ. India Income Fund-D&G are least risky on all risk bases. On the basis of \Beta., the pattern is almost similar to the previous one. As per Sharpe and Treynor, returns are somewhat enough or compensate the risk taken by investors by investing in these. The best options, in their descending order, are HDFC Income Fund-G and Templ. India Income Fund-G, Reliance Income Fund-Ret.-G, ICICI Pru. Income Fund-G. Therefore, on overall basis HDFC Income Fund-G and Templ. India Income Fund-G are the best options.

7. LIMITATION OF THE STUDY

This report gives an insight about mutual funds and mutual fund schemes but with few limitations as follows:

The big question is how to judge a mutual fund before investing? It is important for an investor to consider a fund‘s performance over several years.

The report only analyses mutual fund schemes of only some funds. There are around 44 AMCs offering wide range of schemes but to analyze all of them is a tedious task.

Information is mainly collected regarding top and representative mutual funds.
Different fund managers adopt different strategies to improve performance. While one fund manager may have invested in speculative stocks over a period, another one who have invested in speculative stocks may have struck gold in that year to outperform the former by a long way.
Lack of proper knowledge and awareness about advantages and disadvantages associated with various schemes among the investor.

- The time period for the project was limited and information provided is limited to the extent of internet and journals.
- The sample size is limited to only six mutual funds.
- The study is limited to mutual fund schemes in respect of their risk, return and liquidity.
- The analysis is mainly based on share price and unit price information.

To get an insight in the process of portfolio allocation and deployment of funds by fund manager is difficult.
The project is unable to analysis each and every scheme of mutual funds to create the ideal portfolio.
The portfolio of mutual fund investments can change according to the market conditions.

8. CONCLUSIONS

This research work has find out the following facts and figures about the risk and returns of selected Mutual Funds Schemes as on 31st March, 2012. On these risk and returns we conclude that.
The major market of Mutual Fund is in Income schemes, Growth schemes and Liquid schemes, out of which Growth market is mostly leaded by HDFC, UTI and Templeton on the basis of, mainly, returns up to 5 years. No doubt that in Growth SBI and Reliance have also performed well, out of which one is private Indian MF and other is Bank sponsored MF. ICICI is also performing well on a continuous basis with a positive return over all the periods.
The situation is same in both, dividend & growth options of Equity & Growth schemes of selected Mutual Funds.
In Balanced schemes, HDFC, Franklin Templeton, ICICI Prudential and then UTI & SBI are also performing well. On overall basis HDFC is the best option.
In Liquid & Money Market schemes, the situation are little bit different with the leading Mutual Funds Reliance, HDFC, SBI, UTI and ICICI are performing well in their descending order.
Therefore, Reliance-G is the best one on overall basis long-term and short-term both.
In Income & Bond schemes, leading players ICICI, Templeton, UTI and HDFC, Reliance are performing well in their descending order. SBI has also performed well with other on the same criteria, i.e. on the basis of returns.
With Dividend option, Reliance Growth-D, UTI Equity Fund-D, Templeton India Growth Fund-D and HDFC Equity Fund-D are best on the basis of NAV creation through their overall long term better performance in descending order.
With Growth option, Reliance Growth-G and HDFC Equity Fund-G are best on the basis of NAV creation through their overall long term better performance in descending order.
Risk is highest with SBI, Templeton, Reliance, HDFC & UTI in their descending order in Equity & Growth segment with both the options. ICICI is least risky on all risk bases. On the basis of risk adjusted return best options, in their descending order, are UTI and HDFC in Equity & Growth segment with both the options. Therefore, UTI and HDFC are also the best options on, both, the risk & return bases.
SBI, UTI, ICICI and HDFC are most risky in their descending order in the balance segment. Franklin Templeton is least risky on all risk bases. On the basis of risk adjusted return best options, in their descending order, are HDFC and ICICI. Therefore, on overall basis HDFC is the best option.
In Liquid & Money Market segment, schemes with dividend option are least risky on all risk bases. In which HDFC is the least risky then SBI comes in risk. On the basis of risk adjusted return best options, in their descending order, are Reliance, HDFC, SBI, UTI and ICICI with Growth option. Therefore, the best one is Reliance-G and the worst one is Templeton-D.
ICICI, UTI, Reliance and HDFC are most risky in their descending order in Income & Bond segment. Templeton is least risky on all risk bases. On the basis of risk adjusted return best options, in their descending order, are HDFC & Templeton, Reliance and ICICI with Growth options. Therefore, on overall basis HDFC-G & Templeton-G are the best options.
But in the present scenario market is not performing well. That‘s why MFs schemes are not performing well except liquid and income schemes in the short run.
So, in nutshell, we can say that Reliance, HDFC and SBI are beneficial for investment in Liquid & Money Market schemes in all aspects. HDFC, Templeton and Reliance are best for Income &
Bond schemes. UTI, HDFC & Templeton are best for Equity & Growth schemes and HDFC, ICICI & Franklin Templeton are best for Balanced scheme.
These are best in different schemes because these are best approximately in each and every aspect of these schemes. Hence, we can say that the…

(1) Mutual Funds are growing in number and gaining popularity among small investors with an exception of last 1 month to 1 year, especially in the case of Equity & Growth schemes and balanced scheme.
(2) Preferences of investors are different towards different type of schemes as well as organization. Acceptability of Mutual Funds has changed the pattern of investments.
(3) Mutual Funds generally in the long run outperform the market. Returns provided by the Mutual Funds are generally better in long run than the returns provided by the other similar investment. Movement in market prices of schemes is positively related to the movements in NAV.
(4) The return and risk-adjusted return on Mutual Funds are satisfactory in long run except during the recession.

9. RECOMMENDATIONS

Following are some of the suggestions on the basis of this research work on critical studies of risk and return.

1. Different varieties of Mutual Funds schemes should be provided by Mutual Funds to attract the investors by fulfilling their needs because some of the Mutual Funds are leading in one but poor performers in other Mutual Funds schemes.
2. Mutual Funds should try to reduce their risk up to some possible extents by changing their fundamentals relative to the market because some Mutual Funds are providing the lowest return in particular type of scheme with the highest risk in that scheme.Due to investors disliking during recession and market up & down the Mutual Funds should adopt more flexible market portfolio with a good fund manager and a good research team to forecast such type of activities and to take precautionary measures.
3. Mutual Funds should reduce the cost because of frequent trading of schemes. Mutual Funds should take the help of market experts before involving in buying or selling of securities. In this way cost reduces and return increases.
4. Mutual Funds should include the more correlated securities in their portfolio during bull markets and uncorrelated or negatively correlated securities during the recession or in the bear market because the Sharpe and Treynor ratios are negative either due to market depression and no changes in the portfolio or due to over dependence on large caps during dull market.
5. Mutual Funds should reduce the expenses because it increases cost which ultimately harms the returns. Mutual Funds should diversify most in the particular segment and also on an overall basis. Mutual Funds should increase their NAV to increase the prices of units of mutual funds.

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FACTOR ANALYSIS OF JOB STRESSORS IN BANKS

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ABSTRACT
The employees in the banking sector are experiencing a tremendous amount of pressure at work place. Workload beyond ones capacity, ambiguity in defining duties & responsibilities, lack of support from superiors, lack of authority to control resources, absence of autonomy in taking decisions, work life imbalance etc. are some of the sources of stress in organizations which in turn affect the mental and physical wellbeing of employees. Banks are pressurized to increase the business volume and offer customized services to its customers. The intense competition in introducing innovative products and services to satisfy the divergent customer needs has forced the employees to be always on their toes. The present study was undertaken with an objective to identify the various causes of stress in public and private sector banks. Factor analysis technique was used and factors such as job conditions, physical environment and repressive union activities, work life imbalance, inadequate planning of work, job ambiguity, demands of the family adaptability to change, absence of employee involvement, undue expectations from job, job rigidity, lack of efficient manpower, unforeseen contingencies, performance pressure caused stress in banks.

KEYWORDS
Job stress, Public sector banks, Private sector banks, Stressors.

INTRODUCTION
Occupational stress or job stress has become one of the interesting topics of research in the recent past because it has led to physical and psychological problems. Researchers have argued that occupational stress has a detrimental effect on the health of the individual which leads to low productivity, high absenteeism, more tiredness, low enthusiasm for work, low creativity and high dissatisfaction with work (Cooper & Marshal 1976; Matteson & Ivancevich 1989). A generic definition of job stress given by US National Institute of Occupational Safety and Health (1999) says job stress is "a harmful, physical and emotional response that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker. Job stress can lead to poor health and even injury".

The terms work stress, job stress, or occupational stress are used interchangeably (Dollard, 2003). Employers and governments have had increasing concern about occupational stress for over twenty years (Le Fevre et al. 2003). In the last decades, globalization and rapid technological changes have resulted in increased workloads and a faster pace in the work place (Dollard, 2003). Modern trends such as organizational downsizing, competition for funding, and high demand jobs have led to rising occupational stress (Dollard, 2003).

The cost of occupational stress is a recognized problem around the world (Dollard, 2003). The cost of occupational stress in the United States is estimated to range between 200 and 300 billion dollars annually (Le Fevre et al. 2003). Unmanaged stress for employees can result in short and long term negative health effects including exhaustion, physical pain, depression, sleep disturbances, and even death (Le Fevre et al. 2003). Employers risk the potential loss of talented, trained employees due to occupational stress and its results. Another concern is the employer's risk of being held legally liable for damages that result from stress in the workplace (Le Fevre et al. 2003).

CAUSES OF OCCUPATIONAL STRESS
A number of factors contribute to workplace stress, ranging from technological change and global competitive pressures to toxic work environments and managerial bullying (Colligan & Higgins 2006). Heavier workloads and increased business travels have also affected stress level as more than one-fifth of U.S. managers and professionals work at least 60 hours a week and many are on call round the clock for clients across the globe (Hymowitz 2007). Downsizing, cut throat competition in the business world, technology and work procedures, heightened the level of job insecurity and ever-demanding customers make today's workplace arguably even more stress-laden than it was just one to two decades ago. The aftermath of recessions, global mergers, corporate acquisitions, retrenchments, increasing global competition and the relocation of roles and responsibilities amongst many other work related and global changes have been the main cause of stress in the modern world (Quick et al. 1997).

REVIEW OF LITERATURE
Akinnusi (1995) in his study of stress among a sample of bank executives in Nigeria found that the respondents experienced a good amount of job stress especially time pressure. They stated that working in banks makes it hard to spend enough time with their families. They also felt that they are married to their jobs. This is expected as bankers are often known to complain about working till late hours and also coming to work on weekends.

Potter et al. (2002) concluded that the interpersonal stressors at work place have their influence on the employees. Interpersonal conflicts experienced in the work place also predict diseases and well being declines. Results proved that psychosocial environment of work place have unique effects on the employees.
Shahid N (2011) in his study on Branch level Managers, operational managers, supervisors and officers (credit officers, remittance officers, customer services officers and relationship officers) of a bank stated that bankers are under a great deal of stress due to many antecedents of stress such as lack of administrative support, excessive work demand, problematic customer relations, coworker's relationship, family & work life balance and risk involved in job. These stressors contribute to decreased organizational performance, decreased employee overall performance, decreased quality of work, high staff turnover, and absenteeism due to health problems such as anxiety, depression, headache and backache.
Ullah A M and Naeem H (2012) took a sample of three hundred employees from the banks of Rawalpindi and Islamabad. From the findings it is clear that interpersonal conflict and job stress are strongly dependent on each other, interpersonal conflict between employees and supervisors lead to job stress. This conclusion explains that there is a positive relationship between interpersonal conflict and job stress in the banking sector of Pakistan.
Showkat H G (2012) in his research included 150 employees who are Managers and 150 Non-Manager Bank employees in Jammu and Kashmir. The sampling population belonged to an age group of employees between 25-60 years. The study indicates that the bank employees at managerial level have high workload compared to bank employees at Non-managerial level. The employees feel that the work allotted is exhausting and it is beyond their expertise and limit. The research indicates that the bank employees at managerial level have high job burnout compared to bank employees at Non-managerial level. Higher the job burnout among bank employees related to the work and work schedule, higher the occupational stress.
The review of the above and other literature states that in organizations, the frequent causes of stress are physical working conditions, job requirements, lack of control and excessive demands, overwork and shift schedules, bullying, harassment and violence, work overload, job insecurity, cutbacks and reorganization, high demand for performance, technology and work place culture. The work place, in particular its ambience has a major influence on the work efficiency of the individual. Physical working conditions can also be stressors, such as noise and vibration, poor and inadequate lighting, temperature extremes or too much variation in temperature, overcrowding, poor spacing and work area layout, exposure to toxic substances, ill-fitting and poorly designed work tools, lack of furniture and workspace, poorly maintained work environment, poor indoor air quality, bad building design, working with hazardous equipment, lack of outside amenities and bad site planning such as no parking, no access to public transit, no proximity to green space and recreational facilities.

SCOPE OF THE STUDY
This research paper takes the problem of stress in a holistic manner by covering almost all variables leading to stress. The researcher has taken all categories of employees including clerks, officers and Managers employed in public and private sector banks in Dakshina Kannada district.

OBJECTIVE OF THE STUDY
The objective of this research is to identify the various causes of stress in public and private sector banks.

DATA COLLECTION
Data and information for this paper were collected through survey method using a well-structured questionnaire. The researchers have taken 3 banks from public and private sectors for the study. A sample of 537 employees, of which, 411 employees were from public and 126 from private banks which constituted 30 percent of the population. The researchers used disproportionate stratified random sampling.

DATA ANALYSIS
The prime objective of this research was to identify the causes for stress amongst the employees in public and private sector banks. From the literature the researchers have identified 72 variables which caused stress at the workplace. The 72 variables causing stress were measured on the Likert scale with 1 =Most stressful, 2 =more Stressful, 3 =stressful 4 = less stressful and 5= least stressful. The Factor analysis technique was used for data reduction and 13 factors were identified as stressors. The interpretation of the level of stress experienced by the respondents was assessed by taking percentage mean 20-45 percent as extremely stressful; 46-75 percent stressful and 76-100 percent as less stressful which implies, lesser the percentage means higher the stress and higher the percentage means lesser the stress. Each of the 72 variables were studied in detail as they caused different level of stress amongst the employees in public and private sector banks. Mann Whitney and Friedman test were used to compare the factors causing stress in the two sectors i.e. public and private sector banks.

TABLE 1: MANN – WHITNEY TEST RESULT FOR FACTORS CAUSING STRESS AMONG EMPLOYEES IN BANKS

Variables	Type of Bank	N	Mean	S.D	% Mean	Z Value	P Value
Job condition	Public	411	3.4528	.91230	69.06	1.69	.091
	Private	126	3.5743	.94462	71.49		
	Total	537	3.4813	.92054	69.63		
Physical environment & repressive union activities	Public	411	3.6262	.93860	72.52	2.31	
	Private	126	3.8198	1.00652	76.40		.021
	Total	537	3.6716	.95754	73.43		
Work life imbalance	Public	411	3.3027	.99564	66.05	2.69	
	Private	126	3.5590	.88986	71.18		.007
	Total	537	3.3629	.97711	67.26		
Inadequate planning of work	Public	411	3.0326	1.01501	60.65	2.90	
	Private	126	3.3286	.97142	66.57		.004
	Total	537	3.1020	1.01188	62.04		
Job ambiguity	Public	411	3.5170	.94495	70.34	.86	
	Private	126	3.5741	.92797	71.48		.391
	Total	537	3.5304	.94045	70.61		
Demands of family	Public	411	3.6703	1.00649	73.41	1.21	
	Private	126	3.5304	1.06006	70.61		.225
	Total	537	3.6375	1.02003	72.75		
Adaptability to change	Public	411	3.6290	1.02905	72.58	2.82	
	Private	126	3.8889	.96102	77.78		.005
	Total	537	3.6899	1.01860	73.80		
Absence of employee involvement	Public	411	3.3370	1.26161	66.74	1.07	
	Private	126	3.4563	1.12431	69.74		.284
	Total	537	3.3650	1.23079	67.30		
Undue expectations from job	Public	411	3.2993	1.13609	65.99	2.88	
	Private	126	3.0000	1.11355	60.00		.004
	Total	537	3.2291	1.13692	64.58		
Job rigidity	Public	411	2.9676	.90199	59.35	4.20	
	Private	126	3.3360	1.00885	66.72		.000
	Total	537	3.0540	.94027	61.08		
Lack of efficient manpower	Public	411	2.9818	1.22386	59.64	3.95	.000
	Private	126	3.4524	1.11612	69.05		
	Total	537	3.0922	1.21495	61.84		
Un foreseen contingencies	Public	411	3.1152	.88390	62.30	2.60	
	Private	126	3.3122	.96217	66.24		.009
	Total	537	3.1614	.90582	63.23		
Performance pressure	Public	411	3.1253	1.00036	62.51	1.02	
	Private	126	3.0516	1.03311	61.03		.310
	Total	537	3.1080	1.00765	62.16		

Source: Field survey

FACTOR 1: Job conditions the first factor comprised of variables such as heavy work during peak hours, harassment, criticisms, demanding expectations from colleagues, colleagues withhold information required for the job etc. Stress level of the employees due to 'Job condition' is 3.4813 ± 0.92054 with percentage mean 69.63 showing it is stressful. In public sector banks the mean level of stress is 3.4528 ± 0.91230 with percentage mean 69.06 whereas in private banks it is 3.5743 ± 0.94462 with percentage mean 71.49. Hence in both the banking sectors 'Job condition' is found to be stressful. Further, when it is tested for differences by Mann Whitney Test, stress level is nonsignificant (Z= 1.69, p=0.091).

FACTOR 2: The second factor comprises of variables such as union problems, frequent union meetings, union activates which are not very supportive, differences in ideology of the trade unions, work place ambience etc. Stress level of the employees due to 'Physical environment & repressive union activities' is 3.6716 ± .95754 with percentage mean 73.43 showing it is stressful. In public sector banks the mean level of stress is 3.6262 ± .93860 with a percentage mean 72.52 whereas in private banks it is 3.8198±1.00652 with percentage mean 76.40. Hence, in both the banks 'Physical environment & repressive union activities' is found to be stressful. Further, when it is tested for difference by Mann Whitney Test, stress level is significant in public sector banks compared to private banks (Z= 2.31, p=0.021).

FACTOR 3: The third factor comprises of variables such as lot of concentration required to do the job, demands of work interferes with family, absence of emotional support from the family, etc. Stress level of the employees due to 'work life imbalance' is 3.3629 ± .97711 with percentage mean 67.26 showing it is stressful. In public sector banks the mean level of stress is 3.3027 ± .99564 with percentage mean 66.05 whereas in private banks it is 3.5590 ±.88986 with percentage mean 71.18. Hence in both the banks 'work life imbalance'' is found to be stressful. Further, when it is tested for difference by Mann Whitney Test, stress level is highly significant in public sector banks when compared to private banks.(Z=2.69, p=0.007).

FACTOR 4: Inadequate planning at work is the fourth factor which comprises of variables such as too much pressure to complete tasks, great deal of responsibilities at work place, etc. Stress level of the employees due to 'inadequate planning of work' is 3.1020 ± 1.01188 with percentage mean 62.04 showing it is stressful. In public sector banks the mean level of stress is 3.0326 ± 1.01501with percentage mean 60.65 whereas in private banks it is 3.3286 ±.97142 with percentage mean 66.57. Hence in both the banks 'inadequate planning of work' is found to be stressful. Further when it is tested for difference by Mann Whitney Test, stress level is significantly higher in public sector banks compared to private banks (Z= 2.90, p=0.004).

FACTOR 5: The factor job ambiguity comprises of variables such as lack of control over job, monotonous paper work, frequent change to different line of work etc. Stress level of the employees due to 'job ambiguity' is 3.5304 ± .94045 with percentage mean 70.61showing it is stressful. In public sector banks the mean level of stress is 3.5170 ± .94495 with percentage mean 70.34 whereas in private banks it is 3.5741 ± .92797 with percentage mean 71.48. Hence in both the banks 'job ambiguity' is found to be stressful. Further when it is tested for difference by Mann Whitney Test, stress level is nonsignificant (Z= .86, p=.391).

FACTOR 6: Variables such as daily requirements of the family, children not coming up to expectations, childs education etc constitute the factor 6. Stress level of the employees due to 'demands of the family' is 3.6375 ± 1.02003 with percentage mean 72.75 showing it is stressful. In public sector banks the mean level of stress is 3.6703 ± 1.00649 with percentage mean 73.41 whereas in private banks it is 3.5304 ± 1.06006 with percentage mean 70.61. Hence, in both the banks 'demands of the family' is found to be stressful. Further, when it is tested for difference by Mann Whitney Test, stress level is nonsignificant (Z=1.21, p=.225).

FACTOR 7: The seventh factor comprises of variables such as coping up with new techniques, methods, technologies etc. Stress level of the employees due to 'adaptability to change' is 3.6899 ± 1.01860 with percentage mean 73.80 showing it is stressful. In public sector banks the mean level of stress is 3.6290 ±

1.02905 with percentage mean 72.58 whereas in private banks it is 3.8889 ± .96102 with percentage mean 77.78. Hence in both the banks 'adaptability to change'' is found to be stressful. Further, when it is tested for difference by Mann Whitney Test, stress level is highly significant in public sector banks when compared to private banks (Z=2.82, p=.005).

FACTOR 8: The factor Stress level of the employees due to 'absence of employee involvement' was 3.3650 ± 1.23079 with percentage mean 67.30 shows it is stressful. In public sector banks the mean level of stress is 3.3370 ± 1.26161 with percentage mean 66.74 whereas in private banks it was 3.4563 ± 1.12431 with percentage mean 69.13, hence in both the banks 'absence of employee involvement' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is non significant (Z=1.07, p=.284).

FACTOR 9: Fear of making mistakes which could lead to serious consequences and Lot of expectations from the superiors constitute the factor 'undue expectations from job'. Stress level of the employees due to 'undue expectations from job' was 3.2291 ± 1.13692 with percentage mean 64.58 shows it is stressful. In public sector banks the mean level of stress is 3.2993 ± .1.13609 with percentage mean 65.99 whereas in private banks it was 3.0000 ± 1.11355 with percentage mean 60.00, hence in both the banks 'fear of making mistakes which could lead to serious consequences' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is highly significant in private banks when compared to public sector banks (Z=2.88, p=.004).

FACTOR 10: Factor 10 consists of the variables such as no flexibility of timings, attending more than one customer at a time etc. Stress level of the employees due to 'job rigidity' was 3.0540 ± .94027 with percentage mean 61.08 shows it is stressful. In public sector banks the mean level of stress is 2.9676 ± .90199 with percentage mean 59.35 whereas in private banks it was 3.3360 ± 1.00885 with percentage mean 66.72, hence in both the banks 'job rigidity'' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is highly significant in public sector banks when compared to private banks (Z=4.20, p=.000).

FACTOR 11: Stress level of the employees due to 'lack of efficient manpower' was 3.0922 ± 1.21495 with percentage mean 61.84 shows it is stressful. In public sector banks the mean level of stress is 2.9818 ± 1.22386 with percentage mean 59.64 whereas in private banks it was 3.4524 ± 1.11612 with percentage mean 69.05, hence in both the banks 'lack of efficient manpower'' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is highly significant in public sector banks when compared to private banks (Z=3.95, p=.000).

FACTOR 12: Stress level of the employees due to 'unforeseen contingencies' was 3.1614 ± .90582 with percentage mean 62.30 shows it is stressful. In public sector banks the mean level of stress is 3.1152 ± .88390 with percentage mean 54.26 whereas in private banks it was 3.3122 ±.96217 with percentage mean 66.24, hence in both the banks 'unforeseen contingencies' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is significantly high in public sector banks compared to private banks (Z= 2.60, p=0.009).

FACTOR 13: Fixed targets to be achieved, strict rules to be followed at every process of work constitute the factor performance pressure. Stress level of the employees due to 'performance pressure' was 3.1080 ± 1.100765 with percentage mean 62.16 shows it is stressful. In public sector banks the mean level of stress is 3.1253 ± 1.00036 with percentage mean 62.51 whereas in private banks it was 3.0516 ± 103311 with percentage mean 61.03, hence in both the banks 'performance pressure' was found stressful. Further when it is tested for difference by Mann Whitney Test, shows stress level is nonsignificant (Z= 1.02, p=.310).

TABLE 2: FRIEDMAN TEST RESULT FOR ALL THE FACTORS BETWEEN PUBLIC AND PRIVATE RESPONDENTS

Type of Bank	Factors	N	Mean	S.D.	% Mean	Z Value	P Value
Public	Job condition	411	3.45	0.91	69.06	516.085	.000
	Physical environment & repressive union activities	411	3.63	0.94	72.52		
	Work life imbalance	411	3.30	1.00	66.05		
	Inadequate planning of work	411	3.03	1.02	60.65		
	Job ambiguity	411	3.52	0.94	70.34		
	Demands of family	411	3.67	1.01	73.41		
	Adaptability to change	411	3.63	1.03	72.58		
	Absence of employee involvement	411	3.34	1.26	66.74		
	Undue expectations from job	411	3.30	1.14	65.99		
	Job rigidity	411	2.97	0.90	59.35		
	Lack of efficient manpower	411	2.98	1.22	59.64		
	Un foreseen contingencies	411	3.12	0.88	62.30		
	Performance pressure	411	3.13	1.00	62.51		
Private	Job condition	126	3.57	0.94	71.49	202.581	
	Physical environment & repressive union activities	126	3.82	1.01	76.40		.000
	Work life imbalance	126	3.56	0.89	71.18		
	Inadequate planning of work	126	3.33	0.97	66.57		
	Job ambiguity	126	3.57	0.93	71.48		
	Demands of family	126	3.53	1.06	70.61		
	Adaptability to change	126	3.89	0.96	77.78		
	Absence of employee involvement	126	3.46	1.12	69.13		
	Undue expectations from job	126	3.00	1.11	60.00		
	Job rigidity	126	3.34	1.01	66.72		
	Lack of efficient manpower	126	3.45	1.12	69.05		
	Un foreseen contingencies	126	3.31	0.96	66.24		
	Performance pressure	126	3.05	1.03	61.03		
Total	Job condition	537	3.48	0.92	69.63	649.743	.000
	Physical environment & repressive union activities	537	3.67	0.96	73.43		
	Work life imbalance	537	3.36	0.98	67.26		
	Inadequate planning of work	537	3.10	1.01	62.04		
	Job ambiguity	537	3.53	0.94	70.61		
	Demands of family	537	3.64	1.02	72.75		
	Adaptability to change	537	3.69	1.02	73.80		
	Absence of employee involvement	537	3.37	1.23	67.30		
	Undue expectations from job	537	3.23	1.14	64.58		
	Job rigidity	537	3.05	0.94	61.08		
	Lack of efficient manpower	537	3.09	1.21	61.84		
	Un foreseen contingencies	537	3.16	0.91	63.23		
	Performance pressure	537	3.11	1.01	62.16		

Source: Field survey

On the whole when comparing all the factors in public sector banks it shows significantly high difference (x^2=516.085, p=.000) with respect to level of stress. All the factors such as job conditions, physical environment and repressive union activities, work life imbalance, inadequate planning of work, job ambiguity demands of the family adaptability to change, absence of employee involvement, undue expectations from job, job rigidity, lack of efficient manpower, unforeseen contingencies, performance pressure shows stressful (percentage mean in all the cases is 59 to 73).

On the whole when comparing all the factors in private banks it shows significantly high difference as (x^2=202.581, p=.000) with respect to level of stress. All the factors such as job conditions, physical environment and repressive union activities, work life imbalance, inadequate planning of work, job ambiguity demands of the family adaptability to change, absence of employee involvement, undue expectations from job, job rigidity, lack of efficient manpower, unforeseen contingencies, performance pressure shows stressful (percentage mean in all the cases is 60 to 77).

On the whole when comparing all the factors amongst banks in general, it shows significantly high difference as (x^2=649.743, p=.000) with respect to level of stress. All the factors such as job conditions, physical environment and repressive union activities, work life imbalance, inadequate planning of work, job ambiguity, demands of the family adaptability to change, absence of employee involvement, undue expectations from job, job rigidity, lack of efficient manpower, unforeseen contingencies, performance pressure shows stressful (percentage mean in all the cases is 61 to 74).

CONCLUSION

Under the strict vigilance of RBI, particularly during and after the global economic crisis, banks have to comply with the national and international standards. It is observed that with the cut throat competition between the banks whether they are in public or private sector, it has become common for them to fix high targets for deposit mobilisation, loan disbursement and other investments, loan recovery, growth and profitability etc. to increase their market share. To keep the customers in delight every bank is striving on innovative ways and means in their day to day business. All these have kept the employees on their toes with pressure to complete tasks by working overtime or sometimes they are forced to stay for longer hours or attend frequent meetings, keep abreast with the changes and maintain their productivity at higher levels. With the advancement in science and technology most of the banking services are automated. But all the automated services such as mobile banking, internet banking etc are not popular and has not penetrated deep into the minds of customers. As a result there is huge crowd in bank branches and they lack sufficient number of efficient employees. Many of the employees in banks are ageing and are on the verge of retirement. As a result they are not able to adapt to the changes taking place in the banks.They find it difficult to cope with the changing systems. Further, lack of proper planning results in ambiguity which causes stress at the workplace. Hence it a wake up call for the banks to probe into these stressors and take necsessary precautionary steps.

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CONSUMER PERCEPTION OF RETAIL OUTLETS IN LUCKNOW: A CASE STUDY

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ABSTRACT

Indian retail sector has both organized and unorganized sector. It is one of the most important and growing sectors in India accounting for more than 35% of GDP. The retail sector has both organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. While unorganized retailing refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. During last three decades, there has been substantial change in the perception and behavior of Indian consumer. But today, due to increase in income, easy access to credit, exposure to new shopping culture of west, desire to show status and to improved standard of living, the Indian consumer is spending a lot, influencing substantially the growth of organized retail in India. This research paper is a study of changing consumer perception towards this growing sector. For studying this topic three retail stores have been selected namely, Shoppers Stop, Globus and Pantaloons. The study examines consumer response of factors affecting the buying behavior of consumer in choosing a retail outlet. Does advertising plays a key role? if yes then what form of advertising is most effective? It studies consumer spending behavior and their frequency of visit to retail outlets.

KEYWORDS
Consumers, Retailer, shopping, sectors.

INTRODUCTION

The word retail derived from the French word “retailer”, meaning to cut the bulk. Retailing can be defined as the timely delivery of goods and services demanded by consumers at price that are competitive and affordable. It is the transaction between the seller and consumer for personal consumption. However, it does not include transactions between the manufacturer, corporate, government, and other wholesale purchases. A retailer stocks the goods from the manufacturer and then sells the same to the end user for a marginal profit. In the supply chain that also consists of manufacturing and distribution, retailing is the last link before the product reaches the consumer. There may be different forms of retailing such as: Hypermarts; Large supermarkets; Mini supermarkets; Convenience store; Discount/shopping list groceries, etc. Traditional retailers trying to reinvent by introducing self-service formats as well as value added services such as credit, free home delivery etc.

GROWTH OF RETAIL SECTOR IN INDIA

Retailing is growing fast in India and has become one of the major sectors of economy contributing more than 40 percent of GDP. The Indian retail market, which is the fifth largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector by AT Kearney's eighth annual Global Retail Development Index (GRDI), in 2009. It is expected that Indian consumer market is likely to grow four times by 2025. Commercial real estate services company, CB Richard Ellis' findings state that India's retail market has moved up to the 39th most preferred retail destination in the world in 2009. The Indian retail sector can be broadly classified into (1) food retailers, (2) health and beauty products, (3) clothing and footwear, (4) home furnishing and household goods, (5) durable good, and (6) leisure and personal goods, etc. Banks, capital goods, engineering, fast moving consumer goods (FMCG), software services, oil, marketing, power, two-wheelers and telecom companies are leading the sales and profit growth of India. India continues to be among the most attractive countries for global retailers. Foreign direct investment (FDI) inflows as on September 2009, in single-brand retail trading, stood at approximately US$ 47.43 million, according to the Department of Industrial Policy and Promotion (DIPP).

The retail industry is divided mainly two sectors i.e. organised and unorganised sectors. Over 12 million outlets operate in the country but only 4% of them are large enough (being larger than 500 sq ft) in size. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. Most Indian shopping takes place in open markets and millions of independent grocery shops called kirana.

During last two to three decades, the country has witnessed substantial growth in the overall economy and income of people, both in the rural and urban areas. Purchasing power of people has increased and consumer spending has risen sharply as the youth population (more than 33 percent of the country is below the age of 25 years) has seen a significant increase in its disposable income. Indians have grown richer and thus spending more on vehicles, phones and eating out in restaurants. The spending is focused more outside the homes, unlike in other Asian countries where consumers have tended to spend more on personal items as they grow richer. Spending on luxury goods have increased twice as fast with 2/3 of India's population is under 35, consumer demand is clearly growing. The mall mania has bought in a whole new breed of modern retail formats across the country catering to every need of the value-seeking Indian consumer. An average Indian sees a mall as a perfect weekend getaway with family offering them entertainment, leisure, food, shopping, etc. under one roof.

CHARACTERISTICS OF INDIAN CONSUMERS

There has been substantial change in the behaviour of Indian consumers. Just a decade or two ago, they saved most of their incomes, purchased the only necessities. But today, equipped with higher income, credit cards, exposure to new shopping culture of west, desire to show status and to improve standard of living, the Indian consumer is spending a lot. Most of the consumers have grown up with television, the internet, and have been exposed to the better standard of living and consumer culture abroad. This generation is also making money at a younger stage in life due to call centre jobs and other avenues of employment openings. As a result most of them are considering these shopping malls as the place for their entertainment. With the entry of MNCs in India, the people are getting better job opportunities, and the income levels are also becoming better with different allowances. This sets the stage for a very exciting and promising retail market in the future. Financial sector has also expanded considerably increasing easy accessibility of short terms loans and availability of credit cards, debit cards, ATMs. Credit card reward schemes, flexible financing options, EMI facility, loyalty cards are tempting the Indian consumer to shop. Aspirations for better standard of living make the urban consumer spending more. While consumer demand is driving retail growth, it is in turn being driven by mainly growing urbanization, economic growth, improved standard of living, higher income, increased awareness, access to credit, promotional offers, and status symbol, etc. These positive macro trends are resulting in changing preferences in demand for lifestyle goods. Mind sets are shifting towards an organized retailing experience and consumerism.

Consumer spending has increased at an impressive 75 percent in the past four years alone. Also, organised retail is expected to grow at a CAGR of 40 per cent to touch US$ 107 billion by 2013. The organised retail sector, which currently accounts for around 8 per cent of the Indian retail market, is all set to witness maximum number of large format malls and branded retail stores in South India, followed by North, West and the East in the next two years. Further, this sector is expected to invest around US$ 503.2 million in retail technology service solutions in the current financial year. This could go further up to US$ 1.26 billion in the next four to five years. India has emerged the third most attractive market destination for apparel retailers, according to a study by global management consulting firm AT Kearney. The Northbridge Capital report states that apparel is the "largest organised retail category", accounting for 39 per cent of the organised market. It is growing at the rate of 12 to 15 per cent annually. Organised apparel retail is projected to touch US$ 200 million by 2010 from the current worth of US$ 120 million, the report noted.

It has been observed that apparel, along with food and grocery is leading the growth of organized retailing in India. Luxury Goods Retail, which currently sells its products in India under a franchise agreement, has been allowed to directly retail Gucci products in the country. Gucci Group NV, Netherlands is investing US$ 225,867 to pick up 51 per cent stake in the venture. Australia's Retail Food Group is planning to enter the Indian market in 2010. It has ambitious investment plans which aim to clock revenue of US$ 87 million from the country within five years from start of operations. In 20 years, they expect the Indian operations to be bigger than their Australian business. However, entry of foreign investment in retailing is hindered by multiplicity of regulations. Moreover, to open a store a company has to meet the requirement of more than thirty regulations such as "signboard licences" and "anti-hoarding measures". Besides, various types of taxes for moving goods to states, from states, and even within states also restrict the growth of retail outlets.

CONSUMER BEHAVIOUR AND RETAILING DECISIONS

A consumer makes decision about the retail outlet through identifying needs to post-purchase issues. However, consumer behaviour about selection of retail outlet has many important dimensions. Selection of retail outlet varies in accordance with types of product categories and has psychological implications. Whenever, a consumer wants to buy a TV, refrigerator or washing machine he visits an exclusive showroom of BPL, Onida or Sony, etc. or visit a multi-brand outlet. Besides, his demographic profile affects selection of retail outlet. Before making any purchase he makes choices about the sequencing about his decisions and selects the brands or category before choosing an outlet. He also evaluates the various options that whether a particular outlet is different than a neighbourhood grocery shop in the minds of consumers. He has different kinds of perception regarding shopping. Invariably, he makes choice between store or retail brands. Traditionally, retailers have been carrying manufacturers' brands. But in recent times various supermarkets such as Spencers, Easyday, Big Bajar, etc. have started a strong network and selling various brands. Moreover, there various risks associated with these retail loyalty and strategies of retails to handle perceived risks. Marketers need in-depth knowledge about the various dimensions which link retailing and consumer behaviour. For example, a few companies also operate through kiosks in airports, malls and high-traffic areas. Sunglass Hut is a brand which operates kiosks at various places which displays about 1,000 different models along with their prices. Consumers could place an order through these kiosks and the product is home-delivered. However, a consumer makes three basic fundamental decisions about brand and outlets such (1) He can choose first a brand and then select retail outlet, (2) Select first retail outlet and then brand or (3) Brand and retail outlet simultaneously.

SEQUENCING AND PURCHASE STRATEGIES

Before a consumer willing to buy a product (for example a car) he tries to collect information on brands and purchase it from a retail outlet based on his perception of price offered or after-sales service provided by the outlet (typically, search for information on brands is followed by retail outlet selection in durables). In certain product categories, especially where `category killers' exist, consumers may think of the retail outlet initially and then the brands (television, refrigerator and audio products retailed through outlets).

There is another dimension where dealers develop a social relationship with consumers, especially in semi-urban and rural areas. A `brand first' dimension may need feature-based advertising and a `retail outlet first' dimension may require a set of point-of-purchase (POP) materials and special training to sales personnel to recognise the needs of consumers. Moreover, a consumer often visits his or her favourite retailer (before obtaining information on brands) in a geographical area, there would have to be more emphasis on regional/local advertising which highlights the retail shop rather than regular brand-based national advertising.

In case of selecting first Retail outlet and then brand, consumers normally follow this sequence of decision-making, display of point-of-purchase material and building the image of the outlet becomes important. The retail outlets need to ensure the availability that required brand. They also need to monitor competition from other retail outlets to ensure that consumers are kept satisfied in terms of service, price, promotional deals and ambience. In case of selection of Brand first and outlet second, a consumer might have already thought about the brand because of advertisement or through friends while in selection of outlets he had not developed any relationship with the retail shops. In case of Brand and retail outlet simultaneously, consumers think of the brand and retail outlet together because they have a certain preference for the outlet and would like to check the evoked set of brands there. (Ramesh Kumar, *Professor of Marketing, IIM, Bangalore)*

OBJECTIVE OF STUDY

- To study the retail industry in India through sample of three retail outlets in Lucknow City-the capital city of Uttar Pradesh.
- To analyze customer satisfaction towards products and services offered by the selected retail stores.
- To understand the influence of advertising and promotion in buying behaviour.
- To ascertain brand awareness of the outlets identified.

RESEARCH METHODOLOGY

The present study is mainly descriptive research focusing on the behaviour of consumers towards retail stores and problems associated with them. It describes the characteristics of consumers towards three major stores namely Pantaloons, Shopper' Stop and Globus in Lucknow city- the capital of Uttar Pradesh. The study was carried out to understand perception of consumers about three major retail outlets. This study helps in better understanding about the factors affecting the perception of people and making specific suggestions to the outlets in attracting customers.

It is necessary to have more representative sample to obtain relevant information about the perception of various types of consumers so that suitable marketing strategy can be suggested to the retail outlets for enhancing sale of their products. Since people visiting these retail stores vary to a great extent according to age, sex, various social groups, etc. Also, many people visits these retail stores along with the whole family, including child, with friend, spouse, or as single entity at various time of the day. It is quite difficult to have representative sample of large population of the city. However, considering the time, cost and convenience a sample of 150 respondents were selected from people visiting the retail outlets either individually or in a group. There was no problem in case of individual person visiting retail store but in case of people visiting in group with family or friend, the head of the group was selected a respondent.

It was found that more than 30 sample respondents were single individual visiting these retail stores and had no specific purpose to buy any thing. They just wanted to spend some extra time available with them in these stores because of excellent infrastructure. Similarly, another 20 sample were not willing to share their views on these retail stores. Hence, 50 sample respondents were deleted from the sample. So finally, 100 sample respondents were left for analysis.

PROFILE OF THE RESPONDENTS

1. AGE AND SEX

It was found that more than 65 percent of the respondents were male who used to visit these retail stores more frequently. It was found that majority (60 percent) of the respondents were in the age group of 18-30 years of age, while about 15 percent of the sample respondents were quite young in the age group of less than 18 years. Almost equal number (15 percent) of respondents was in the age group of 30-40 years. However, there were only 10 percent respondents in the age group of more than 40 years. This indicates that younger people have more interest to visits these stores compared to middle aged people. This has a strong bearing on the demand of products available in the retail stores (Table 1).

TABLE 1: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO AGE

Age group (Years)	Number of respondents
18-30	60
30-40	17
40-50	13
50 and above	10
Total	100

2. EDUCATION

Most of the sample respondents were highly educated to the level of either graduate or post graduate professional courses such as engineer/MBA/IAS/IPS, etc. While a few of them (about 25 percent) educate up to either high school or intermediate level. This shows that visitors to these retail stores were people of different background (Table 2).

TABLE 2: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO EDUCATIONAL QUALIFICATION

Level of education	Number of respondents
High School	15
Intermediate	10
Graduate	35
Post graduate/ professional degree	25
Others	15
Total	100

3. CATEGORY OF VISITORS

It is clear from Table 3 that visitors to these malls/stores were senior executives, students, senior government officials, housewives, politicians, and general public. However, senior executives, students, senior government officials accounted for about 70 percent of the visitors. Out of remaining 30 percent were housewives (12 percent), politicians (10 percent) and general public (8 percent). This shows that almost all segments of society visited the malls for purchase of some goods or to spend some extra time with them (Table 3). This has bearing on customers ' preferences.

TABLE 3: CATEGORY OF VISITORS OF SHOPPING MALLS

Category of visitors to mall	Number of respondents
Senior executives	25
Students	25
Senior government officials	20
Housewives	12
Politicians	10
General public	8
Total	100

4. FREQUENCY OF VISIT

The sample respondents indicated that about 48 percent of them visit these retail stores once a week while 32 percent of them visit fortnightly. There were about 20 percent of the sample respondents visits these retails stores occasionally once a month. Moreover, it was observed that more than 68 percent sample respondents visit these retail stores for less than a hour (only for half an hour) while 16 percent of them visit for an hour. There were only about 8 percent of the sample respondents who visited these retail stores for more than one or two hours during every visit. Consumers who spent more than 2 hours were those who were there for multiple category of shopping and there pockets can take the load (Table 4).

TABLE 4: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO FREQUENCY OF VISIT

Periodicity of visit	Number of respondents
Once a week	48
Fortnightly	32
Monthly	20
Total	100

5. PREFERENCE OF RETAIL STORE

Table 5 indicates that about 30 percent of customers prefer to go to Shoppers Stop followed by Globus (25 percent), pantaloons (15 percent). While about 30 percent of customers have no choice and visits any stores available in the shopping mall. However, most of them prefer a particular store where all brands are available under one roof and shopping environment is good inside these stores. A few of the customers felt that lots of combinations are offered by the shop and they trust the brand because the quality of service is good. This creates more satisfaction to the customers. Moreover a few of the respondents indicated that their family enjoys shopping inside these stores as they have offer lots of choices and good facility for changing rooms. Moreover, most of the customers find that always they find full latest stocks (Table 5).

TABLE 5: PREFERENCE OF CUSTOMERS FOR RETAIL STORES

Name of Retail Stores	Number of respondents
Shoppers' Stop	30
Globus	25
Pantaloons	15
Others	30
Total	100

6. BUDGET

Before making decision to buy anything and select any shopping mall, it is necessary for a consumer/buyer to examine his budget for that particular item or items. It was found that it all depends upon the income level and age of consumer. Young consumers as working professional/executives were able to go for many things, even not required immediately, which was not within their available budget but had access to credit cards. They were greatly influenced by various schemes offered by the companies and advertisement. Since they had assured income they try to purchase various items available in the stores. They visit shopping malls without any specific choice to purchase and make purchase by seeing the available items or new items as mark of distinction to satisfy their ego. Moreover, on an average about 60 percent of the respondents in the age group of less than 25 years, mostly students spend, less than Rs 2000 per month. While 17 percent consumers in the age group of 25 to 40 years, mostly young executives in some companies, spend about Rs 2 to 5 thousand per month. Among these consumers, 5 percent spend less than Rs 2000 while about 5 percent spend between Rs 2 to 5 thousand and about 2 percent spend between Rs 5 to 10 thousand per month.

TABLE 6: MONTHLY SHOPPING BUDGET (RS) OF RESPONDENTS

Age (yrs)	Monthly shopping budget (thousand Rs)						
	0-2	2-5	5-10	10-20	20-50	Above 50	Total
15-25	60	0	0	0	0	0	60
25-40	5	10	2	0	0	0	17
40-50	0	0	6	4	1	2	13
Above 50	0	5	0	0	5	0	10
Total	65	15	8	4	6	2	100

Among the relatively middle aged customers, in the age group of 40 to 50 years, most of them (6 out of 13) spend about Rs 5 to 10 thousand, 4 out of 13 spend between 10 to 20 thousand while about 3 out of 13 were able to spend more than Rs 20,000 per month. This was mainly these customers were mainly middle age executives who had to establish their household and made purchase for that. There were 10 percent customers in the age group of above 50 years of age. About half of them spend between Rs 2 to 5 thousand and rest half spend about Rs 20 to 50 thousand per month. There were hardly 2 customers in the age group of 40 to 50 years of age who spend more than Rs 50,000 per month. This clearly shows that monthly budget of customers vary to a large extent according to age, their profession, any many other factors (Table 6).

7. TYPE OF ITEMS PURCHASED

Table 7 shows that most of the customers (about 50 percent) purchase clothing followed by footwear (30 percent), accessories (15 percent) such as shades, perfumes, belts, caps, Jewelry etc. and 5 percent other items.

TABLE 7: TYPES OF ITEMS PURCHASED BY CONSUMERS

Types of items purchased	Number of respondents
Clothing	50
Footwear	30
Accessories	15
Others	5
Total	100

8. ADVERTISEMENT AND PROMOTIONAL TOOLS

A question was asked about the relevance of advertisement and promotional tools in influencing the choice of customers. It was found that 72 percent respondents believed that advertising and promotional tools affected their shopping decision. While there were about 28 percent respondents who felt that advertising did not affect their shopping decision and they took their decision according to their own needs and wants but not created needs and wants. However, it was found that advertising is effective but it is also important to understand what kind of promotion attracts maximum number of people into retail stores. Consumers believe that visual TV advertisement affect their decision making the most in selection of service or product. Out of 100 customers, about one fourth (24 customer) believes that print media attracts them the most out of three. There were only 8 respondents who believed that Radio is a good source of advertising for companies. With regards to the reach of advertising of these three outlets, it was found that Shoppers stop has been most effective with its advertising with 76% respondents. This is mainly due to the factor that when Shoppers stop change their logos there were lots of TV advertisement during shows to share this information. There were 16 respondents who had seen or heard Lifestyle advertisement while only 8% people have seen Pantaloons advertisement whether in print or audio visual format (Table 8).

TABLE 8: AWARENESS ABOUT PROMOTIONAL TOOLS

Particular	Response (% to total number of respondents)
Do advertisement and promotional tools affect your shopping decision Yes No	 72 28
Which form of promotional tools affect you most (%)	
Print media	25
TV	45
Radio	8
Personal advice by friends	22
Which of these outlets advertisement you have seen or heard? Shoppers Stop Lifestyle Pantaloons	 76 16 8

9. SHOPPING DECISION

Answer to the question that what affected your shopping decision in these retail stores, customers indicated that assured quality of product and services were the main consideration. About 30 percent of the customers replied for this consideration. Brand also played a key role in selection of retail outlet for buying clothes and footwear's. Price was not an important factor, especially for the young customers who prefer more braded products. Moreover, store layout and one stop shopping were equally important for consumers in making a choice of store (Table 9).

TABLE 9: DECISION OF CUSTOMERS ABOUT RETAIL STORE

Shopping Decision	Number of respondents
Proximity	10
Quality	30
Brand	25
Price	5
Store layout	15
One stop shopping	15
Total	100

10. SATISFACTION LEVEL

It was found that out of three major stores customers were quite happy/ satisfied with the products and services of Shoppers stop, followed by other two stores. Moreover, about 60 percent of the customers were highly satisfied with the products and services of these three stores and 12 percent of the customers were satisfied. While about 8 percent of the customers were not at all satisfied with the products and services of these stores. Overall, about 88 percent of respondents were satisfied (Table 10).

TABLE 10: LEVEL OF SATISFACTION OF CUSTOMERS ABOUT RETAIL STORES

Satisfaction level	Response (% of customers)
Highly Satisfied	60
Satisfied	28
Unsatisfied	12

ANALYSIS OF DATA

The results of study indicate that majority of customers who were loyal customer and bought more than 3 times in a month as compared to other customers. However, there were a few customers who bought twice and once in a month. There were larger percentage of customers who preferred to buy from Shoppers stop as compared to other competitors (pyramid, and Pantaloons, etc.) means majority of customers preferred to shop from Shoppers stop. So by organizing some events or with good product range & discounts, these remaining customers got diverted. Analysis of data collected through this survey indicates that larger numbers of customers were youngsters along with professionals, businessmen, etc. in the age group 25-35 years. Majority of customers were females compared to male customers. As per income range is concerned, majority of customers were high class customer's with income of more than Rs 40,000 per month. These customers were more brand conscious and had preference for Shopper' Stop and Pantaloons. In general, large number of customers used to spend more than Rs 3000 for their 1 time shopping while a few customers spent even more than Rs 3000 and more than Rs10000 also. In the past few years the whole concept of shopping has changed in terms of format and consumer buying behavior. With the increasing urbanization, the Indian consumer is emerging as more trend-conscious. There has also been a shift from price considerations to designs and quality as there is a greater focus on looking and feeling good (apparel as well as fitness). At the same time, the Indian consumer is not guided only by retail products which are high on price but commensurately low on value or functionality. However, it can be said that the Indian consumer is a paradox, where the discount shopper loyalty takes a backseat over price discounts.

About 1/3rd of the consumers spend up to Rs 2000 as part of there monthly budget. This is due to the fact that maximum respondents were students who had their defined budgets based on pocket money. Almost 50% percent of respondents go out for shopping at least ones a week, especially on weekends. Shoppers stop had maximum number of visitors with 32 percent while a very people (less than 10 percent) visited pantaloons shop. More then 50 percent of consumers visited Lifestyle store for buying clothing while around 28 percent visited for buying footwear. About 12 percent respondents preferred buying accessories such as like shades, perfumes, belts, caps, jewelry etc. from these stores. Most of the respondents indicated that convenience and quality of products and services were major factor behind visiting these stores. Brand also played a key role in selection of retail outlet for buying clothes and footwear's. Price was not very important for those customers who visited these branded stores. One stop shopping and store layout had equal importance for consumers in making a choice of store.

More then 70 percent respondents believed that visual TV advertisement affected their shopping decision of service or product. Shoppers stop had been most effective with its advertising. This was mainly due to the fact that when Shoppers stop changed their logos there were lots of TV advertisement during shows to share this information. Shoppers stop customers wee highly satisfied with their products and services. Moreover, with lifestyle also satisfaction level was quite high as 80 percent people falling in category of highly satisfied. Large number of respondents were usually unsatisfied with services of Pantaloons, mainly because of their clothing section did not have many brands to offer and usually promoted their own brand. Large number of customers spent less then an hour in a retail shop because of their presence in malls.

SUGGESTIONS

Majority of consumers (more than 65 percent) responded that they were quite happy and satisfied with the product and services of these stores. While only about 35 percent of the respondents were not happy with these stores. However, various suggestions were made by the customers about improvement of products and services of these stores. As regards, products and services of Shoppers Stop store, customers suggested that sales must be organized on regular basis. Existing discount schemes are usually on very high priced products. Better discount facility should be offered and first citizen card must provide more value to the consumers. In case of Lifestyle store, it was mentioned that benefits offered by loyalty card are absolutely useless as they carry very long period benefits and those benefits are not that value adding. Hence, benefits offered by loyalty cards must be revisited by company. There is huge old stock pilled inside in case of sales period, which in turn affects overall quality of store. These old stocks must be cleared periodically. There are too many brands and the customers who come for a particular brand has to look deep for his preferred brand. It should be made easily accessible to them. Sales men are often not available on many spots to provide assistance. This should be ensured that sales men/girls remain present on key spot to guide the customers and provide assistance.

Regarding Pantaloons store, customers indicated that baggage counter is always crowded, need to give more space. They must provide more choice in form of brand in clothing and should have shoes section apart from there regular sports section. Quality of their own brand available inside must be improved. On many spots staff is not available for assistance. Their own brand should be priced at lower price, right now it is competing with high value brands in price but not in quality. More choice should be offered in watch section and work on their accessories category. Regular discount sales should be offered to consumers to attract them. Finally, it may be suggested that retail stores should emphasize on audio visual advertising techniques and focus on attracting youth through promotional means. Since maximum shopping takes place on weekend so it is important to focus strategy for weekends. Clothing category is most shopped by consumers so all three retailers must have competitive pricing to stop them from going to other stores. Consumers coming to these outlets are usually brand conscious and there ego must be satisfied by providing them whatever they are looking for in separate sections of the stores.

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NEGATIVE WORKING CAPITAL AND PROFITABILITY: AN EMPIRICAL ANALYSIS OF INDIAN CEMENT COMPANIES

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ABSTRACT

Though there are too many researches has been conducted on the topic working capital management and its impact on profitability, but there is no major research has been done for the negative working capital and its impact on profitability. All the studies on working capital generally states that for the improvement in profitability we should manage our working capital effectively and most of the studies recommended to have good amount of working capital in the organization. All the researches on this topic conclude that the companies should avoid under-investment in working capital if they want higher profit margins. With this paper we made an attempt to study the profitability of organizations which generally operates with low or in the negative working capital zone and tried to find out whether it has any negative impact on the profitability or not. With negative working capital there can be a danger of insolvency but it is not true forever. If the company is having a good image in the market and good relation with their creditors it can get the benefit from the negative working capital also. The present study is an analysis of five top Indian cement companies' working capital and their profitability structure over a period of ten years. The result shows that though there is a positive relationship between working capital and profitability, yet it does not hold good for all the cases and that too always. We have seen companies generating good profit with a negative working capital as well as companies not able to generate good profit even with having good amount of positive working capital. However, it can be said that negative working capital indicates non-liquidity or less liquidity within the firm which is not desirable at each and every stages of business.

KEYWORDS
Working Capital, Cement Companies, Profitability, Liquidity.

INTRODUCTION

Working Capital Management is concerned with the management of the Current Assets and Current Liabilities and the interrelation that exists between them, so to minimize the risk of insolvency and to maximize the return on assets. The ultimate objective of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short term debt and upcoming operational expenses. Working capital management calls for addressing two basic issues how much of current assets an organization should hold and how to finance the investment in them. In the present scenario some companies are using negative working capital and getting a good amount of profits and good return on capital also. Earlier negative working capital is considered as a risk of insolvency of the organizations but at present negative working capital is a sign of managerial efficiency in a business. Earlier it was considered that the companies should avoid under-investment in working capital if they wanted higher profits margins.

Negative working capital is a reverse situation as compared to normal working capital. It is a situation in which current assets are lower as compared to current liabilities. A negative working capital is an indication of managerial efficiency in a business with low inventory and account receivables. This happens because customer pays in advance and so quickly, the business enjoys cash transactions; products are delivered and sold to the customer before the company even pays their suppliers and creditors. Negative Working capital doesn't always mean bad financial condition; it indicates that most of the day to day activities are funded by customers rather than company's own working capital. Some latest examples are movie theaters - customers are paying first and distributors are normally paid later on; Schools/ educational institutions- fees paid in advance by the students annually, whereas faculties are getting salary after one month. When an organisation uses supplier's credit and customers' advance to fulfill their day to day needs, it leads to a situation of lower or negative working capital. Banks, financial institutions, distributors, retailers with cash business or advance payment contract have negative working capital.

Normally, when we analyse working capital, it always refers to normal or positive working capital (excess or current assets over current liabilities). However, there are certain situations in which working capital is in negative form (excess of current liabilities over current assets). In that situation, how can a company manage liquidity with the negative working capital? In modern business, the concept of negative working capital is significant for the following reasons;

• It indicates operational efficiency of a corporate. That means without having or with low current assets the firm is managing day to day operations in an efficient manner. Eventually, it reduces cost of working capital and maximum earnings for the shareholders, which is the ultimate goal of the financial management.

• Concept of negative working capital is important to analyse liquidity position of corporate. When current assets are lower than current liabilities, what about the liquidity position of the corporate, how are they discharging current obligations in the short period. Traditionally, liquidity ratios are the measurement of liquidity of a firm with the ideal standard of 2:1. Negative working capital indicates lower cost of working capital (another way is higher profitability), but at the same time, it indicates poor liquidity (worried situation for the creditors, etc.) or we can say company is overburdened with current liabilities, which is not good for any situation (specially in a period of recession, etc).

• Another important impact of negative working capital is cash recovery or realisation situation. Negative working capital indicates quick realization of cash recourses (conversion of debtors in to cash) or one can say working capital cycle is shorter (for a days or maybe less than that). At the same time, payable policy of the company is to take longer time for payment against creditor. It indicates significant variations in the credit policy towards suppliers and customers.

To analyse, explain and focus on all these situations, a study of negative working capital and its impact on liquidity, profit earning capacity and overall impact on shareholders' value creation is important in the contemporary scenario.

NEGATIVE WORKING CAPITAL – HOW TO CREATE?

There are many ways to create negative working capital. Most important method is to minimise the size of current assets with favorable contract and agreement to the suppliers and other parties (to delay payments) and the same time, try to minimise credit facilities or maximise cash based business (collection of cash before the disbursement of actual payments to the various parties). When maximum customers are paying in advance, low or negative working capital is created. Another way to minimise the size of current assets is to adopt efficient collection method or brand oriented collection policy. Many companies are trying to minimise their cash resources with efficient utilisation of funds. Some companies are effectively using ERP system involving trade partners in planning and monitoring working capital items to reduce the level of working capital. Efficient cash collection and inventory management system provides an opportunity to run business with the negative working capital, because most of the suppliers are granting 30 days credit in general. Companies who are able to operate and maintain with negative working capital, have advantages to receive funds without cost as a form of credit from their suppliers which will enhance ROI in a significant manner. However, non availability of liquid resources is not a good situation at any time (especially in the stage of growth and boom).

OBJECTIVES

The basic objective of the study is to analyze and evaluate the impact of low or negative working capital on the profitability of the organization. The secondary objective is to know the answer of the question that the companies should avoid under-investment in working capital if they wanted higher profit margins as stated by the several researchers is essential for all the organization.

RESEARCH METHODOLOGY

A sample size of five Indian cement companies listed in BSE has been purposefully selected for the study purpose. The data for the study period 2000-2001 to 2009-10 have been collected from secondary sources i.e. Annual reports of the company as well as from the website moneycontrol.com. Keeping in view the scope of the study, it was decided to select five large companies on the basis of total assets and whose financial information is available for the entire study period so as to meet our requirements. Editing, classification and tabulation of the financial data collected from the above mentioned-sources have been done as per requirements of the study. The companies selected for study are Ambuja Cements Ltd., ACC Cement Ltd., India Cements Ltd., Madras Cements Ltd. and Shree Cements Ltd.

LIMITATIONS

We would like to make it clear that, mainly there are three limitations of this study, which are as under:

- The study is confined to ten years data only, i. e. from 2001–2010, therefore, a detailed analysis covering a lengthy period, which may give slightly different results has not been made.
- The study is based on secondary data collected from the website ***www.moneycontrol.com*** and the websites of sample companies; therefore the quality of the study depends purely upon the accuracy, reliability and quality of the secondary data source. Approximation, and relative measures with respect to the data source might impact the results.

The study is based on five companies of the Cement Industry in India that are also drawn from the companies listed in BSE. Therefore, the accuracy of results is purely based on the data of sample units. If one takes more sample units the results may go slightly differently.

HYPOTHESIS OF STUDY

On the basis of above mentioned objectives, the following hypotheses in the context of cement industry have been developed.

i) There is a direct and positive relationship exists between amount of working capital and profitability i.e. higher the working capital, higher is the profit and vice versa.

DETAILS OF SAMPLE COMPANIES

The following table shows the details of sample companies selected for study purpose:

TABLE – 1: DETAILS OF COMPANIES UNDER STUDY

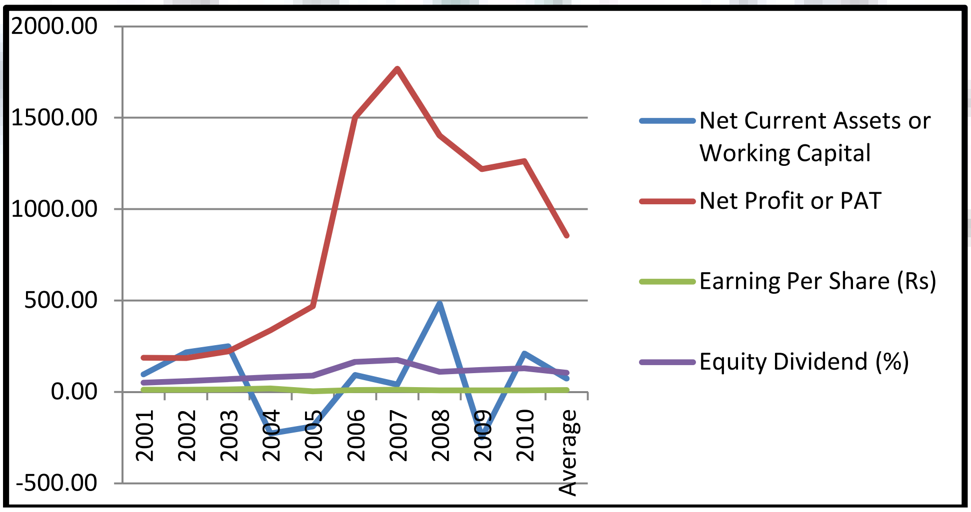
Sl. No.	Company Name	Total Assets as on 31-3-2010 (Rs. In Crores)	Size Group	Year of Incorporation	Age Group	State	Region
1	**Ambuja Cements**	7,395.13	Large	1981	New	Gujarat	West
2	**ACC**	6,993.31	Large	1936	Very Old	Maharashtra	West
3	**India Cements**	6,268.54	Large	1946	Very Old	Tamil Nadu	South
4	**Madras Cements**	4,124.67	Large	1957	Old	Tamil Nadu	South
5	**Shree Cements**	3,840.48	Large	1979	Old	Rajasthan	West

DATA ANALYSIS

To analyse the status of negative working capital and their impact on profitability, researcher has taken leading cement companies as a case study. Data for the last 10 years, were taken from 2001- 2010, to know the status of negative working capital and how it will affect the various earning variables such as PAT, EPS and DPS of the cement companies. Out of leading companies; status of Ambuja Cement, ACC, India Cement, Madras Cement, , and Shree Cement were analysed, to understand the nature and pattern of negative working capital and various aspect of earnings. Detailed analysis of negative working capital and various factors related to earning are as follows:

TABLE – 2: AMBUJA CEMENTS (Rs. In Crores)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
Net Current Assets or Working Capital	96.88	217.21	249.72	-226.64	-189.00	92.16	39.86	484.90	-247.59	210.27	72.78
Net Profit or PAT	186.35	186.15	221.73	336.79	468.29	1503.25	1769.10	1402.27	1218.37	1263.61	855.59
Earnings Per Share (Rs)	12.46	11.99	14.28	18.77	3.46	9.91	11.62	9.21	8	8.26	10.80
Equity Dividend (%)	50	60	70	80	90	165	175	110	120	130	105.00

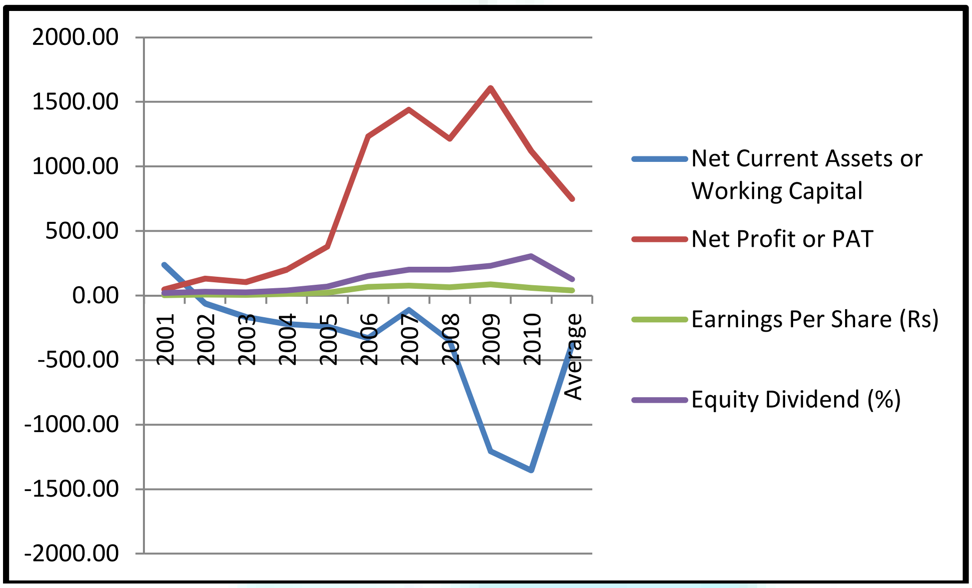


Source: Calculated and compiled from annual reports of Ambuja Cements from 2001 to 2010.

In case of Ambuja Cements, it has been found that, during the total study period of ten years, negative working capital has arisen three times in the years 2004, 2005 and 2009. In 2007 though the working capital is positive, it is too low which is less than the average. The impact of negative working capital for the year 2004 and 2005 is that the PAT, EPS and Rate of Dividend all are higher as compared to previous years except that in 2005 EPS is only Rs.3.46. This might be due to issue of new shares. In 2007 also, though the amount of working capital is less than the average, yet all the three parameters i.e. PAT, EPS, DP is more than the average. In 2009 also though the working capital is negative, it does not shows any negative impact on profitability. Rather the PAT, EPS and DP rates are as good as other years. Thus, it can be said that lower or negative working capital instead of adversely affecting the profitability, indicates efficiency in the operation as well as minimised cost of capital, which is important for shareholders value creation.

TABLE – 3: ACC CEMENTS (Rs. In Crores)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
Net Current Assets or Working Capital	238.58	-62.46	-165.16	-221.40	-239.40	-329.34	-110.86	-349.60	-1207.00	-1354.60	-380.12
Net Profit or PAT	47.48	130.43	103.89	200.24	378.39	1231.84	1438.59	1212.79	1606.73	1120.01	747.04
Earnings Per Share (Rs)	2.78	7.64	6.08	11.3	21.19	65.78	76.67	64.62	85.58	59.66	40.13
Equity Dividend (%)	20	30	25	40	70	150	200	200	230	305	127.00

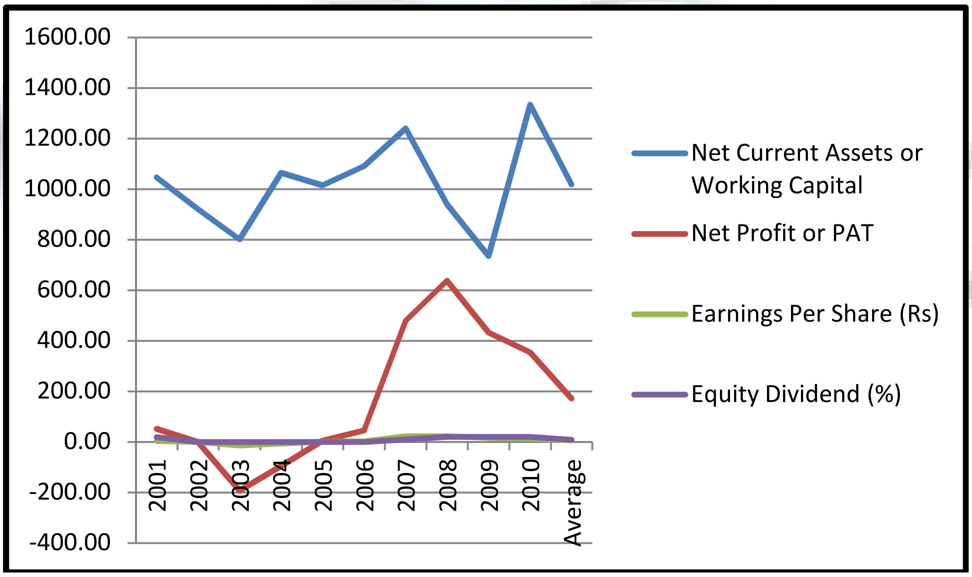


Source: Calculated and compiled from annual reports of ACC Cements from 2001 to 2010.

In case of ACC Cements, it has been found that, during the total study period of ten years, negative working capital has arisen all the years only except in 2001. The average working capital for the whole ten years is negative i.e. Rs. (380.12). Thus it can be said that the company has managed to run the business without any working capital for the entire period of study. But it is surprised to see that the impact of negative working capital on profitability is very much positive. There has been an increasing trend of PAT, EPS and DP Rate during the entire study period irrespective of prevalence of negative working capital. As the company is running with a negative working capital hence, lower cost of capital i.e. less financial burden for working capital finance and efficiency in the operations are key factors for higher profitability. Even with the lower liquidity the company is able to maintain earnings in the last one decade.

TABLE – 4: INDIA CEMENTS (Rs. In Crores)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
Net Current Assets or Working Capital	1046.70	921.35	800.64	1064.38	1014.87	1090.65	1240.52	940.16	734.60	1333.07	1018.69
Net Profit or PAT	51.15	-0.81	-193.17	-95.93	4.58	45.31	478.83	637.54	432.18	354.34	171.40
Earnings Per Share (Rs)	3.41	-0.26	-13.84	-6.87	0.33	2.38	21.73	22.62	15.3	11.54	5.63
Equity Dividend (%)	18	0	0	0	0	0	10	20	20	20	8.80

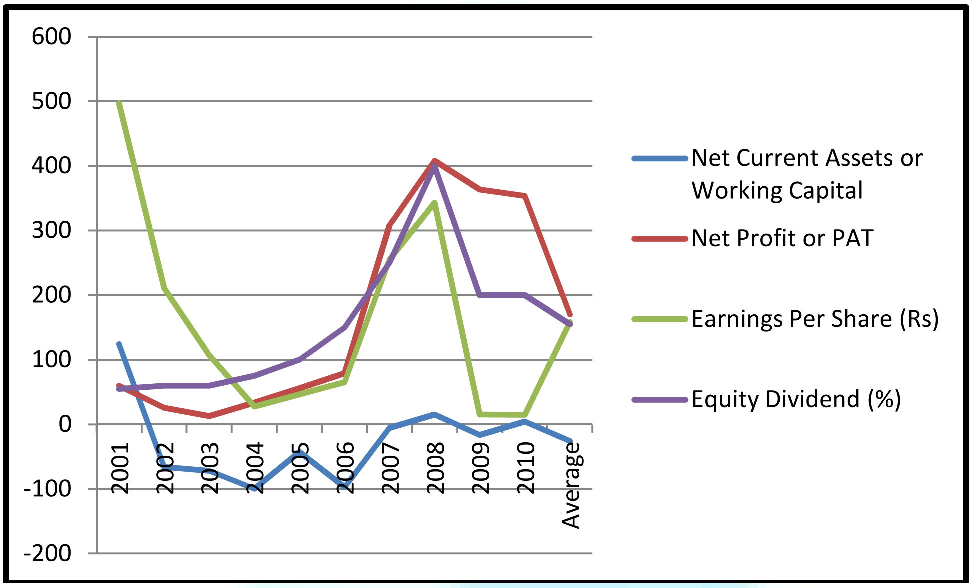


Source: Calculated and compiled from annual reports of India Cements from 2001 to 2010.

In case of India Cements, it has been found that, the company had a good amount of working capital in all the years from 2001 to 2010. There is no negative working capital at all. But the parameters of profitability are not impressive. The net profit i.e. PAT shows negative in three out of ten years i.e. in 2002, 2003 and 2004 and it is less than the average in six out of ten years. Similarly, the EPS also shows negative in same three years and it is also less than average in first six years of study. The rate of equity dividend is zero in five years starting from 2002 to 2006. For rest of the years the DP rate is also not that much attractive. Thus, it can be said that here positive working capital is not able to generate sufficient profit whereas in earlier cases companies with negative working capital could able to generate sufficient profit. Hence it cannot be said that there is a direct and positive relationship between working capital and profitability.

TABLE – 5: MADRAS CEMENTS (Rs. In Crores)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
Net Current Assets or Working Capital	124.02	-66.25	-71.91	-99.72	-42.96	-97.42	-5.56	15.12	-16.47	4.32	-25.68
Net Profit or PAT	60.04	25.52	12.96	33.40	55.92	79.02	308.02	408.29	363.52	353.68	170.04
Earnings Per Share (Rs)	497.19	211.37	107.32	27.65	46.3	65.43	255.03	343.02	15.28	14.86	158.35
Equity Dividend (%)	55	60	60	75	100	150	250	400	200	200	155.00

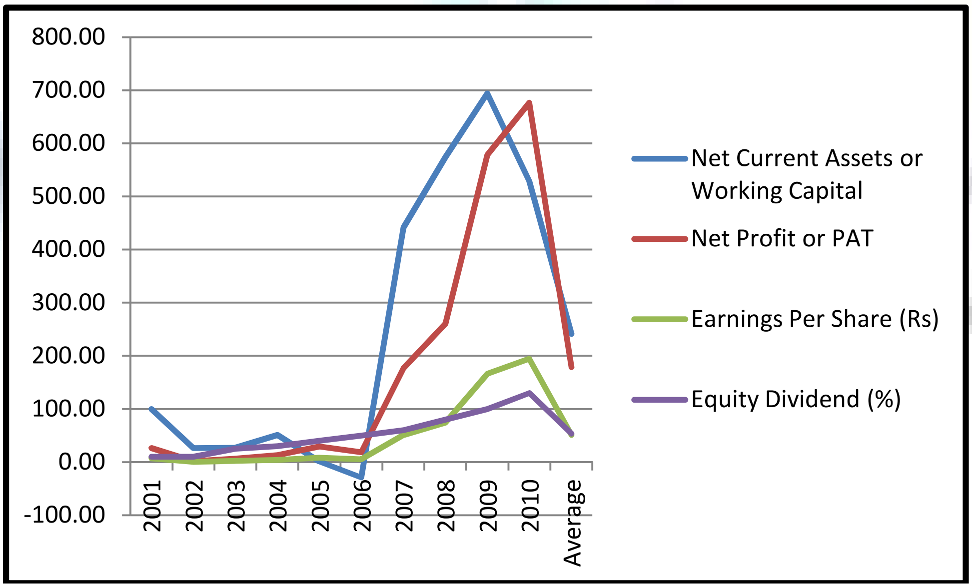


Source: Calculated and compiled from annual reports of Madras Cements from 2001 to 2010.

In case of Madras Cements, it has been found that, out of ten years the company has seen the negative working capital in seven years i.e. from 2002 to 2007 and in 2009. The average working capital for the entire study period is also negative which is Rs. (25.68) crores. In 2010 though it is positive, it is very low as compared to other years. But the fact to be noted here is that, having with negative working capital in most of the years, still the company is managed to generate profit and the profitability aspect is quite impressive. The PAT, EPS and DP Rate have shown an increasing trend, except a year or two. It indicates that even with the negative working capital (poor liquidity) their profitability and earnings are very higher, and it shows effective management of working capital as well day to day operation.

TABLE – 6: SHREE CEMENTS (Rs. In Crores)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
Net Current Assets or Working Capital	99.42	26.27	27.12	50.71	0.84	-28.85	441.43	574.00	693.74	528.87	241.36
Net Profit or PAT	26.12	1.47	6.70	13.04	29.07	18.40	177.00	260.37	577.97	676.10	178.62
Earnings Per Share (Rs)	6.95	0.15	2.19	3.74	8.34	5.28	50.81	74.74	165.91	194.07	51.22
Equity Dividend (%)	10	10	25	30	40	50	60	80	100	130	53.50



Source: Calculated and compiled from annual reports of Shree Cements from 2001 to 2010.

In case of Shree Cements, it has been found that, only in 2006 there is negative working capital but for the first six years i.e. from 2001 to 2006 the company has a low working capital which is less than ten years average. Here the working capital and PAT goes in the same direction and with same proportion indicating that there exists a positive relationship between working capital and profitability.

CONCLUSION

After analyzing the data of all the companies, we can conclude that though there is a positive relationship between working capital and profitability, yet it does not hold good for all the cases and that too always. We have seen companies generating good profit with a negative working capital as well as companies not able to generate good profit even with having good amount of positive working capital. Hence we reject the null hypothesis that there is a direct and positive relationship exists between amount of working capital and profitability i.e. higher the working capital, higher is the profit and vice versa We have seen that the companies are having trend to use negative working capital to minimise the cost of borrowing for working capital. Whenever they are having trends of negative working capital, profitability is always higher (because of lower cost of interest and borrowings). Brand image of the products (intangible assets) enhances marketing efficiency and profitability (higher demand for the product). However, it can be said that negative working capital indicates non-liquidity or less liquidity within the firm which is not desirable at each and every stages of business.

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A STUDY ON IMPLEMENTATION STEPS IN CRM AT PRIVATE BANKS

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ABSTRACT

The banks are struggling to maintain a good customer relationship due to their inability to cross sell, long queues, poor service attitude, lack of information and poor service quality. The customers in the service sector are becoming more educated and they expect the services and service quality at par with the foreign banks. They are expecting not only core and valued added services from the banks but also personalized services. Those banks that are offering such personalized services and maintaining their customer relationship are performing better than others. Since the cost of acquiring new customers is greater than the cost of retaining their existing customers, the banks are competing with each other to retain their existing customers and attract new customers if possible. The search for new strategies began to meet not only the high expectations of customers but the need to retain them. The competitive world witnessed many banks participating in the race to optimize their profits. It increased the pressure to perform leading to adoption of advanced technology and better skilled work force. Therefore, business model changed from bank-centric approach to customer-centric approach. The implementation of the CRM is essential to establish a better performance of the commercial banks. *The implementation of the CRM practices at the new private sector banks is higher than old private sector banks.*

KEYWORDS

Commercial banks, CRM, Private Banks.

INTRODUCTION

In its simple term, Customer Relationship Management (CRM) manages the relationships between a firm and its customers. The CRM begins with the concept of relationship marketing introduced by Bery in 1983. This concept is examined to attract & maintain the Multi-Service organizations to enhance customer relationships with high demand from customer changed the term from relationship marketing to the Customer Relationship Management. Nowadays, CRM is an important issue to increase the opportunities in using data which will be used to understand customers and implement well in relationship marketing strategies. To understand more in customer relationship management, one has to understand three components which are Customer, relationship and their management.

RELATED REVIEWS

Lynate Ryals (2005) in her article on "Making Customer Relationship Management work: The measurement and profitable management of customer relationship", demonstrates that the implementation of CRM activities delivers greater profits. Day (2000) pointed out that the enterprise has to develop some key marketing competencies for the smooth implementation of CRM. A relationship orientation is the first such thing. Relationship orientation should permeate the mindset, values and norms of the organisation. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organisation. Finally there is a need for alignment and integration of processes. Jaishankar et al., (2000) observed that enterprises investing on CRM solutions predominantly focus on technology. The challenge lies in combining people, processes and technologies while implementing CRM solutions.

Davids (1999) observed that choice of relevant technology and implementation are keys to successful customer relationship plans. The failure rate of CRM projects has been estimated to be high. M.P.Gupta and Sonal Shukla (2002) in their article "Learnings from Customers Relationship Management (CRM) Implementation in a Bank" attempted to highlight the learnings from Customer relationship Management (CRM) implementation in the banking sector. The important issues examined include organizational information, the CRM strategy, strategic changes resulting from CRM implementation, implementation priorities for the banks and the factors indicating the performance after CRM implementation. Since there is a resistance to change, while implementing CRM, high commitment is required in those who are implementing it. Alok Mittal, et al., (2003) together presented an article on "An Exploratory study of CRM orientation among bank employees". The paper aimed at exploring the aspect of CRM orientation among bank employees of both public and private sector banks. The findings of the research highlighted that there is need for improvement on some of the components of CRM such as customer communication, customer orientation, customer care and handling of complaints in both public and private sector banks.

NEED FOR THE STUDY

Banking sector is a customer-oriented service where the customer is the focus. The cost of attracting new customers to the bank is too high than the cost of retaining existing customers. All the bankers know that pricing is not an advisable weapon to enrich or retain their customer base. The only way is offering better service quality and service to their customers. The better service and service quality is only a relative concept since it depends on their customers' needs & find the ways to deliver a right service to right customer at the right price and right time. For this, there is a higher need for customer relationship management. The present study aims to find out the stages in development of CRM in commercial banks.

CONCEPT OF CRM

Customer Relationship Management is the one articulated by Parvatiyar and Sheth (2001), cited in Lindgreen and Antico, 2005; Ngai, 2005); 'Customer Relationship Management is a comprehensive strategy and process of acquiring, relating and partnering with selective customers to create superior value for the company and the customer. Kennedy et al., (2006) limits the CRM into IT facet only. They defined that the CRM is the information technology face of the business processes that aims to establish enduring and mutually beneficial relationships with customers in order to drive customer retention, value and profitability up. Rosenberg (2004) mentioned that CRM is the strategic use of information, processes technology and people to manage the customers' relationship with company across the whole customer life cycle. Broad y-Preton et al., (2006) defined the CRM as a prospective of how value is created for customers.

CRM DEVELOPMENT

Knox (2003) addressed that CRM is a strategy approach designed to improve shakeholders value though developing appropriate relationship with key customers segments. It involves an enterprise-wide marketing strategy, technology platform, and relationship management system (Lamparello, 2000). Brown (2000) mentioned the importance of the integration of processes, techniques, organization, web, work flow management and data warehousing. CRM starts at contacting customer though contact channels to provide goods or services and ends with Customer centric business strategy (Melnic et al., 2000). In the present study, the step involved in CRM development is derived from the stages identified by Liu, 2003; Romano and Fjermestad 2003; Peppard 2000; Reynolds (2002).

OBJECTIVES OF THE STUDY

The objectives of the study is confined 1) to identify the important steps in implementation of CRM in commercial banks ii) To identify the important steps implementation of CRM in new and old sector private banks and iii) To identify the important discriminant stage of the CRM implementation at the new and old sector private banks.

RESEARCH METHODOLOGY

The purposive samplings have been adopted to determine the sample size. The samples are distributing among the population with the help of stratified proportionate random sampling. The total no. of private banks branches in Madurai district is 56. 5 employees from each private bank have to be included for the present study. Hence, the included samples employees are 280. A pilot study was conducted among 50 employees of the banks in Madurai district. As per the result of pre-test, certain modifications, deletions and simplifications were carried out. The questionnaire was mailed to the employees and the final sample included for the study are 236 bank employees.

STEPS IN CRM IMPLEMENTATION AT BANKS

The steps in the implementation of the CRM at the commercial banks are many. In general, these steps are classified into four important steps. The first step is the identification of customers whereas the second step is differentiation of customers or identifying the customers segments. The third steps are the interaction with customers whereas the fourth step is the customization of service for them. In the present study, the rate of implementation of the CRM at each step has been measured with help of some related statements. The included statements to measure the four steps are 4,7,7 and 7 respectively. The employees are asked to rate the above said 25 statements at five point scale according to the order to implementation at their banks. The assigned marks on these scales are from 5 to 1 respectively. The mean scores of the 25 statements in the NPSBs and the OPSBs have been computed initially to exhibit the level of implementation of various steps in the CRM. In order to find out the significant difference among the two groups of banks regarding the rate of implementation of various steps in CRM, the 't' test has been executed.

TABLE 1: IMPLEMENTATION OF STEPS IN CRM AT BANKS

Sl.No.	*Steps in CRM implementation*	*Mean score among employees in*		*t-statistics*
		NPSBs	*OPSBs*	
I	**Step–I: Identification of Customers**			
1	Privacy security system	3.8445	3.1443	2.5657*
2	Ability of identify users identity	3.9663	3.0621	2.8667*
3	Not required to re-enter personal information again and again	3.7084	3.0019	2.7365*
4	Register function	3.8596	3.1033	2.6869*
II	**Step-II Differentiating Customers**			
1	Clear main theme and classified content	3.1447	3.0464	0.3669
2	Consideration of target customers and contact designs	3.6233	3.2973	0.9143
3	Data base and differentiate selling	3.8516	3.0816	2.9089*
4	Data base management and mining systems	3.9082	3.1914	2.8636*
5	Identifying top customers	3.7356	3.0443	2.6608*
6	Interaction of Information	3.8849	3.1442	2.5059*
7	Online community	3.9342	3.1083	2.7964*
III	**Step–III: Interaction with Customers**			
1	Degree of community interaction	3.6673	2.8244	2.6644*
2	Feedback system	3.7089	2.9089	2.8042*
3	Follow-up Management	3.8244	3.0966	2.9173*
4	Online transaction	3.9088	3.1452	2.6644*
5	Online community	3.7683	2.9664	2.8042*
6	Search engine	3.7334	3.0414	2.6893*
7	Size of community and frequency of activities	3.8603	3.2661	2.7343*
IV	**Step IV: Customize Service for them**			
1	Convenient transaction	3.7088	3.0651	2.4514*
2	Customized content	3.9244	3.1444	2.9697*
3	Customized web page	3.6617	3.4334*	0.6644
4	Multiple CRM programme	3.9902	3.6508	0.8143
5	Personal history files	3.8206	3.0818	2.8026*
6	Up-selling, cross-selling active selling	3.9144	3.1104	2.9144*
7	Varieties of transaction methods	3.8143	3.0245	2.9661*

*Significant at five per cent level.

Regarding the rate of implementation of the CRM at first step, the significant difference among the two groups of banks have been seen since their 't' statistics of all four statements in step-I are significant at five per cent level. Regarding the step–II, the significant difference is identified in five statements out of seven statements. In the case of step-III, significant differences among the two groups of banks have been noticed in all the seven statements whereas in the case of step–IV, it is identified in the case of five statements out of seven statements. The rates of implementation of the CRM at four steps are identified as higher in the NPSBs compared to the OPSBs.

RELIABILITY AND VALIDITY OF STATEMENTS IN EACH IMPORTANT STEPS

The scores of statements in each important stage of implementation of the CRM have been included for the Confirmatory Factor Analysis (CFA) in order to test the reliability and validity of statements included in each stage. The results of the CFA are given in Table 2.

TABLE 2: RELIABILITY OF VARIOUS STEPS IN EACH IMPORTANT STAGES OF IMPLEMENTATION OF CRM

Sl.No.	Steps	Standardized factor loading	t-statistics	Cronbach Alpha	Composite reliability	Average Variance Extracted
I	**Identification of Customers**					
1	Ability to identify customers	0.9344	4.1423*	0.8217	0.8011	54.96
2	Privacy security system	0.8602	3.9947*			
3	Register function	0.7751	3.2155*			
4	Not required to reenter personal function again and again	0.7344	2.5088*			
II	**Differentiating Customers**					
1	Clear main theme and classified content	0.8911	3.9667*	0.7592	0.7449	51.04
2	Data base and differentiate selling	0.8108	3.7082*			
3	Identifying top customers	0.7565	3.4082*			
4	Inter action of information	0.7233	3.1179*			
5	Consideration of target customers and contact designs	0.6842	2.7891*			
6	On line community	0.6458	2.6569*			
7	Data base management and mining systems	0.6117	2.344*			
III	**Interaction with Customers**					
1	Online transaction	0.9142	4.2667*	0.7969	0.7801	53.94
2	Search engine	0.8666	3.7173*			
3	Degree of community interaction	0.8144	3.1086*			
4	Online community	0.7389	2.6261*			
5	Feedback system	0.6817	2.5149*			
6	Size of community and frequency activities	0.6144	2.1242*			
7	Follow-up management	0.6049	2.0941*			
IV	**Customize Service**					
1	Multiple CRM programs	0.8408	3.5086*	0.7679	0.7511	52.39
2	Customized web page	0.7917	3.1774*			
3	Up-selling, cross selling, active selling	0.7446	2.9996*			
4	Convenient transaction	0.6997	2.7081*			
5	Personal history files	0.6338	2.2409*			
6	Variety of transaction methods	0.6124	2.1144*			
7	Customized content	0.6044	2.0442*			

Since the 't' statistics of all standardized factor loading of the statements included in step I are significant at five per cent level which reveals the convergent validity. It is also confirmed by the composite reliability and average variance extracted since these are higher than the standard minimum of 0.50 and 50.00 per cent respectively. The standardized factor loadings of the variables in each important stage of implementation of the CRM are greater than 0.60 which indicates the content validity. The same trend is identified in the case of step II, III and IV. Hence, the CFA results that the included statements in all the four steps explain the four important steps at reliable manner since the reliability coefficients are also greater than 0.50.

EMPLOYEES' VIEW ON STEPS IN IMPLEMENTATION OF CRM AT BANKS

The employees' views on the steps of implementation of the CRM at the banks have been examined by the mean scores of the four important steps. The scores on each important steps of the implementation of CRM have been derived by the mean scores of the statements included in each step. In order to examine significant differences among the new private and the old private sector banks regarding their implementation of the important steps in the CRM, the 't' statistics have been executed. The results are given in Table 3.

TABLE 3: EMPLOYEES VIEW ON IMPLEMENTATION STEPS IN CRM AT BANKS

Sl.No.	Important steps in CRM Implementation	Mean score among employees in		t-statistics
		NPSBs	OPSBs	
1	Identification of customers	3.8447	3.0779	2.9968*
2	Differentiating customers	3.7272	3.1309	1.8144*
3	Interaction with customers	3.7823	3.0356	2.8017*
4	Customized service	3.8335	3.2158	2.2081*
5	Overall	3.7912	3.1195	2.6504*

*Significant at five per cent level.

The employees' views on the steps of the CRM implementation at the NPSBs are higher than its counterparts. Significant differences among the two groups of banks have been seen in three steps namely identification of customers, interaction with customers and customized service since their respective 't' statistics are significant at five per cent level. The overall mean scores on the implementation of steps in the CRM at the NPSBs and the OPSBs are 3.7912 and 3.1195 respectively. The 't' statistics reveals that there is a significant difference between the NPSBs and the OPSBs regarding their implementation of the important stages of the CRM at the commercial banks.

MEAN DIFFERENCE AND DISCRIMINANT POWER OF IMPLEMENTATION OF VARIOUS STEPS OF CRM

The present study has made an attempt to identify the important discriminant steps of the CRM implementation at the two groups of banks with the help of two-group discriminant analysis. Initially, the mean difference and its 't' statistics of each important step have been computed. In order to examine the discriminant power of each important step, the Wilk's Lambda has been computed. The results are shown in Table 4.

TABLE 4: MEAN DIFFERENCE AND DISCRIMINANT POWER OF STEPS OF CRM IMPLEMENTATION IN NPSBs AND OPSBs

Sl.No.	Steps of CRM Implementation	Mean score among employees in		Mean Difference	t-statistics	Wilk's Lambda
		NPSBs	OPSBs			
1	Identification customers	3.8447	3.0779	0.7668	2.9968*	0.2142
2	Differentiating customers	3.7272	3.1309	0.5963	1.8144	0.3445
3	Interaction with customers	3.7823	3.0356	0.7467	2.8017*	0.1811
4	Customized service	3.8335	3.2158	0.6177	2.6504*	0.1362

The significant mean difference is identified in three steps namely identification of customers, interaction with customers and customized service since their respective 't' statistics are significant at five per cent level. The higher mean differences are noticed in the case of identification of customers and interaction with customers since their respective mean differences are 0.7668 and 0.7467. The higher discriminant powers are noticed in the case of customized service and interactions with customers since its Wilk's Lambda are 0.1362 and 0.1811 respectively. Significant steps have been included for the establishment of two-group discriminant analysis. The unstandardized procedure has been followed to estimate the discriminant function.

The estimated function is $Z=0.8969 + 0.3862x_1 + 0.4021x_3 + 0.2786x_4$

The relative contribution of each discriminant steps in total discriminant score has been computed by the product of discriminant coefficient and the mean differences of the respective steps of the CRM implementation. The results are given in Table 5.

TABLE 5: RELATIVE CONTRIBUTION OF DISCRIMINANT STEPS OF CRM IMPLEMENTATION IN TOTAL DISCRIMINANT SCORE (TDS)

Sl.No.	*Discriminant steps of CRM implementation*	*Discriminant coefficient*	*Mean Difference*	*Product*	*Relative Contribution in TDS*
1.	Identification of customers	0.3862	0.7668	0.2961	38.53
2.	Interaction with customers	0.4021	0.7467	0.3002	39.07
3.	Customized service	0.2786	0.6177	0.1721	22.40
	Total			0.7684	100.00
Per cent of cases correctly classified: 79.83					

The higher discriminant coefficient is identified in the case of interaction with customers since its coefficient is 0.4021. It shows the higher degree influence of the stage in the discriminant function. The higher relative contribution in total discriminant score is identified in the case of interaction with customers since its contribution is 39.07 per cent. The analysis infers that the important discriminant steps of the CRM implementation at the two groups of banks is interaction with customers which is identified as higher in the NPSBs compared to that of the OPSBs. The estimated discriminant function correctly classifies the cases to the extent of 79.83 which shows the reliability of two group discriminant function.

CONCLUDING REMARKS

The present study concludes that the CRM implementations at the new private banks are better than that in the old private sector banks. The highly viewed stages in 'identification of customers' in the NPSBs and the OPSBs are ability to identify users identity and privacy security system whereas in the case of 'differentiating customers' stage, these two are on-line community and data base management and mining systems. In the case of `interaction with customers', the highly viewed stages among the employees in the NPSBs and the OPSBs are online transaction and size of community and frequency of activities. In the case of customized service for customers, these two are multiple CRM programmes.

In the NPSBs, the highly viewed important stage in the CRM implementation is 'identification of customers' whereas among the employees in the OPSBs, it is customized service. Regarding the employees' views on the important stages of the CRM implementation at the banks, significant differences among the two groups of employees have been noticed in the case of identification of customers, interaction with customers and customized service. The important discriminant stage of the CRM implementation at the NPSBs and the OPSBs is interaction with customers and identification of customers which are higher in the new private sector banks than in the old private sector banks. The important determinants of the implementation of the CRM at the commercial banks recall the findings of Clark (2007) and Jain and Singh (2002).

SCOPE FOR FUTURE RESEARCH

The present study will be a base for many future research works. These are related to the comparative study on the CRM at the public and the private sector banks. The study on organizational climate and the CRM implementation at the commercial banks may be studied in near future. The rate of implementation and hurdles in the implementation of the CRM practices at the various industries in service sector may be evaluated in future research.

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IMPACT OF COMMON FACILITIES PROVIDED BY INDUSTRIAL ESTATE AUTHORITY ON ENTREPRENEURS: A STUDY ON INDUSTRIAL ESTATES OF BSCIC INDUSTRIAL ESTATES OF SYLHET DIVISION

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ABSTRACT
The common facilities provided by the authority of industrial clusters are an important factor of attraction to that cluster. Providing such facilities by authority of any cluster like industrial estates, EPZ, or industrial area is more economical. This paper examined the impact of those facilities on entrepreneurship in the industrial estates of Sylhet division. From the research, it is revealed that the satisfaction level of entrepreneurs of the estates of more common facilities is higher. So, the authority should emphasize on increasing the facilities in the industrial estates to increase the attraction that result in entrepreneurial development.

KEYWORDS
Common facilities, industrial estates, entrepreneurship.

INTRODUCTION
Industrial estates are expected to play significant role in creating, tract protecting and expanding entrepreneurship throughout the economy. To measure the impact of industrial estates on entrepreneurship, the number of units in the industrial estates may be considered as one of the factors but it is not sufficient. The generation of entrepreneurship does not guarantee the survival of these units because of sickness of industries. Most of the time, the sickness of industries may be diagnosed after some years of inception. Observing such sickness, many aspirant entrepreneurs may be discouraged. Such discouragement hampers the prospect of employment opportunities along with economic development of a country. Besides occupancy position of the estates, the health of the units is to be examined. As the impact of industrial estates cannot be measured in short term, so the ages of the estates should be considered also. The factors of attraction for the estates can be assessed by considering the reason for selecting the area and also the estate. The factors include population of the nearest town, area of the estate and the distance from the town, the evaluation of common facilities available in the estates, and the role played by the estates in generation and maintenance of entrepreneurship. These are also reflected in the opinion of entrepreneurs regarding the attribution of their success and failure to the industrial estates.

To foster the economic development through industrial activities, Bangladesh emphasized the small and medium scale industries for their very feature of low capital and high labor involvement. In order to achieve faster development by balanced industrial growth, the authority of Bangladesh Small and Cottage Industries Corporation (BSCIC) took industrial estates project as industrial cluster of SMEs throughout the country. Till to dates there are 74 industrial estates in operation and 9 in under construction. However, after a long period, performance of BSCIC has not yet proved satisfactory. Due to limitations of the estates, more than 70% of the industries of Dhaka, Chittagong, Khulna, Rajshahi & Narayangonj have been set up outside the industrial estates. (Haque, Penang Symp). Like other industrial cluster, industrial estates can provide the common facilities that is not possible for individual units to get such facilities in elsewhere. So, it is essential to measure the impact of common facilities of industrial estates on entrepreneurship development.

OBJECTIVES OF THE STUDY
This study is structured on three objectives. Those are:
(I) To develop an overview of distribution of common facilities available in different industrial estate.
(II) To examine the impact of common facilities on satisfaction level of entrepreneurs of different estate.
(III) To find out the relationship between performance record of estates and satisfaction level of entrepreneurs of respective estates.

METHODOLOGY OF THE STUDY
The study covered all the industrial estates of the Sylhet division namely Gutatiker, Sylhet; Khadimnagar, Sylhet; Giasnagar, Moulabibazar; Dulaikhal, Hobigonj and Sunamgonj. Twenty enterprises have been selected conveniently from those estates.

Primary and secondary data have been collected for the study. A field survey with a structured questionnaire has been conducted to collect primary data. The secondary data have been collected from books, research paper, several published reports, records of Ministry of Commerce and Ministry of Industry. Simple statistical tools and techniques are used to analyze the data.

ANALYSIS AND FINDINGS OF THE STUDY
To know whether the common facilities attract or repel the entrepreneurs to the estates, it is necessary to examine the common facilities available in the estates. The development and sustainability of the enterprise mainly depend on the proper locational facilities available in a particular location. The probability of becoming entrepreneurs would higher, if all common facilities are available and entrepreneurs are satisfied with those facilities. So it is important to know the satisfaction level of the entrepreneurs towards those facilities. Then the performance record of industrial estates in respect of number of developed, allotted, running, closed/sick estates is to be examined to know the exact picture of the estates under study. To find whether the common facilities influenced on the performance record of estates or not, it is necessary to examine entrepreneurs' reaction to the performance and correlation between the two. Therefore, to find out the influences of common facilities of the industrial estates, the analysis should be based on the following aspects:

1. Common facilities available in the estates: The entrepreneurs expect common facilities of the estates in better organized way. Common facilities include water, street lighting, watch and ward, post office, Bank, canteen, Dispensary, testing lab, boundary wall and police station etc. Though the size of the estates of Sylhet division is very small, it is not possible to provide all expected facilities in these estates. Size of the estates should be related to common facilities. The larger the size, the larger number of enterprises may be involved and there are greater the scope to provide the common facilities. It is not economical to provide all the expected facilities where there is only limited number of units working.

TABLE 1: DISTRIBUTION OF COMMON FACILITIES AVAILABLE IN THE INDUSTRIAL ESTATES

Common facilities	Gutatiker	Khadimnager	Moulabibazer	Hobigong	Sunamgong	No of estates providing the facilities	Percent (%)
1. Water	√	√	√	√	√	5	100
2. Street lighting	√	V	√	V		4	80
3. Watch and ward	V	√	√	√	√	5	100
4. Post office	√					1	20
5. Bank	√					1	20
6. Canteen	√					1	20
7. Testing laboratory		√				1	20
8. Dispensary and hospital						0	0
9. Boundary wall	√					1	20
10. Police centre						0	0

(Source: Field Survey)

Common facilities are one of the advantages expected from industrial estates. The larger the size of an estate, the larger the number of entrepreneurs it attracts and greater is the scope for providing common facilities. However, the average size of the estates under study is 19.67 acres, whereas country average is 25.67 acres(MIS, 2009). The largest estate is khadimnagar (27.75 acres) followed by Gutatiker (24.89 acres). Almost all the facilities are available in Gutatiker estate and followed by Khadimnagar but the common facilities are fewer in other estates compared to the two.

Assessment of common facilities by the entrepreneurs: Entrepreneurs' evaluation of common facilities may be varied because of the individual view points. One entrepreneur may be thoroughly satisfied about facilities while other may not. The value of assessing the common facilities of industrial estate may bear little value but the entrepreneurs' opinion regarding it should be examined. In the following table there is an attempt to examine the entrepreneurs' assessment of common facilities in the five industrial estates of Sylhet division.

TABLE 2: ENTREPRENEURS' ASSESSMENT OF COMMON FACILITIES IN INDUSTRIAL ESTATES

Reasons	Entrepreneur's assessments				Total
	Thoroughly Satisfied	Satisfied	Not satisfied	Never seriously thought about this	
1. Gutatiker, Sylhet	1	3	1	1	6
2. Kadimnagar, Sylhet	1	3	1	1	6
3. Giasnagar, Moulabibazer		2	1		3
4. Dulaikhal, Hobigonj	1	1	1		3
5. Sunamgonj			2		2
Total	3	9	6	2	20
Percent	15	45	30	10	100

(Source: Field Survey)

As shown in the table 15% of the entrepreneurs showed their thorough satisfaction of common facilities. In addition 45% are satisfied. Thus, the percentage of entrepreneurs who are thoroughly satisfied or satisfied is 60%. Other entrepreneurs (30%) are dissatisfied or never think about the satisfaction (10%). It is apparent that entrepreneurs from Sunamgonj estate are dissatisfied with the availability of the common facilities as that estate is lack of those facilities. It is also apparent that the entrepreneurs who are at their hometown showed their satisfaction on common facilities but who have migrated from other district are very critical regarding the facilities. And in bigger estates entrepreneurs are critical about the facilities than in smaller estates. Thus there is a gap between the expectations of entrepreneurs about those facilities and consequently there may be a gap in the performance of the entrepreneurs because of the satisfaction level.

2. Assessment of Estates' Performance records: The impact of industrial estates can be examined by the basis of plot allotment, units running, sick or closed units etc. Here is an attempt to ascertain the comparative position of Sylhet division with other division in those respects. The following table illustrates it.

TABLE 3: COMPARATIVE POSITION OF SYLHET DIVISION IN RESPECT OF ESTATES, RUNNING UNITS AND SICK UNITS

Division	Estates	% of total	% of allotted plot	Industrial Unit	Active & ready units	%	Sick\closed	% of sick units
Barishal	4	5.41	0.78	192	111	0.58	39	0.20
Chittagong	17	22.97	0.89	880	634	0.72	64	0.07
Dhaka	24	32.43	0.91	2668	1113	0.42	89	0.03
Khulna	7	9.46	0.82	368	262	0.71	42	0.11
Rajshahi	17	22.97	0.92	907	749	0.83	36	0.04
Sylhet	5	6.76	0.72	253	162	0.64	25	0.10
Total	74	1.00	0.88	5268	3031	0.58	295	0.06

(Source: MIS 2010)

On the basis of industrial estate, Sylhet division has the portion of only 6.76% of total 74 estates over the country. It is just a slight percent higher than that of Barishal division. Industrially advanced region Dhaka and Chittagong have the lion share in this respect (32.43% and 22.97%). According to running units, the scenery of Sylhet division is the same as number of estates but the proportion of sick and closed industry is the second lowest in the overall country (only 9%) while in Dhaka and Chittagong it is 35% and 19% respectively. This represents positive scenery of Sylhet division in smoothly running environment of industrial units.

Allotment, Activity and Utilization ratio as on 31st Dec. 2008: estate wise distribution: The previous picture give a positive image of Sylhet divisional industrial estates' performance. Now it is necessary to examine the allotment, activity and utilization ration of industrial estates of that division under study. The following table gives a picture of performance of industrial estates in those regards:

TABLE 4: ALLOTMENT, ACTIVITY AND UTILIZATION RATIO AS ON 31ST DEC., 2008: ESTATE WISE DISTRIBUTION

Estates	Year	Industrial Plots	Allotted Plot	Allotment ratio	Industrial Unit	On Production & ready for Production	Activity ratio	Sick unit	Ratio of sick units
1. Gutatiker, Sylhet	1975	134	134	1.00	72	58	0.81	14	0.18
2. Kadimnagar,Sylhet	1995	121	119	0.98	78	57	0.73	05	0.06
3.Dulaikhal,Hobigong	2000	70	52	0.74	55	26	0.57	01	0.01
4.Giasnager,Moulabibazar	1995	70	58	0.71	52	21	0.46	05	0.06
5. Sunamgong	1995	116	16	0.13	13	3	0.23	00	0.00
Total		511	379	0.74	270	162	0.60	25	0.09
Dhaka		3813	3483	0.91	2668	1113	0.42	89	0.03

(Source: MIS, 2009)

The impact of estates on entrepreneurship in the region is assessed also on the basis of plot allotted, units functioning, proportion of plots functioning to plot developed, etc. the allotment ratio ,i.e., the proportion of plots allotted to those developed is 74% (379 out of 511) for all the estates. In two estates namely, Gutatiker and Kadimnagar the allotment ratio is 100%. The allotment ratio is least in Sunamgonj 13% and the ratio is 74% and 71% for Dulaikhal and Giasnager estates respectively. The activity ratio, i.e. the proportion of functioning units to the units that are allotted plots is 60% (162 out of 270 units) for all the estates. The utilization ratio, i.e. the percentage of plots utilized as an industrial unit to all of plots developed and running as industrial units is reported at 59% of all the estates. This ratio is the highest in Gutatiker (84.72%) followed by Kadimnagar 82% and Giasnager 59.62%. It is the lowest in Dulaikhal 23%. In the Sunamgonj the ratio is less than that average for the entire region.

3. Reaction of entrepreneurs to the performance of respective estates: Existence and successfully running of an enterprise is also depending on the performance of industrial estate. If an industrial estate is successful in terms of running units and ready for production units then these more entrepreneurs confidence and satisfaction towards that estate. So the satisfaction level of the entrepreneurs toward the performance of the estate and the correlation between the two should be analyzed to find out whether industrial estates have any impact on the entrepreneurship development.

i. The satisfaction level of the entrepreneur: The satisfaction level of entrepreneurs towards the performance of industrial estates is classified as very satisfied, satisfied and less satisfied. To find out the weighted value, the researchers calculate by imposing 3 points for very satisfied, 2 for satisfied and 1 for less satisfied on the facilities. The result is shown in the following table:

TABLE 5: SATISFACTION LEVEL OF THE ENTREPRENEUR TOWARDS ESTATE PERFORMANCE

Estates	Entrepreneurs assessments			Weighted value
	Very satisfied (3)	Satisfied (2)	Less satisfied (1)	
1. Kadimnagar, Sylhet	3	2	1	14
2. Gutatiker, Sylhet	2	3	1	13
3. Dulaikhal, Hobigonj	1	2		7
4. Giasnagar, Moulabibazar		2	1	5
5. Sunamgonj	1	1		5
Total	7	10	3	44
Percent	35	50	15	

(Source: Field Survey)

In the above table it is apparent that 35% of the entrepreneurs are very satisfied with the performance of industrial estates and 50% are satisfied. Thus 85% of them are very satisfied and satisfied about the performance of the estates while 15% are less satisfied. The highest satisfaction level is found in Khadimnager and Gutatiker estates. It may be concluded that because of mismanagement and other reasons some enterprises were termed as sick industries and the entrepreneurs are not satisfied due to the failure.

ii. Correlation between satisfaction of entrepreneur and estate performance: This is another step to find out the reaction of entrepreneurs towards the performance of industrial units. If the entrepreneurs think that their success depends on the performance of the estate itself then it is said that there is a positive correlation between the satisfaction level and estate performance. Entrepreneurs' assessment level and activity ratio of the estates are shown below:

TABLE 6: CORRELATION BETWEEN SATISFACTION OF ENTREPRENEUR AND ESTATE PERFORMANCE

Estate	Entrepreneurs' assessment	Activity Ratio
1. Kadimnagar, Sylhet	14	0.81
2. Gutatiker, Sylhet	13	0.73
3. Dulaikhal, Hobigonj	7	0.57
4. Giasnager, Moulabibazar	5	0.46
5. Sunamgonj	5	0.23
Correlation	0.903	

The result shows that there is high correlation (0.903) between the entrepreneurs' satisfaction level and performance i.e. the activity ratio of the estates. It is found that the higher the activity ratio the higher the level of satisfaction. There may be frustration regarding the not achievement of targeted objectives but the entrepreneurs are proud of their enterprises and they expect in future they will be able to reach their target. They are emphasizing on expansion of their enterprise rather than getting richer by short term return. In the long run the impact of industrial estates to the economy will be rightly calculated.

iii) Pointing out the reason for success or failure: This is another step to find out the role of industrial estates in emergence of entrepreneurship. If the entrepreneurs are ready to attribute the success to the estate then it is right to term the estate role as positive. Entrepreneurs' attribution to the success or failure to the location of estates is shown in the following table:

TABLE 7: ENTREPRENEURS' ATTRIBUTION OF SUCCESS OR FAILURE TO THE LOCATION OF ESTATES

Estate	Entrepreneurs' attributing their success to estate	Entrepreneurs' attributing their failure to estate	Total
1. Kadimnagar, Sylhet	6	0	6
2. Gutatiker, Sylhet	5	1	6
3. Dulaikhal, Hobigonj	3	1	3
4. Giasnager, Moulabibazar	3	1	3
5. Sunamgonj.	1	1	2
Total	16	4	20
Percent	80	20	100

Such a large percent (80%) of entrepreneurs linking their success with the estates may mean that they are satisfied with the location, facilities and utilities of the estates. There may be frustration regarding the not achievement of targeted objectives but the entrepreneurs are proud of their enterprises and they expect in future they will be able to reach their target. They are emphasizing on expansion of their enterprise rather than getting richer by short term return. In the long run the impact of industrial estates to the economy will be rightly calculated. On the other hand 20% entrepreneurs opined that industrial estates are somehow responsible for their poor performance.

RECOMMENDATIONS

The economic efficiency and overall performance of the entrepreneurs depends on the management expertise, availability of investible fund, industry specific technology, infrastructural support, proper policy and provision, and easy access to market. The study tried to make some recommendations for the development of proper environment in the industrial estates.

1. Common facilities available in an industrial location play an important role for the entrepreneurship development. Most of the estates (3 out of 5) lack the common facilities that are prerequisites for any enterprise development. So, the planners should be concerned about the lacking of facilities in the industrial estates while developing policies and provisions regarding small and cottage industries.
2. The number of sick units can be minimized through proper financial support, skill development, and technology improvement. The existing sick industrial units are to be re-allocated to successful entrepreneurs.
3. Not only the emergence of enterprise but also their growth and sustainability is important. The high growth potential industry should be declared as the thrust sector and the industrial estate should try to provide adequate incentives to those sectors on priority basis.

CONCLUSION

The role of common facilities in creating attraction to the industrial estates has physical and psychological value. As it is the fact that, many enterprises are established outside the estates though the plots are remained vacant. So the attraction of estates is to be emphasized. The common facilities of estates are one of the important factors of attraction. It is also reveled from the research that lack of facilities creates dissatisfaction among entrepreneurs. So the authority must consider increasing the facilities of the estates and removing the dissatisfaction so that the entrepreneurs would attribute their success to the estates and failure (if happen) to their personal limitations.

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ROLE OF CROSS BORDER TRADE TOWARDS RURAL DEVELOPMENT: EMPIRICAL EVIDENCES FROM BLEETING TRADE POINT IN TAWANG, ARUNACHAL PRADESH

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ABSTRACT

Bleething- the last village of Tawang District bordering Bhutan. Infact, it is a strategic trade point where the local people of both Bhutan and Tawang carry out cross border trade since time immemorial. Having felt its socio-economic significance, an agreement was signed in between the Royal Kingdom of Bhutan and the Government of Republic of India on 28th February, 1995 with identification of 12 more trade routesbeing declared as Free Trade Routes. Fascinatingly, most of the local people of Tawang district who inhabit along border line prefer to go into Bhutan for shopping than coming to Tawang town due to locational advantages. Perhaps, it has simply increases greater proximity of trading along the people of international boundary sharing Bhutan. Again, the cross border trade cherished between Bhutan and India is seen as an effective catalyst of socio-economic development in the rural areas of Bleething. With this background, this paper shall make a modest attempt to discuss role of cross border trade in socio-economic development in rural patches of Bleething areas covering different aspects like- income, employment, trading items, development in health & education so on and so forth.

KEYWORDS
Arunachal Pradesh; Bleething; Bhutan; Cross Border Trade; Tawang.

INTRODUCTION
Arunachal Pradesh- the land of rising Sun is the home land of some 25 tribes and double or so number of sub-tribes/groups. Each tribe/sub-tribe has distinctive Culture, Custom, tradition and language of its own. Bleething is the last village of Tawang District bordering Bhutan. It is through this trade point, most of the cross-border traders from Bhutan come to Tawang (India) for trading purpose. Bleething is around 80 kms away from Tawang. The road construction is going on to connect the capital of Bhutan.

Trade intercourse in *Bleething* Trade Point in between the local people of both Bhutan and Tawang has been carried on in traditional way since time immemorial. However, in order to facilitate the traders of both side and to boost the trade & commerce activities, an agreement was signed in between the Royal Kingdom of Bhutan and the Government of Republic of India on 28th February, 1995 which identified 12 more trade route as Free Trade Routes. Most of the local people inhabiting in the border areas of India- China border generally prefer to go to Bhutan for shopping to meet their daily requirements instead of coming to Tawang due to distant factor. The cultural, social, racial and religious affinity of both the local people of Bhutan and Tawang and West Kameng (India) help social intercourse and intermingling which directly encourage growth and development of border trading activities in the region. During 'TORGYA' and 'GORSAM' festivals, thousands of Bhutanese pay visit to Tawang Monastery through *Bleething* Trade Point every year and similarly, thousands of our local people also pay visit to Bhutan through the same Trade Point during 'CHURTEM KORA' and 'GOMBEY KORA' as Buddhism is followed in both sides.

REVIEW OF LITERATURE
Numerous research as well as general studies have been conducted over the years with regard to the Cross-Border Trade and its corresponding impacts on the socio-economic development across the World. But no study pertaining to the Cross-Border Trade in Arunachal Pradesh has been conducted so far. An effort has been made to review some of the important works having a great bearing on the present study.

Dr. N. Tejmani Singh in his research paper "Border Trade Vis-à-vis India's Look East Policy" (2012) made a case study on the importance of India-Myanmar trade relations and it is found that India's overriding "security" concerns have always played spoilsport in Manipur and the North East. The study concluded that significant changes have taken place in commodity composition and India's failure to monitor its border effectively.

S. Peberby & J. Crush in their research paper "Invisible Trade, Invisible Travellers: The Maputo Corridor Spatial Development Initiative and Informal Cross Border Trading" (2001) examined the activities and patterns of trade of small entrepreneurs involved in informal cross-border trade between South African and Mozambique and they found that no informal sector Cross-Border traders in policy documents and analysis and they suggested the policies might affect the small and medium enterprises.

Anushree Bhattacharyya & Debashis Chakraborty in their research paper "India's Cross-Border Infrastructure Initiatives in South and Southeast Asia" made an exploratory research on the development of Cross-Border Initiatives by India and China and they found that China has good infrastructure extension for cross-border trade and India's cross-border connectivity is still quite modest compare to China's achievement.

OBJECTIVES
This paper makes an attempt to:-
1. Identify the Trade Items in *Bleething* Trade Points.

2. Ascertain income earned by traders in the study area.
3. Ascertain employment generation in the study area due to the trading.
4. Assess development in health & education in rural sector of the study area due to CBT.

RESEARCH METHODOLOGY

RESEARCH METHOD AND TOOLS

The present study is purely based on field study. Again, personal interview, internet social networking, telephonic contacts and observation method are used during the field study. Structured schedules, digital camera, telephone, internet and other stationeries were widely used to collect field data during interview.

SOURCES OF DATA

In this study an effort is made to make the study an empirical. The present study in its entirety is mostly based on primary data. However, the same has used secondary data for better analysis of current topic. For primary data, scholar has used both interview and observation method over 17 respondents. As regard to secondary data, reports and publication of Govt. of Arunachal Pradesh have been used extensively for the present study. In addition to this, various published books, research papers and articles on cross border trade have been referred to for better understanding of the research problem. However, internet has been one of the most used sources of secondary data for the present study.

SAMPLING TECHNIQUES & SIZE

For the present study, scholar has used convenience sampling under non-probability sampling technique. Altogether, 17 respondents from the study area are selected for the present study to represent the population parameter. The respondent includes both traders and villagers.

UNIVERSE OF STUDY

The present study is carried in and around *Bleething* Cross Border Trade Centre which is otherwise called as Study Area. It is one of the most western most areas of Arunachal Pradesh which falls under *Tawang* district, Arunachal Pradesh, India. In addition, the reference period of the present study is 2011-12 to 2012-13. Field data over these two years is used for analysis for the present study.

TOOL OF DATA ANALYSIS

For analysis of data, bar chart, frequency distributions are used to draw inferences for the universe. Moreover, statistical packages like SPSS and Minitab have been used to analyze field data.

ANALYSIS AND INTERPRETATION OF DATA

MAJOR ITEMS OF IMPORT AND EXPORT IN THE *BLEETHING* TRADE POINT:

Bleething being the last village of Indian Territory touching Bhutan international border will be one day a very prosperous trade routes provided the infrastructural facilities be put in places where it is required and the construction of the road to *Thimpu*, the capital of Bhutan is completed. It is from this trade point, most of the traders pass to Indian Territory for trading purpose from Bhutan. From the field survey carried out by the researcher, the following items of import have been identified.

TABLE 1: MAJOR ITEMS OF IMPORT IN THE STUDY AREA

Items	Rank	Items	Rank
Utensils	10	**Dry Chilly**	06
Clothes	05	**Local Popcorn**	11
Senka (Cloth)	13	**Vegetables**	07
Dry Fish	04	**Chilly Powder**	15
Orange	01	**Dry Vegetable**	14
Groundnut	02	**Dry Meat**	08
Powder Maize (Corn Flakes)	03	**Dry Fruits**	16
Local Bags	09	**Religious Items**	12

Source: Field Study

From the above table 1, it is pertinent to mention here that there is no export item from Indian Territory to Bhutan. It implies that the people of area from India side are not engaged in trading activities with Bhutan counterpart. It is also observed from table 1 that 16 items are imported to India via this trade point namely- utensils, dry chilly, clothes, local popcorn, *Senka* (cloth), vegetables, dry fish, chilly powder, orange, dry vegetable, groundnut, dry meat, powder maize (corn flakes), dry fruits and religious items respectively.

Tawang is one of the coldest places in Arunachal. Keeping this in mind, Bhutanese merchants do trade in most of those items which can be stored for long period such as all dry items like Dry fish, Dry chilly, Dry vegetable, Dry Meat, Dry fruit etc. Most of the items are local products and hand made only. In addition, it is evident from same table that most item of import is orange being ranked one. On the contrary, dry fruits are least trade item by Bhutanese. Moreover, it is reported during field study that prices of these imported items are not fixed. It remains at the bargaining power of either merchant or customer.

TABLE 2: AMOUNT OF IMPORT/EXPORT AND EMPLOYMENT GENERATION THROUGH BLEETHING TRADING POINT

Year	Average Household Import (in Rs)	Average Household Export (in Rs)	Employment (in Person)
2011-12	15250	NIL	42
2012-13	19667	NIL	60

Source: Field Study

It is clear from table 2 that average household on Indian side have made an import worth Rs15250 in 2011-12. To the great dismay, it has grown up to Rs 19667 registering 28.96 percent growth rate. Since there is no incidence of export, India suffers negative balance of trade in this trade point that is not a healthy sign for Arunachal Economy in particular and Indian economy in general. Neverthless, employment figure rose to 60 persons from 42 persons during the reference period registering 42.85 percent growth rate. Person who are found employed in an around the trade point are merchants from Bhutan in one hand and luggage carrier, villagers, transport facilitators from India in other hand.

TABLE 3: PUBLIC' LEVEL OF AGREEMENT ON THE STATEMENT- *'CROSS BORDER TRADE HAS DEVELOPED EDUCATION IN THE STUDY AREA'*

Types of Agreement	No of Respondent	Percent
Strongly disagree	6	35.3
Disagree	7	41.2
Neither agree nor disagree	1	5.9
Agree	2	11.8
Strongly agree	1	5.9
Total	17	100.0

Source: Field Study

DIAGRAM 1

It is evident from table 3 and diagram 1 that 41.2 percent of respondents have shown dissatisfaction over contribution of cross border trade in educational development in the study area. Followed by 25.3 percent of the respondents have rather felt strongly dissatisfied on the same. Only, 5.9 percent of the sample respondents have strongly agreed upon this.

It is revealed from table 4 and diagram 2 that 41.2 percent of total respondent are satisfied with cross border trade as a catalyst of public health. Improvement in health facilities is found better than as in educational sector triggered by cross border trade in and around rural areas of the study area. Cross border trade is also found to have influenced on pursuing higher education in some case of rural folks. Income earned from trading and its allied activities have helped children of rural folks in pursuing higher education.

TABLE 4: PUBLIC' LEVEL OF AGREEMENT ON THE STATEMENT- *'CROSS BORDER TRADE HAS IMPROVED PUBLIC HEALTH IN RURAL PATCHES OF THE STUDY REGION'*

Types of Agreement	No. of Respondents	Percent
Strongly disagree	2	11.8
Disagree	5	29.4
Neither agree nor disagree	2	11.8
Agree	7	41.2
Strongly agree	1	5.9
Total	**17**	**100.0**

Source: Field Study

DIAGRAM 2

Fascinatingly, both Bhutanese and Indian inhabiting along border line prefer to buy medicines from those places which is nearest and found in low price irrespective of nations. *Khengey* in Bhutan is the nearest place for health care where there have been instances of people from India being availed medical treatment and attention.

TABLE 5: PUBLIC' LEVEL OF AGREEMENT ON THE STATEMENT- *'CROSS BORDER TRADE HAS INCREASED INCOME OF RURAL FOLKS IN THE STUDY REGION'*

Types of Agreement	Respondents	Percent
Disagree	4	23.5
Neither agree nor disagree	2	11.8
Agree	8	47.1
Strongly agree	3	17.6
Total	**17**	**100.0**

Source: Field Study

It is unveiled from table 5 and diagram 3 that this trade point has been a source of income to the rural folks of the study area. 47.1 percent of total respondent has the consensus that it has increased their day to day earning. Only, 23.5 percent of the respondents have strong disagreement on the same.

DIAGRAM 3

TABLE 6: PUBLIC' LEVEL OF AGREEMENT ON THE STATEMENT- *'CROSS BORDER TRADE HAS CREATED EMPLOYMENT TO RURAL FOLKS OF THE STUDY REGION'*

Types of Agreements	Respondents	Percent
Disagree	6	35.3
Neither agree nor disagree	3	17.6
Agree	7	41.2
Strongly agree	1	5.9
Total	**17**	**100.0**

Source: Field Study

It is clear from table 6 and diagram 4 that most of the respondents hold view that cross border trade relation between Bhutan and India has created employment opportunities in the study area. 41.2 percent of the respondents have agreed upon this. However, 35.3 percent of the respondents are found to have disagreed on it.

DIAGRAM 4

TABLE 7: PUBLIC' LEVEL OF AGREEMENT ON THE STATEMENT- *'CROSS BORDER TRADE HAS HELPED RURAL FOLKS OF THE STUDY AREA TO ACQUIRE CONSUMER DURABLES'*

Type of Agreements	Respondents	Percent
Strongly disagree	3	17.6
Disagree	7	41.2
Agree	4	23.5
Strongly agree	3	17.6
Total	**17**	**100.0**

Source: Field Study

DIAGRAM 5

It is evident from table 7 and diagram 5 that maximum of the respondents felt dissatisfaction over acquisition of consumer durables due to cross border trade. 41.2 percent of the total respondents are found to have dissatisfied over this. On contrary, 23.5 percent of the respondents simply agreed on the same.

CONCLUDING REMARKS

Cross border trade at *Bleething* point has been a corner stone of rural development. However, traders as well as local folks of the study area often encounter common problems that restrict them from going full-fledged trading. Like, lack of information & skill on trading, lack of time, and lack of capital are worth mentioning. Moreover, there is a road problem, shortages of vehicles, non-availability of modern communicating network. Again, most of the rural folks of the study area do not understand Bhutanese language which eventually, delimits scope of this trading.

Interestingly, rural folks and traders of the study area do face a little problem as regard to security concern and visa related matters as compared to other predicaments.

Given that, there is complete construction of *Namtsering* (India) to *Warangdi* (Bhutan) road, operation of transport agencies and improvement in modern communication network, the study area would go a long way in developing its rural sectors- education, health, income, agriculture, industry and employment etc.

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MAKING PERFORMANCE MANAGEMENT WORK

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ABSTRACT

Performance management is one of the most researched area in the domain of human resource management .It is critical in terms of affecting the organizational performance on one side and employees' motivation on the other. Present conceptual article aims at discussing the factors which can make the performance management work for the organization and produce the intended results. The factors discussed are based on literature review and experts opinion and may be subjected to validation in further research.

KEYWORDS

Performance Management System, Effectiveness.

INTRODUCTION

Performance management is a comprehensive process of identifying, encouraging, motivating and rewarding the employees' performance (Mathis and Jackson,2007).It essentially includes whatever is done to improve the performance of employees . The researcher has identified factors of effectiveness of performance management. These factors are mainly related to five aspects of performance management system (PMS) including organizational factors, characteristics of PMS, factors related to design of appraisal tool, factors related to processes of PMS and the factors related to use of appraisal results. A comprehensive literature survey was conducted to identify these factors. Following sections discuss these factors along with the considerations to make all these factors work to make the organizational performance management effective.

FACTORS OF EFFECTIVENESS OF PMS

Category wise factors of effectiveness of PMS are as discussed below:

ORGANIZATIONAL FACTORS

EFFECTIVE LEADERSHIP: The leadership can make or break the organizations. It is the leadership which provides direction to the entire organization and help the organizational systems to work in its favour. Performance management system in any organization is one of the most important aspects of organizational performance as it is linked to almost all the other systems and aspects of human resource management. Be it recruitment and selection ,training and development, compensation management, career growth and development or even statutory compliances .The role of leadership therefore is very important in terms of envisioning organization's future performance and formulating and implementing strategies to achieve the same. All this is possible by having a motivated and engaged work force which is a part of performance management. The organizations therefore should have a system of nurturing leadership at all levels through appropriate initiatives on a continuous basis to ensure availability of effective leadership.

MANAGEMENT'S COMMITMENT AND SUPPORT FOR PMS: For the performance management system to work in favour of the organization, it is necessary that management is fully committed and supportive to the system .It can become possible by convincing the management about the impact PMS can have on other systems of the organization with the help of facts and figures.Once the management is convinced, it will lend its support for the performance management and commit the resources required to implement it.

EXISTENCE OF PERFORMANCE ORIENTED CULTURE: The organizational values, beliefs and working habits of its employees make its culture. The organizational culture plays an important role in its success. If the employees have working habits supported by the organizational values, it always positively affects the employees' performance which is the ultimate objective of any performance management system.The organizations therefore should strive to build and maintain a performance oriented culture by ensuring a motivational environment and transparent system.

INVOLVEMENT OF STAKE HOLDERS IN PMS: It is a well known fact that the sense of ownership makes the human beings feel close to any system in the organizations. The line managers and workforce are the stake holders in any organization and if they are involved in design, development and maintenance of performance management system, they are likely to feel the ownership which can result into enhanced employee performance. The stake holders can be involved in designing the appraisal tool, setting the performance goals and communication among other aspects.

ADEQUATELY TRAINED AND PREPARED EVALUATORS: One of the views to look at the performance management is that it will become effective if the appraisal related problems can be resolved. Majority of appraisal related problems arise out of mishandling the appraisal in terms of inaccurate assessment of performance, ineffective feedback and impersonal approach .It all happens due to the fact that the managers are not adequately trained to handle the performance appraisal. So if the raters are appropriately trained in both appraising skills and relevant behaviour , it can be made more effective so as to yield the desired results

FACTORS RELATED TO CHARACTERISTICS OF PMS

PMS BEING CONSISTENT WITH THE STRATEGIC MISSION OF THE ORGANIZATION: Strategies are the game plans for any organization to achieve its goals and objectives. The organization's vision can be realized only by formulating and implementing proper strategies to achieve its goals and objectives by involving the employees (Bhattacharya, 2006). The goals are converted into objectives which percolate down from top level to the lowest level.The goal setting process as a part of performance management should ensure alignment of individual and departmental goals with the organizational goals .These goals then can be accomplished following the organizational strategy which may be organization specific.

CLARITY OF PMS OBJECTIVES: Any system in an organizational context can't be successful unless its purpose is not clarified to all the stake holders. **So w**hile designing and drafting the performance management system document, its objectives should be clearly defined so that the employees do not have any doubts and apprehensions .The performance management system should be 'sold' to its stake holders so that they feel its ownership.

COST EFFECTIVE AND LESS TIME CONSUMING PMS: The cost of designing, implementing and maintaining the performance management system and the time spent to do it should be justifiable.

OBJECTIVITY OF PMS: A biased appraisal may result into employees' dissatisfaction which in turn may result into grievances .So it is very important that the ratings are objective .The ratings may be biased due to either favoritism by the raters or their inadequate training. Taking care of these aspects can increase the objectivity of appraisals .

PMS BEING A CONTINUOUS PROCESS: In spite of volumes of literature and practical experience about the performance management advocating frequent appraisals, majority of the organizations even today have annual appraisals. It has two fold problem; one, it does not provide any opportunity for mid course correction in performance and relooking at the objectives and two, it is not possible to remember the unrecorded performance if any till the end of year.

PMS PROVIDING EQUAL OPPORTUNITY FOR ALL: The performance management system of the organization should ensure equal opportunity to all the employees in terms of availability of resources and working conditions. There should not be any discrimination on these two aspects of performance.

PMS PROMOTING TEAM WORK AND COOPERATION: Due to complexities in working and technological advancement, no individual or department can work in isolation. The organizational success depends a lot on the team work and collaborations. Therefore the PMS should help in promoting the team work. One of the possible ways to do this may be team appraisals wherever possible.

LEGALLY DEFENSIBLE PMS: An ineffective PMS in terms of biased ratings and inadequate linkage to appropriate rewards may result into litigations. Though this problem is more severe in western countries as compared to rest of the world, It is however important that the performance management system is legally defensible in terms of content and procedures both, apart from objective ratings.

FACTORS RELATED TO DESIGN OF APPRAISAL TOOL

Many a times the appraisal form is too complicated for the employees to understand and fill it correctly**.** A good appraisal form should be simple to understand with appropriate weightage for all the performance dimensions in the job. It should measure what is performed .The measurement criteria of performance should be clearly defined with a clear rating scale discriminating good performance from the poor perfoermance.It should also specify the expected standard of performance in each performance dimension with a focus on results rather than personalities.

FACTORS RELATED TO PROCESSES IN PMS

The processes in performance management include 'goal setting", "performance appraisal", "communication", "feedback" and "grievance redressal". This section discusses how the PMS processes can be made more effective:

GOAL SETTING: Achieving the preset goals becomes easy and effective if the stake holders are involved in the process of goal setting. Management by Objective (MBO) approach goes handy in the process. It enhances the clarity about the goals as well as the sense of ownership is high. Goal setting by mutual agreement includes deciding on performance standards , criteria for measurement and weightage for various dimensions of performance in the given job role. Each employee in the organization has his/her own goals for career progress along with the ogganizational goals to achieve .If the individual goals are aligned with the organizational goals, it becomes a win-win situation for both the parties, the organization and the employees.In such situation, the employees would feel more belonging to organization, the sense of ownership of goals will be higher and urge to achieve would therefore be higher which would ultimately result into higher contribution of individuals in achieving the organizational goals. Good organizations allow revision of goals in between depending upon the experience about employees' performance, working conditions and business needs.However it is possible only where the frequency of appraisal in more than once in a year.

COMMUNICATION: The organizations which have an effective communication mechanism are likely to succeed more than those which lack it. Effective communication is characterized by clarity and timeliness .If the employees are clearly communicated about the performance expectations including the performance standards; the chances of their being successful in achieving the goals are higher than others. Communication also includes giving feedback in an objective manner with a positive mindset. Two channels of communication are suggested, One Making the deliverables structured and measurable and two, Including the employees in performance management process(Shubha Sharma ,2012)

FOCUSED APPRAISAL PROCESS: Appraisal of performance is the process of assessing the employees' performance against the preset goals and making the employees aware of the same. There are different methods of appraisals with their own pros and cons along with their suitability and applicability in particular situations. However the basic process remains the same. To enhance effectiveness of appraisal; it is important that the performance parameters are quantifiable as far as possible, so that there are no rating problems and goals are clear from the beginning to avoid surprises at the end. It should measure what is performed. Another aspect of appraisals is that it should be completed on time. Delayed appraisals result into impatience and anxiety among employees .While completing the appraisals, the supervisors should ensure that the appraisals are accurate with minimum rating errors and bias. The focus of appraisal process should be on winning human values viz. integrity, commitment etc and not merely completing a mechanical process. Skill sets of the employees should be given due weightage while assessing the performance .It is something which is 'portable' from one organization to another (Rumjhum Chaterjee, 2012) . On the employees part ,to deal with poor appraisal ratings, they should first accept the ratings and then set clear development goals for themselves, identify a mentor and take his help time to time and keep meeting the supervisor to review the progress(Bhatia and Nair,2012)

FEEDBACK PROCESS: The feedback can either be formal process undertaken at the time of appraisal or informal and continuous. In a formal feedback process the employee and the supervisor seat together to discuss the employee's performance and the employee is given the feedback about his/her performance during the appraisal period. The problem with this approach is that it is just a post mortem of past performance and thus does not provide any opportunity to the employee for improvement. In a continuous feedback process on the other hand, the employees are given the feedback on a continuous basis mostly in an informal manner. In case of continuous feedback being practiced, there is hardly any thing which remains to be discussed at the time of appraisal meetings.But continuous feedback process also has got its own shortcomings like difficulty in monitoring, complication in making decisions about rewards and perceived lack of motivation without yearly targets(Sengupta,2012).In most of the organizations they also discuss the rewards of good performance in terms of salary revisions, promotions etc during the performance feedback sessions which is not good. These two things should always be kept separate so that the supervisors don't feel embarrassed and presuurised .To make the process of feedback effective, the frequency of appraisal should be higher and the feedback ideally should not be a one way process but it should also provide for taking employees' feedback about various aspects of performance management while they are working as practiced in Maruti Udyog Limited (MUL) in form of " Stay Interviews" .

APPEAL PROCESS: A performance management system having provision for a well defined appeal process will be more effective than the one without it. The employees should always be given due hearing about their grievances particularly the grievances related to performance appraisal.

FACTORS RELATED TO USE OF APPRAISAL RESULTS

At the outset it is presumed that the appraisals are done to make decisions about revision of salaries, providing for bonus and incentives etc. Whereas the fact is that it goes way beyond merely the financial compensation .Good performance management system would provide for rewarding not only the tangible outputs but also the efforts put in by the employee in pursuit of achieving the goals (Priya Nair and Yasmin Taj,2012) because some times the employees put in best of their efforts but without being able to convert them into tangible results due to various constraints like unavailability of resources on time, working conditions etc. .The attitude of the employees as reflected in their behavior should also be given due weightage.The appraisals should not focus only on numbers(Grote Dick,2011) An effective performance management system should allow mid course correction in the performance goals if required particularly during down times, it should link the appraisal results with assessment of employees' potential and training need identification .The appraisal results should also be used for identifying the performance related problems if any apart from development of subordinates as a part of supervisor's responsibility in addition to documentation and compliances.

OUTCOMES OF PMS: There are different approaches to look at the net outcome of the organizational performance management system. It could be performance improvement and employee development which is generally the case, It could be Increased employee satisfaction which is likely to result into enhanced performance or it could even be development of positive relationships between appraisers and appraisees. The objective of the performance management system may vary with the organizations and industries. However, the basic aim should be to improve the employees' performance and help in providing a good happy, healthy and pleasant work environment to them.

CONCLUSION
Various strategies and efforts required to be made to enhance the effectiveness of performance management system in the organizations have been discussed.By taking care of all the aspects ,one can expect the performance management system to be effective enough to meet the expectations of the stake holders.But one thing to remember here is that in spite of taking all care about the performance management system, its acceptability should be checked time to time through surveys and necessary changes may be incorporated as per the suggestions received from the stake holders.

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MANAGEMENT OF FLOATING CAPITAL IN BANKING SECTOR: A CASE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN INDIA

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ABSTRACT
In the present era of globalization, liberalization and privatization, management of working capital is of utmost importance. Shifting from conservative approach to aggressive approach is both the need and necessity of modern business. It has been seen that company reduces its working capital to take a greater risk for bigger profits and losses conversely if it is interested in improving its liquidity; it increases the level of its working capital. In order to get an adequate working capital a company should maintain an equilibrium balance between liquidity and profitability. In this paper an effort has been made to analyse the working capital of public and private sector banks of India for the period of 2006-07 to 2010-11. The working capital of banks under study are analyze through certain ratios and the inter comparison of working capital policies has been examined by applying the ANOVA test.

KEYWORDS
Working Capital, Public Sector Banks, Private Sector Banks, Current Assets, Current Liabilities.

ABBREVIATIONS

ATR	:	Acid Test Ratio
CR	:	Current Ratio
ICICI	:	ICICI Bank
HDFC	:	HDFC Bank
PNB	:	Punjab National Bank
SBI	:	State Bank of India
WCTR	:	Working Capital Turnover Ratio

INTRODUCTION
Every business requires funds for its establishment and to carry out its day to day operations. Funds required meeting the day to day operations or short term needs are known as working capital. Working capital is the amount of funds necessary to cover the cost of operating the enterprise. It represents the liquid reserves for meeting current obligations. In the normal course of business creditors are concerned about receiving payment as soon as possible so, in order to get security of payment they prefer high levels of working capital. However, management prefers low levels of working capital since working capital earns an extremely low rate of return and also blocks the valuable finance which may be utilized in some better alternative. Working capital's inefficient management can lead not only to loss of profits but also to the downfall of a business. In today's world of intense global competition, working capital management is receiving increasing attention from managers.

Concept of Working Capital: There are two concepts of working capital.

(a) Gross Working Capital: In broader sense the term working capital refers to the gross working capital and represents the amount of funds invested in current assets.

(b) Net Working Capital: In a narrow sense, the term working capital refers to the net working capital. It is the excess of current assets over current liabilities.

REVIEW OF LITERATURE
Sagan in his paper (1955),[5] perhaps the first theoretical paper on the theory of working capital management, emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. Realizing the dearth of pertinent literature on working capital management, Walker in his study (1964)[6] made a pioneering effort to develop a theory of working capital management by empirically testing, though partially, three propositions based on risk-return trade-off of working capital management. Walker studied the effect of the change in the level of working capital on the rate of return in nine industries. Weston and Brigham (1972)[7] further extended the second proposition suggested by Walker by dividing debt into long-term debt and short-term debt. They suggested that short-term debt should be used in place of long-term debt whenever their use would lower the average cost of capital to the firm. They suggested that a business would hold short-term marketable securities only if there were excess funds after meeting short-term debt obligations. Vanhorne in his study (1969)[8], recognizing working capital management as an area largely lacking in theoretical perspective, attempted to develop a framework in terms of probabilistic cash budget for evaluating decisions concerning the level of liquid assets and the maturity composition of debt involving risk-return trade-off. He proposed calculation of different forecasted liquid asset requirements along with their subjective probabilities under different possible assumptions. According to Moyer, Mcguigan and Kretlow (1998)[9], the major policy issue encountered in the management of working capital is related to level of investment and its financing. According to them firms have two goals - liquidity and profitability. The above brief review of studies in shows that although a lot of attempts have been made to analyse working capital management but still the study has wide scope for research.

OBJECTIVES OF STUDY
Numerous attempts have been made to study the long term as well as short term financial management of banks but still it is required to spotlight an attention on the working capital analysis of banks. Therefore it appears that a profound study of the working capital analysis of public and private banks is extremely important. The study is undertaking for the following objectives.

1. To assess the short term financial position of banks under study by applying the technique of ratio analysis.
2. To compare the working capital management of banks under study on the basis of statistical test.
3. To highlight the major reasons responsible for the probability of short term financial distress.
4. To offer the constructive suggestion in order to improve the working capital management in banks.

RESEARCH METHODOLOGY
The data relating to the working capital analysis of banks under study is collected from primary as well as secondary sources. Personal interview method is used for obtaining primary data and the published annual reports and other statements prepared by the banks and other institutions are used as secondary data. For the purpose of the study the annual reports and other financial and non financial statements of banks for the period from 2006-07 to 2010-11 are considered. The financial statement of banks are recast and represented in the forms of tables and diagrams. For testing significance of the difference between the working capital management, the one way ANOVA test is applied as statistical tool.

AREA OF THE STUDY
The commercial banks are operating throughout the country. But for this study a sample of four banks are selected. In order to make it comprehensive and comparative study, a sample of four banks are selected out of which State Bank of India (SBI) and Punjab National Bank (PNB) are selected from the public sector and ICICI Bank and HDFC Bank are selected from the private sector.

HYPOTHESIS
Hypothesis testing is a technique through which some claims can be proved or disproved. It is a logical test of findings and conclusions.
For the present study the following hypothesis are formulated
Null Hypothesis (H_o) : There is no significant difference between working capital management of banks under study.
Alternative Hypothesis (H_1) : There is a significant difference between working capital management of banks under study.

LIMITATIONS OF THE STUDY
Although a sincere efforts are made to depict a fair and accurate picture of the short term financial position of the banks under study but the data related to the study are mostly secondary data, and the accuracy and authenticity of the same depends upon the reliability of sources.

TOOLS FOR ANALYSIS OF WORKING CAPITAL
As depicted in the Table No. 1 the working capital of SBI were throughout negative during the study period. It was ₹ - 34750 in the year 2006-07 and there from the same were reached at ₹ - 61470 in the year 2010-11 with a remarkable decrease of 176%. The decrease in working capital was highest in the year 2008-09 in which the same were reached at ₹ -72964 but than in the very next year the bank has improved and its working capital reached at ₹ -45224.

TABLE NO. 1: WORKING CAPITAL OF STATE BANK OF INDIA (₹ Crore)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Current Assets	43777	35112	37733	44417	25292
Current Liabilities	105248	80336	110697	83362	60042
Working Capital	-61470	-45224	-72964	-38945	-34750

Source: Dion Global Solutions Limited

As stated earlier working capital is the result of surplus of current assets over current liabilities. The rate of increase in current assets in SBI was highest in the year 2007-08 in which the same were increased with the margin of 175% and reached at ₹ 44417. But the same growth rate could not maintain in the next two years i.e. 2008 -09 and 2009-10 in which the same were reduced by 15% and 7% and reached at ₹ 37733 and ₹ 35112 respectively. Although SBI manage to improve its current assets in the year 2010-11in which it reached at ₹ 43777. In comparison to current assets, the current liabilities of SBI increased with consistency. It was ₹ 60042 in the year 2006-07 and there from the same were increased with a considerable margin of 175%and reached at ₹ 105248.
Similar to the SBI the position of PNB is also considerable. The bank is facing negative working capital throughout the study period.

TABLE NO. 2: WORKING CAPITAL OF PUNJAB NATIONAL BANK (₹ Crore)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Current Assets	8259	6320	5020	4380	3980
Current Liabilities	12328	10317	18130	14798	10178
Working Capital	-4269	-3997	-13110	-10418	-6198

Source: Dion Global Solutions Limited

The working capital which were ₹ -6198 in the year 2006-07 increased and reached at ₹ -10418 and ₹ -13110 in the year 2007-08 and 2008-09 respectively. But PNB managed to reduce the negativity in the following years with an effective margin as the working capital reached at ₹ -3997 in the year 2009-10.
On the one hand the working capital in public sector banks were negative but on the other hand the position of private sector were also not considered satisfied although some efforts were reflected in the ICICI Bank. The working capital in ICICI Bank were negative with a huge amount of ₹ -21928 in the year 2006-07 but remarkable recovery.

TABLE NO. 3: WORKING CAPITAL OF ICICI BANK (₹ Crore)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Current Assets	16347	19214	24163	20574	16300
Current Liabilities	15986	15501	43746	42895	38228
Working Capital	361	3713	-19583	-22321	-21928

Source: Dion Global Solutions Limited

Is noticed in the year 2009-10 in which the same was reached at ₹ 3713 with a margin of 216% although it fell to ₹ 361 in the year 2010-11. The liquidity position of HDFC bank was also considerable as the working capital was negative in the whole study period with a huge amount of ₹ -10094 in the year 2006-07 and ₹ -16364 in the year 2008-09. The position was slightly improved in the succeeding years as the same were reached at ₹ -14660 and ₹ -14391 in the years 2009-10 and 2010-11 respectively.

TABLE NO. 4: WORKING CAPITAL OF HDFC BANK (₹ Crore)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Current Assets	14601	5955	6356	4402	3605
Current Liabilities	28992	20615	22720	16431	13699
Working Capital	-14391	-14660	-16364	-12029	-10094

Source: Dion Global Solutions Limited

Ratio Analysis: Ratio Analysis is the most effective tool of analysis. it is a technique which facilitates the inter and intra comparison of data. The ratios analysis is the most powerful tool of financial statement analysis. Ratios simply mean one number expressed in terms of another. A ratio is a statistical yardstick by means of which relationship between two or various figures can be compared or measured. Ratios can be found out by dividing one number by another number. Ratios show how one number is related to another. Following ratios are calculated under study for working capital analysis.

Current Ratio (CR): Current ratio is an essential ratio for estimating the short term financial solvency of a business. The ratio is calculated by applying the following formula

Current Ratio = $\dfrac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$

Current Assets include all such assets which are expected to be liquefied within a period of one year. In other words the assets which are convertible in cash within a period of one year are called as current assets such as cash in hand, cash at bank, inventories, receivables, prepaid expenses etc. Similarly the liabilities which have to be paid within one year are considered as current liabilities such as creditor, bills payables, outstanding expenses etc. 2 : 1 is considered as an ideal current ratio for a business which denotes the availability of 2 ₹ for every liability of 1₹ .

TABLE NO. 5: CURRENT RATIO

Banks/Years	2006-07	2007-08	2008-09	2009-10	2010-11
SBI	0.05	0.07	0.04	0.04	0.04
PNB	0.03	0.02	0.02	0.02	0.03
ICICI Bank	0.09	0.11	0.13	0.14	0.11
HDFC Bank	0.04	0.04	0.04	0.03	0.06

As depicted from the table no. 5 the current ratio in SBI were far away from the ideal throughout the study period. It was 0.05 in the year 2006-07 and in the next year the same were increased a bit and reached at 0.07 but than it was again decreased to 0.04 continuously in the following years. The position of PNB was worse than that of SBI as the current ratio in the same were maintained at 0.02 on an average. In comparison to public sector the private banks especially ICICI Bank has held better position. The current ratio in ICICI Bank were 0.09 in the year 2006-07 there from the same were increased and reached at 0.14 in the year 2009-10 but it was slightly decreased in the year 2010-11 where as in HDFC Bank it was constant at 0.04 on an average. As per the table no bank weather private or public has maintained a good current ratio which generates a fear of short term insolvency in them.

Acid Test Ratio (ATR):Acid Test Ratio is another important ratio for justifying the short term solvency of a business. The ratio is used as a tool for testing very short term solvency. The ratio is calculated by applying the following formula:

Acid Test Ratio: $\dfrac{\textbf{Quick Assets}}{\textbf{Current Liabilities}}$

The quick assets consist of those assets which are easily converted into cash within a very short period of time. Normally quick assets are calculated by subtracting stock and prepaid expenses from current assets. In other words

Quick Assets = Current Assets – (Stock + Prepaid Expenses)

The ideal quick ratio is 1:1 for a business, which denotes the availability of ₹ 1 of quick assets for every ₹ 1 current liability.

TABLE NO.6: ACID TEST RATIO

Banks/Years	2006-07	2007-08	2008-09	2009-10	2010-11
SBI	6.52	6.15	5.74	9.09	8.50
PNB	11.10	9.40	9.75	20.47	22.24
ICICI Bank	6.04	6.42	5.94	14.70	15.86
HDFC Bank	6.39	7.14	5.23	4.89	4.07

As per table no. 6 the quick ratio in SBI was in a noticeable position. It was 6.52 in the year 2006-07 and reached at 9.09 in the year 2009-10. The position of PNB is worse than SBI as the quick ratio which were 11.10 in the year 2006-07 increased and reached at 22.24 in the year 2010-11. ICICI Bank which is a private bank also suffered from the same situation as the ratio which was 6.04 in the year 2006-07 increased to 15.86 in the year 2010-11. HDFC Bank is the only unit under study which was able to reduce its quick ratio from 6.39 in the year 2006-07 to 4.07 in the year 2010-11. As per observation

the quick ratio were very much more than the ideal ratio in all the four banks under study which is a clear notice of heavy inefficiency in the management of quick assets, the banks had blocked a huge amount of cash resources in quick assets which can be used in some other fruitful alternates.

Working Capital Turnover Ratio (WCTR): A measurement comparing the depletion of working capital to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Working Capital Turnover Ratio = $\dfrac{\textbf{Total Revenue}}{\textbf{Net Working Capital}}$

The ratio consists of two components i.e. total revenue and net working capital. The net working capital is calculated by deducting current liabilities from current assets.

The working capital turnover ratio measures the efficiency with which the working capital is being used by a firm. A high ratio indicates efficient utilization of working capital and a low ratio indicates otherwise. But a very high working capital turnover ratio may also mean lack of sufficient working capital which is not a good situation.

TABLE NO. 7: WORKING CAPITAL TURNOVER RATIO

Banks/Years	2006-07	2007-08	2008-09	2009-10	2010-11
SBI	-1.2	-1.45	-1.02	-1.90	-1.55
PNB	-2.07	-1.56	-1.69	-6.26	-7.16
ICICI Bank	-1.36	-1.77	-2	8.88	9.16
HDFC Bank	-8.83	-1.02	-1.21	-1.35	-1.69

The working capital turnover ratio calculated in all the selected banks except of few exceptions are at considerable position. As depicted under the table no. 7 the ratio were negative throughout the study period in case of SBI, PNB and HDFC Bank, ICICI Bank managed to make it positive and better in the years 2009-10 and 2010-11 in which the same were at 8.88 and 9.16 respectively, which denotes a good sign as far as utilization of working capital concern. Rest of banks under study have to pay their concentration on the better utilization of working capital as the ratio were negative with a considerable margin specially in PNB where the ratio were negatively increasing year by year. It was -2.07 in the year 2006-07 and there from the same reached at -7.16 in the year 2010-11. in this context some corrective measures are reflected in HDFC Bank in which the ratio was reduced to 1.69 in the year 2010-11 from -8.83 in the year 2006-07.

Application of Statistical Tool (ANOVA): Analysis of Variance is the classification and cross classification of statistical data with a view of testing whether the means of specific classification differ significantly or they are homogeneous. In this study sample of four banks are selected and the working capital management among them are hypothetically tested by using ANOVA technique at 5% level of significance.

TABLE NO. 8: ANOVA TABLE

Sr.No.	Source of Variance	Degree of Freedom		F Ratio	Table Value	Hypothesis
1	Between Samples	3	17.68 (MSB)	3.88	4.07	Accepted
2	Within Samples	8	68.76 (MSW)			
	Total	11				

As depicted in the table no. 8 the calculated value of F ratio is 3.88 at 5% level of significance**.** The table value at 5% level of significance is 4.07 which is more than that of calculated value of F ratio that is 3.88 so the null hypothesis that there is a significant difference in the working capital management of selected banks is accepted.

CONCLUSIONS AND SUGGESTIONS

Banking sector is one of the most important sectors of any economy. It built up the creditability and economic strength of not only the country but also the people who lives in. from the above study it is concluded that the banks in India whether in public or private sector were not performing well as far as management of working capital concern. Except of ICICI Bank, rest of the banks under sample was not able to maintain the sufficient amount of working capital. The banks under study were facing negative working capital through out the study period which generated a probability of short term insolvency. The banks should pay attention to the level of working capital and should create a reserve for the same. It is evident from the above analysis that banks in public sector as well as in private sector are following the aggressive approach and concentrating on the profit maximization. But short term solvency should also not to be neglected.

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FDI IN RETAIL SECTOR: CONSEQUENCES OVERLOOKED

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ABSTRACT

Foreign Direct Investment (FDI) is an important source of private capital for developing countries. Foreign capital mobilization plays a very significant role in resource mobilization, needed for achieving higher growth and earning potential. It's been felt that FDI in the retail sector can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and benefit consumers, and suppliers (farmers). This also can result in net gains in employment at the aggregate level. But an issue of current interest is whether FDI can contribute to the objective of reducing poverty? Also the issue is being highly debated by opposition party stating that –"India will become a country of sales girls and boys where shops run by American and British companies will sell mostly Chinese goods". Considering all the facts this paper bring forth a few conceptual issues that may be overlooked.

KEYWORDS

FDI, Overlooked factor , Retail sector.

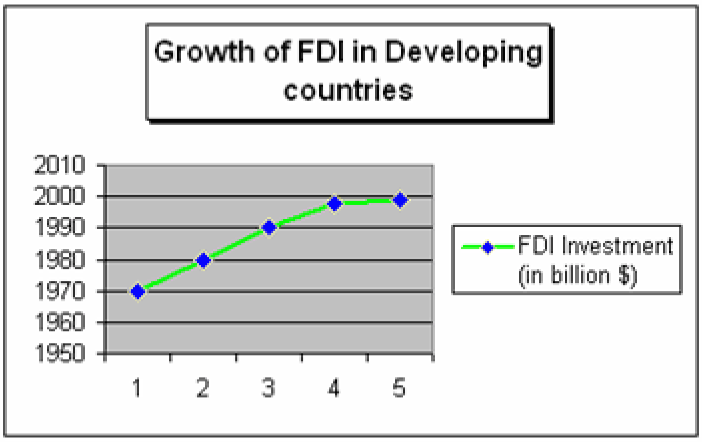
INTRODUCTION TO FDI

In the past decades, FDI was concerned only with highly industrialized countries. US were the world's largest recipient of FDI during 2006 with an investment of 184 million from OECD (Organization for Economic Co-operation and Development) countries. France, Greece, Iceland, Poland, Slovak Republic, Switzerland and Turkey also have a positive record in FDI investments. Now, during the course of time, FDI has become a vital part in every country more particularly with the developing countries. This is because of the following reasons: Availability of cheap labor, uninterrupted availability of raw material, less production cost compared with other developed countries, Quick and easy market penetration.

India being a signatory to World Trade Organization's General Agreement on Trade in Services, which include wholesale and retailing services, had to open up the retail trade sector to foreign investment. Licensing was eliminated by Indian government, and firms not in all but a few sectors were allowed to start operations without government approval. The impact of de-licensing was most evident in sectors like steel, automobiles, FMCG and consumer electronics which witnessed a surge in entry of new firms. Over time, capital account restrictions were eased to allow Indian companies to raise capital abroad, by way of Eurobonds and GDR/ADRs, and acquire firms in other countries. The domestic capital market was restructured with the Securities and Exchange Commission and the National Stock Exchange as the driving forces, and interest rates were liberalized. In brief, market forces were unleashed both in the product and, by and large, in the factor markets, and firms were given much more freedom to realize gains associated with allocation efficiency. The government also made is easier for MNCs to invest in India. According to a recent survey by UNCTAD India is projected as the second most attractive destination for FDI (only after China) for multinational corporations during the years 2010-2012. As per the data, the sectors such as telecom, services, infrastructure and computer hardware and software attract the FDI the most. The leading sources of FDI are from the economies such as the US, the UK, Singapore and Mauritius. Today, India welcomes foreign investment in virtually all sectors except defense, railway transport and atomic energy. In sectors like road and port infrastructure, mining of gold and minerals, and pharmaceuticals, MNCs can own up to 100 percent of their Indian affiliates without government approval. In certain other lines of business like generation of power and development of integrated townships, 100 percent foreign ownership is possible with government approval. In activities like exploration for petroleum reserves, development of marketing infrastructure for petroleum products, and exploration and mining of coal, MNCs are allowed majority stake in the affiliates, usually varying between 51 percent and 74 percent. In most cases, however, their stakes in SOEs are restricted to 26 percent. Finally, in sectors like media and insurance, MNCs are restricted to minority stake, and are expected to obtain government approval prior to initiation of business. There were initial reservations towards opening up of retail sector arising from fear of job losses, procurement from international market, competition and loss of entrepreneurial opportunities. However, the government in a series of moves has opened up the retail sector slowly to Foreign Direct Investment ("FDI"). In 1997, FDI in cash and carry (wholesale) with 100 percent ownership was allowed under the Government approval route. It was brought under the automatic route in 2006. 51 percent investment in a single brand retail outlet was also permitted in 2006.Still FDI in Multi-Brand retailing is prohibited in India. FDI in Multi-brand Retail Sector created uproar in the Parliament. Consequently, it has now become the debatable issue among corporate, political groups, academicians and industrialists.

FIG. 1

Year	$ (in billion)
1970	10
1980	20
1990	26.7
1998	179
1999	208



PRESENT SHAPE OF FDI IN RETAIL

The retail industry in India is the second largest employer with an estimated 35 million people engaged by the industry. There has been opening of Indian economy to foreign organization for foreign direct investment through organized retail. The union government has sanctioned 51% foreign direct investment in multi-brand like Wal-Mart, Carrefour, Tesco and up to 100% in single brand retail like Gucci, Nokia and Reebok. This will make foreign goods and items of daily consumption available locally, at a lower price, to Indian consumers. The new policy will allow multi-brand foreign retailers to set up shop only in cities with a

population of more than 10 lakhs as per the 2011 census. There are 53 such cities. This means that big retailers can move beyond the metropolises to smaller cities. The final decision will however lies with the state governments. Foreign retailers will be required to put up 50% of total FDI in back-end infra-structure excluding that on front-end expenditures. Expenditure on land cost and rentals will not be counted for the purpose of back-end infra-structure. Big retailers will need to source at least 30% of manufactured or processed products from small retailers. The government will go for surprise checks and if found irregularities then the deed will be broken with a second of time.
Still, all is not well with the business environment in India, however. Aside from continuing bureaucratization of many processes affecting business, the reforms process in India has weak links. The policy of protecting small firms in some sectors has not completely been eliminated, thereby preventing entry of larger and more solvent firms, with greater economies of scale, to these sectors. This has had adverse impact on the competitiveness of firms in these sectors. And if the government may allow such multi-brand like Wal-Mart considering the economic growth, it may pound such domestic firms.

WAL-MART IN INDIA (OVERLOOKED FACTORS)

Wal-Mart is the largest retail corporation in the world with $ 400 million annual turnover and about two million employees. Wal-Mart discount store was first established in a small town Rogers in Arkansas by Sam Walton in 1962. The basic strategy was to enter small towns with population of 5000 to 25000 which were not served by large retailers and derive scale advantage in relation to the size of small town markets and eliminate small players. This is similar to a natural monopoly where, given the size of the market, one large player with global economies of scale can serve the market more efficiently than large number of small players.
According to the Fortune Global 500 list for 2012 and it has become the poster boy for anti-FDI protests and increasing opposition rhetoric. Economists are divided on the effect that Walmart and other retail chains will have on the domestic economy. The prime minister claims this step will increase prices paid to farmers, reduce prices for customers, reduce agricultural wastage and create thousands of jobs. Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission, said the measure is not a threat to small retailers and it will create efficiency in supply chain infrastructure. Wastage will fall, leading to lower prices of primary commodities. In India, 30% of fruits and vegetables, and 5-7% of grains are wasted between harvest and consumption.
Considering the fact that retail sector is in a developing stage in India, so none of the retailer has achieved a stage of economies of scale. Though in the short run many of the retail stores may earn super normal profits, normal profits or may be losses. But in the long run due to competition many of the retailers who are suffering losses will quit the market and the retailers who are earning super normal profits will face completion of new entrants will earn normal profits in long run. Since they are not able to earn super normal profits as in the case of monopoly these retailers can not reasonable reduce there product prices. Also retail sector need many more years to reach the level of economies of scale. Let us take that a large player with global economies of scale enters the market, obviously they will be able to charge less from customers and increase the supply, since there average cost is far less from domestic retailers. The decline in the market price causes exit of small firms due to which these big players will create monopoly in Indian retail market and can further manipulate prices in future. Will it result in unemployment as small firms employ more labor per unit of output produced than the large firm with economies of scale?
Increase in the output supplied can absorb some of the labor released from exit of firms. Although reduction in prices may lead to increase in real income which will flows towards investment and can be used by banks for further financing projects in country. So few more projects are expected to absorb those labors which are unemployed due to entry of big retailers.
But the fact that is overlooked here is that the 35 million people who are employed in retail sector are those who are not highly educated and the idea that the increase in supply of output by large players like Wal-mart which is expected to absorb unemployed labor who were employed domestically is impractical because they would prefer people who would have basic knowledge of computers. Also one more issue which can be overlooked is that its been expected that reduction in prices may lead to increase in real income which will flows towards investment and can be used by banks for further financing projects in country but it was overlooked that people who got unemployed were also contributing their savings towards investments. So before assuming about the increase in savings government must take in to account the propensity of saving (marginal propensity to save) of both, consumers as well as people who got unemployed.
Another important point which can be overlooked under FDI disguise is that although the prime minister claims that this step will increase prices paid to farmers, reduce prices for customers but how much is the certainty of the same; it is very obvious that due to economies of scale as discussed above certainly Wal-mart will be able to sell its products in market at lesser price which is going to kill all the domestic retailers in our home country but yes as claimed by government, may be Wal-mart will pay higher prices to farmers which can seem fruitful as today farmers do not get that higher prices and suffer losses, but the question is- “for how long?”.Since Wal-mart has already achieved economies of scale in other countries so it can offer products in the market at lower prices without suffering losses this is going to kills few of the competitive retailers in home country. Initially Wal-mart can pay higher prices to farmers which may seem fruitful to the farmers as existent retailers in India are not able to pay higher prices to farmers since they have not achieved economies of scale, but even due to this farmers will start to supply their products to Wal-mart and will start avoiding home country retailers which is further going to kill remaining retailers present in India. But the thing which got overlooked is not just that this whole activity is going to affect the retailers in home country but it can effect and can even exploit the farmers in home country, now you must be wondering how? A big reason behind this is; after capturing whole Indian market farmers will be fully depended up on Wal-mart for supply of their product and at that time after killing whole competition in Indian market wal-mart may not agree to pay that higher price to our farmers. The strategy of paying higher prices can be just a strategy to lure farmers towards them and to penetrate deep in Indian market. But as soon as they may achieve this position in Indian market they may infringe their promise with farmers which will leave our farmers in even more bad situation. Wal-mart has got an option to get the supply of material from china at lower prices so after fully getting established in India Wal-mart can switch their interest from improving the standard of living and status of our farmers to earning higher profits for themselves by getting supply of material from china. Government must take into consideration of this factor before allowing Wal-mart to enter in Indian market because though their promise may seem fruitful today but this can exploit our farmers as well as our retailers. On the one hand the government is trying to convince that FDI would not harm the local trading practices and on the other hand various traders associations, vendors are fearing its exit from the retail market in the long run when various multi brand retail giants with their deep pockets and marketing skills would create direct contacts with farmers and producers of essential commodities. Whether it’s a small vendor selling fruits on his bicycle or a trader who has a kiosk in a neighborhood where he sells grocery or a weekly market trader who sells garments, all three of them depend on a vegetable mandi, grain mandi and wholesale market for garments respectively.

ADVANTAGES OF FDI IN RETAIL

Foreign direct investment has many advantages for both the investor and the recipient. One of the primary benefits is that it allows money to freely go to whatever business has the best prospects for growth anywhere in the world. That's because investors aggressively seek the best return for their money with the least risk. This motive is color-blind, doesn't care about religion or form of government.
This gives well-run businesses -- regardless of race, color or creed -- a competitive advantage. It reduces (but, of course, doesn't eliminate) the effects of politics, cronyism and bribery. As a result, the smartest money goes to the best businesses all over the world, bringing these goods and services to market faster than if unrestricted FDI weren't available.
Investors receive additional benefits. Their risk is reduced because they can diversify their holdings outside of a specific country, industry or political system. Diversification always increases return without increasing risk.
Businesses benefit by receiving management, accounting or legal guidance in keeping with the best practices practiced by their lenders. They can also incorporate the latest technology, innovations in operational practices, and new financing tools that they might not otherwise be aware of. By adopting these practices, they enhance their employees' lifestyles, helping to create a better standard of living for the recipient country. In addition, since the best companies get rewarded with these benefits, local governments have less influence, and aren't as able to pursue poor economic policies.
The standard of living in the recipient country is also improved by higher tax revenue from the company that received the foreign direct investment. However, sometimes countries neutralize that increased revenue by offering tax incentives to attract the FDI in the first place.

HIGHLIGHTS

1. More investments in the end to end supply chain - For the Foreign Multi Brand retailers, entering India later would be a significant disadvantage and they would try and introduce a lot of innovations hitherto not introduced. For one, they would invest heavily into end-to-end supply chains including world class cold storage facilities.
2. Low spillage and wastage - In India, the supply chain is considered highly inefficient due to the huge wastage during the transportation. The global world class retailers would introduce quality standards that are second to none and would lead to more farm produce reaching the end consumer in a consumable condition. Wastage will fall, leading to lower prices of primary commodities. This would improve productivity of the entire system.
3. Increase in efficiency and more options for the consumer - The consumer would get compelling options for doing their shopping which would lead to a fulfilling consumer experience. Under the pressure of competition human being will strive to give best of their effort. It is going to put an emphasis on consumer concern, delivering the consumer the very best quality and variety of goods. This helps to bring down prices because consumers have a choice and can drive inefficient operators out of business.
4. Raising the Level of Investment-transference of capital from developed to underdeveloped countries will be mutually beneficial. The developed countries have surplus capital; it is going to help in flow of surplus capital of developed countries to underdeveloped countries. Since saving does not increase in the same ratio as the income does, this void is filled by flow of foreign capital. Foreign investment can fill the gap between desired investment and locally mobilized savings. Local capital markets are often not well developed.
5. Up gradation of Technology and infrastructure-Foreign investment brings with it technological knowledge while transferring machinery and equipment to developing countries. Production units in developing countries use to produce goods of low standard that is why new technological advancement may help them in further growth. Also entry of FDI will definitely lead to development in infrastructure which in turns is going to contribute towards economic growth.

Government is in favor of FDI by supporting it with few of these points:

- Increase economic growth by dealing with different international products
- 1 million (10 lakhs) employment will create in three years - UPA Government
- Billion dollars will be invested in Indian market
- Spread import and export business in different countries
- Agriculture related people will get good price of their goods

DISADVANTAGES OF FDI IN RETAIL

1. Little incremental value - The critics of the move say that India as a country requires different fundamentals to survive and deliver value to the consumer. The last mile delivery of a lot of goods happen to the consumer's home - the retailer goes to the consumer in India and not the other way round, thus far in a lot of cases. Hence, the critics claim that there is little incremental value by implementing FDI in retail rules.
2. Cut throat foreign competition – The critics are of the view that FDI will lead the foreign to cut throat competition.FDI might be in a position to manipulate things to their advantage, which will prove detrimental to the interest of poor nations. Will there be a net gain for consumers in terms of Price savings? No, not at all. Competition market has offered several opportunities but its proper exploitation is only possible when India realizes the fact that the rich take away from poor more than they give.
3. Increase in consumerism: FDI is further criticized on the account of sacrifice of necessities and comforts in favour of conspicuous consumption. This discourages savings and encourages consumption. The increasing trend towards consumerism was one of the cause of economic crisis faced by east asian.FDI will promote demonstration effect.
4. Too much foreign ownership of companies can be a concern, especially in industries that are strategically important. Second, sophisticated foreign investors can use their skills to strip the company of its value without adding any. They can sell off unprofitable portions of the company to local, less sophisticated investors. Or, they can borrow against the company's collateral locally, and lend the funds back to the parent company.

- Will affect 50 million merchants in India
- Profit distribution, investment ratios are not fixed
- An economically backward class person suffers from price raise
- Retailer faces loss in business
- Market places are situated too far which increases traveling expenses

The adverse impact of the FDI would befall the unorganized retail sector with great intensity if the State makes more stringent rules of zoning and regulation. We have researched the local weekly markets of Delhi. These markets are very prominent feature in all parts of Delhi and NCR. There are around twelve hundred weekly markets of which only one fourth are recognized by the Municipal Corporation of Delhi (consequence of zoning). Approximately 2.5 million people are employed through these markets. This figure would just double if we take in to account additional employment that is created around these markets. Various own account and household enterprises are producing commodities on a daily basis for such low end markets. Local weekly markets provide a very easy channel of distribution of commodities produced not only in local small scale industries but also in the neighboring States. For instance, rubber chappals and shoes made in Agra, sarees made in Surat, hosiery made in Coimbatore, woollens made in Ludhiana are all sold at affordable prices here in these very markets. FDI in multi brand retail would either displace various wholesale markets or the size of such markets would shrink. Today the local markets run on capital which has a fluid or floating nature. But with the coming of multi brand retail stores this floating capital would freeze and small retailers and vendors will be evicted from the market.

SUGGESTIONS

1. The retail sector in India is severely constrained by limited availability of bank finance. The Government and RBI need to evolve suitable lending policies that will enable retailers in the organized and unorganized sectors to expand and improve efficiencies.
2. A National Commission must be established to study the problems of the retail sector and to evolve policies that will enable it to cope with FDI – as and when it comes.
3. The proposed National Commission should evolve a clear set of conditions on giant foreign retailers on the procurement of farm produce, domestically manufactured merchandise and imported goods. These conditions must be aimed at encouraging the purchase of goods in the domestic market, state the minimum space, size and specify details like, construction and storage standards, the ratio of floor space to parking space etc
4. Entry of foreign players must be gradual and with social safeguards so that the effects of the labour dislocation can be analyzed and policy fine tuned.
5. In order to address the dislocation issue, it becomes imperative to develop and improve the manufacturing sector in India.
6. The government must actively encourage setting up of co-operative stores to procure and stock their consumer goods and commodities from small producers. This will address the dual problem of limited promotion and marketing ability, as well as market penetration for the retailers.
7. Set up an Agricultural Perishable Produce Commission (APPC), to ensure that procurement prices for perishable commodities are fair to farmers and that they are not distorted with relation to market prices.

CONCLUSION

Already multiple Indian corporate are well entrenched into the Indian Market with their organized multi brand retail offerings. Under this situation is an FDI influx truly required? That is one of the biggest questions that are being asked. Opening up of FDI in multi-brand retail in India could potentially be a mixed blessing for domestic investors. While at initial level the small indigenous retailers' business would be impacted once modern retail enters the locality, this adverse impact is expected to be short-lived and to weaken over time. FDI is being treated by our government as universal panacea which is going to resolve possibly every problem occurring in economy. Such act are beneficial to a country only if its economy has grown to a level of skills.FDI is mutually beneficial when capital, labour, technology and goods flow between equals. In other words when country is ready to face the world competition on equal terms. Otherwise any attempt by the underdeveloped can rebound adversely on the vast majority of the people. It must be emphasized that the policy which does not address the people of a nation is meaningless. Our commitment to people is more important than the global economic environment in which the developed countries work on the basis of competition.

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IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN RETAIL BANKS: A COMPARATIVE STUDY BETWEEN PUBLIC, PRIVATE AND COOPERATIVE SECTOR BANKS

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ABSTRACT
Measuring customer satisfaction is critical in the process of serving the customer. Banks have already realized that the growth of their business hugely depends on the quality of the consumer service provided and overall satisfaction of the customer. Today, customers expect higher quality of services from banks which, if fulfilled, could result in significantly improved customer satisfaction and higher customer retention levels. An in depth analysis of the service quality perceptions of their customers is essential to achieve sustainable growth for the sector. The perceived quality is normally assessed based on service quality dimensions such as tangibles, reliability, responsiveness, assurance and empathy. This study focuses on exploring these service quality dimensions that lead to customer satisfaction in retail banks in Maharashtra. In order to have firsthand information questionnaire survey was undertaken. The selected respondents represented a balanced mix of various demographic factors (age, gender, marital status, education levels, employment status and income groups). In all 150 customers selected from different banks; 50 customers from public sectors banks, 50 customers from private sector banks and 50 customers from cooperative sectors banks and surveyed using questionnaire and personal interview method. Convenience sampling method was used. It is hoped that this research paper would help the bank management not only in improving the overall level of customer satisfaction but also strengthening the bond between the banks and their customers.

KEYWORDS
Bank's service quality, customer satisfaction, cooperative sector, private sector, public sector.

INTRODUCTION
The banking industry has undergone rapid changes, followed by a series of fundamental developments due to liberalization and deregulation trends initiated in the country in early 1990's. There has been a change in the very concept of traditional banking activities and concept of quality in service has gathered attention of all customers. Increasing competition among a broad range of domestic and foreign institutions in product marketing area has become a prevalent practice and thus attempt to be different from other banking institutions has become the priority consideration of the sector. It is predominantly seen that, in line with the increase in overall economic activities, financial institutions, too, have modified themselves accordingly in all the spheres including customer services. To meet the demands of today's marketing environment, organizations are looking to service initiatives as a means to create or sustain competitive advantage. Measuring customer satisfaction is critical in the process of serving the customers.
Retail banking is a service industry focused towards the customer's money and its management. An element that strongly drove the satisfaction of customers in the banking sector was the conviviality factor related to the features of a bank and the attributes of its personnel. Rust and Zahorik (1993), Krishnan et al (1999) conducted various studies and put forward that satisfaction with perceived product quality was the prime driver of overall customer satisfaction. Furthermore, their studies also found and recommended that the impact of service delivery factors varies considerably on customer satisfaction. To further exemplify, they became aware of the fact that for customers who traded heavily and had high investable assets, the effect of an automated telephone service was elevated than that of the other drivers of satisfaction. In another research, Hallowell (1996) looked into the relationship between customer satisfaction and loyalty and his conclusions were quite analogous to Parasuraman et al., (1994). The study concluded that satisfaction with the service, and satisfactions with price were key elements in the overall satisfaction measurement. The measurements used in the above mentioned study were reasonably all -inclusive, and concluded that all the elements measured had a bearing on overall satisfaction. The findings of the study emphasized that the service features of branch, staff and information were dominant factors. Johnston (1997) promoted the notion that banks, in general, were to all intents and purposes, "barking up the wrong tree" by enhancing service quality and these efforts in turn had little or no effect on improving customer satisfaction. The study (Johnston, (1997)) suggested that satisfaction or dissatisfaction with retail banking did not arise from the same factors. To be more precise, some elements of service quality, if improved, enhance the satisfaction levels of the customers, while on the other hand, other elements may not improve satisfaction but simply function to keep dissatisfaction at bay or at best, reduce dissatisfaction alone. This line of accepted wisdom stems from the hygiene factors of Herzberg's motivation theory.

REVIEW OF LITERATURE
Pairot (2008) defined Customers satisfaction as the company's ability to fulfill the business, emotional, and psychological needs of its customers.
In the words of Oliver (1981, p.27), customer satisfaction is "the summary psychological state resulting when the emotion surrounding dis confirmed expectations is coupled with the consumer's prior feelings about the consumption experience."
Customer satisfaction has also been defined by Hunt (1977, p.459) as "an evaluation rendered that the (consumption) experience was at least as good as it was supposed to be."
Furthermore, Engel and Blackwell (1982, p.501) have opined it to be "an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative."
It is a well-researched fact that investments in customer satisfaction, customer relationships and service quality leads to profitability and market share Rust and Zahorik (1993). Put differently, customer satisfaction leads to customer loyalty and this also leads to profitability Hallowell (1996). If customers are satisfied with a particular high quality service offering after its use, then they can be expected to engage in repeat purchase and even try line extensions and thus market share can be improved.
Levesque and McDougall (1996) have empirically confirmed and reinforced the notion that consistent poor customer experience leads to a decrease in the levels of customer satisfaction and the chances of further willingness to recommend the service (i.e., word -of- mouth advertising or referrals) is reduced.
Previous researches have shown strong linkages between service quality dimensions and overall customer satisfaction (Anderson and Sullivan (1993)).
Service quality is accepted as one of the basic factors of customer satisfaction (Parasuraman et al., (1994)). However, there is much debate whether customer satisfaction is a precursor of service quality judgments (Parasuraman et al., (1985) and Bitner et al., (1990)) or the other way round (Anderson and Sullivan, (1993)).
Definitive analysis has showed that service quality cannot be divorced from the concept of customer satisfaction. Recent studies have shown that satisfaction is influenced by not only perceptions of service quality but also by perceptions of product quality, and pricing factors as well as situational and personal factors (Zeithaml and Bitner, (2000)). For example, customer satisfaction with retail banking will be a broader concept and will certainly be influenced by perceptions of service quality but will also include perceptions of product quality (such as variety of deposit options available to customers), price of the products(i.e., charges charged by the bank or rates offered by the banks on various deposits), personal factors such as the consumers emotional state, and even uncontrollable situational factors such as weather conditions and experiences in conveying to and from the bank.

Badhe has published an article on the problems of urban cooperative banks in India. He observed that except uneven growth in urban banks they series of problems like lack of viability, development of their funds, in trade and commerce, monopoly use of their resources by small group of people, lack of proper control and supervision over them by supervising agencies and lack of professional executives.

Insight about the satisfaction levels are also drawn by global consumer banking survey 2012 conducted by Ernst and Young.

SCOPE AND SIGNIFICANCE OF THE STUDY

Due to privatization and Globalization vast competition has emerged in banking services. Due to liberalization formation of new banks turned to be easy, there by competitive atmosphere emerged in banking services. For understanding whether banks can stands in the atmosphere of liberalization, it is necessary to know whether all banks can provide modern services and whether urban they can understand the problems of customers.

Amid sweeping regulatory change, slow economic growth and tightened margins, banks today are increasingly focused on their most important stakeholders — their customers. Yet, despite their best efforts to attract and retain customers, customer confidence levels in banks remain low. In response, customers are changing their behavior and demanding lower fees for higher levels of service or other improvements. If these demands are not met, they are likely to shop around at other banks for competitive rates for services and products. Hence this study is focusing on understanding first the factors that affect the quality of services and customer satisfaction, second measuring to what extent these factors impact on customer satisfaction. It is hoped the data and survey findings are useful to you when planning strategies and adapting your business models to attain greater customer loyalty and satisfaction.

The study is specific only to public sector, private sector and cooperative sector banks in Mumbai. The study revolves around customer satisfaction and its related factors. The factors studied are Tangibility, Convenience & Availability, Promptness, Security & Accuracy, and Personal Assistance & Responsiveness.

PURPOSE OF STUDY

1) To identify the major factors of which have an impact on service quality in retail banks.
2) To measure and compare the overall level of impact of service quality on satisfaction of customers of public, private and cooperative sector banks.
3) To provide valuable recommendations to the banks for improving their quality of services.

RESEARCH METHODOLOGY

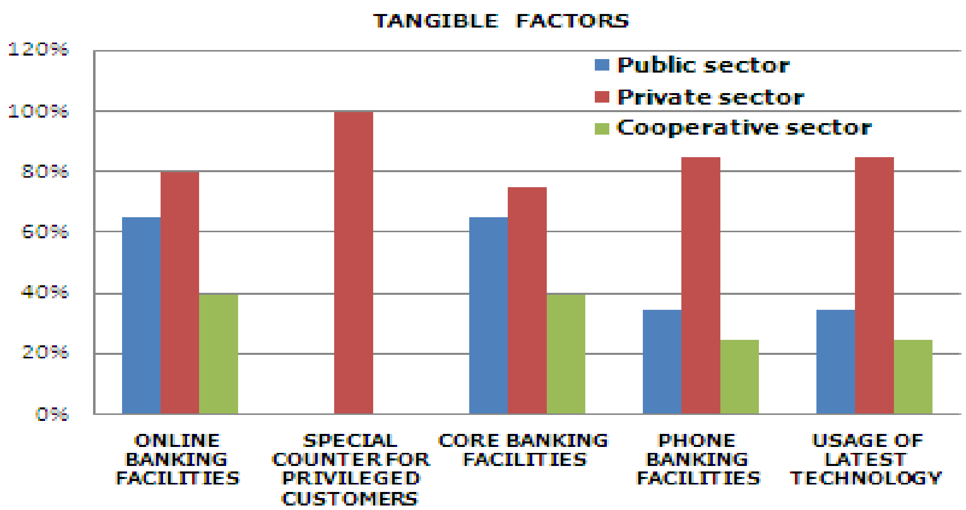
In order to have firsthand information regarding what exactly is the impact of service quality on the customer satisfaction, questionnaire survey was undertaken. The selected respondents represented a balanced mix of various demographic factors (age, gender, marital status, education levels, employment status and income groups). In all 150 customers selected from different banks; 50 customers from public sectors banks, 50 customers from private sector banks and 50 customers from cooperative sectors banks and surveyed using questionnaire and personal interview method. Convenience sampling method was used. Use of secondary data is also made to certain extent to establish the background for the study.

SURVEY RESULTS AND INTERPRETATION

Factors that have an impact on service quality and their resultant effect on customer satisfaction:

1. TANGIBLE FACTORS

FIG. 1



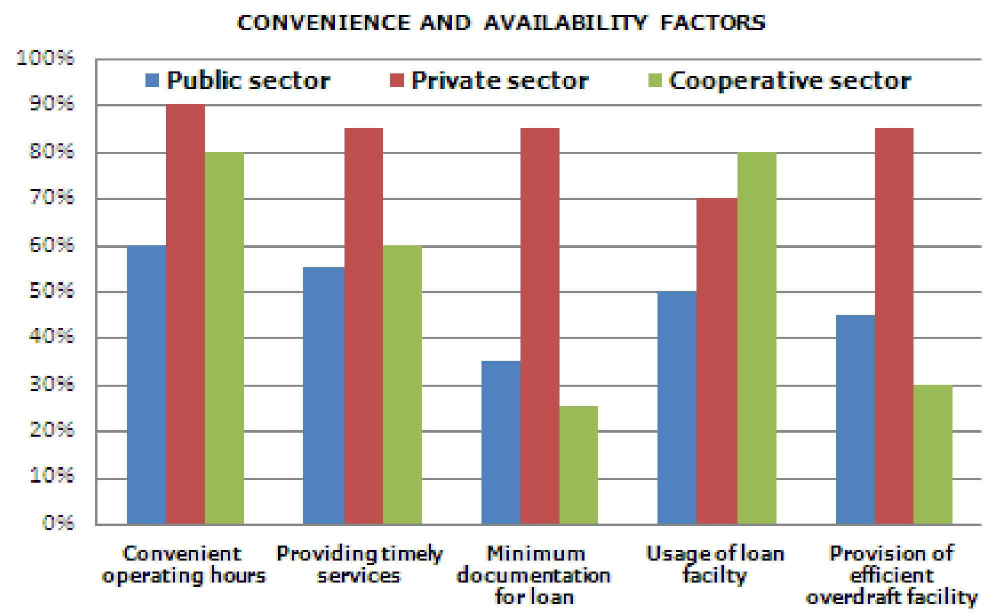
From the above Fig. it can be observed that the highly attractive tangible factor is special counter for privileged customers as 100% of the customers surveyed were agreeing that it increased their satisfaction and which was one of the reason why they preferred to own a bank account in private sector. Many public and cooperative sector banks lack this facility, which acts as a deterrent factor for their growth and customer retention.

In respect of the online banking and core banking facility offered by the banks; which adds to their customers' level of satisfaction; it can be seen that marginally the private sector banks ensure better quality. But the cooperative banks; in comparison to the public and private sector banks; lag behind in competition to satisfy their customers on these areas.

When it comes to phone banking facility and providing the customers latest technology in banking private banks enjoy almost 85% customer satisfaction thereby increasing their customer base. But the public and cooperative banks have almost failed to win their customers hearts with regards to the level of quality of these facilities.

2. CONVENIENCE AND AVAILABILITY FACTORS

FIG. 2



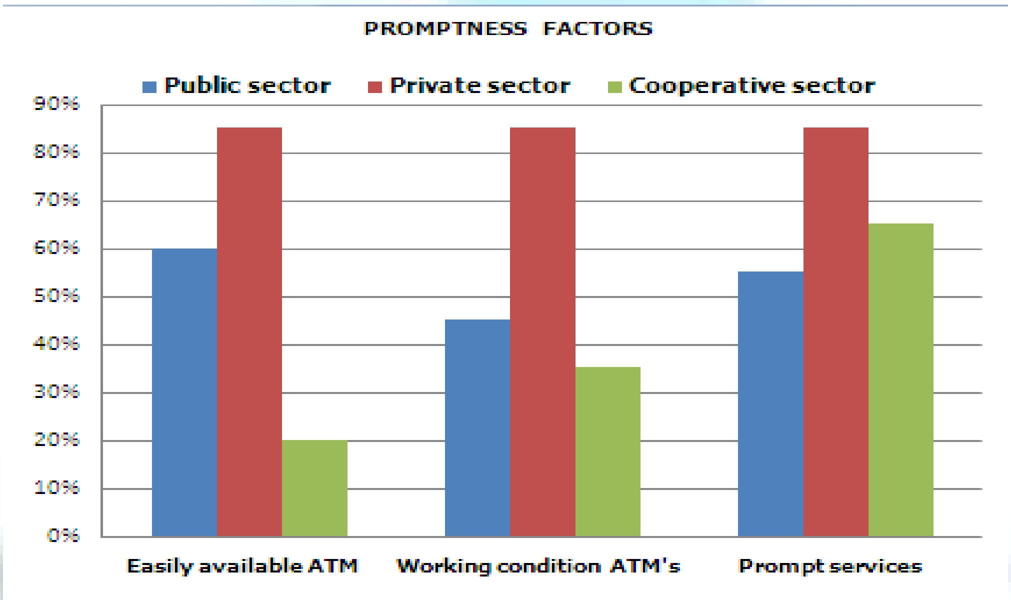
This research has helped to understand that a simple factor like convenient working hours has helped private banks to attract up to 90% of customers and at the same time even the cooperative banks have attracted up to 80% of customers efficiently. Whereas this acts as a limiting factor for our public sector banks.

Other factors like timely services, easy and quick access to loans and better limits in overdraft facility definitely add to customer satisfaction levels in private banks ensuring 85% of customer satisfaction. Most of the customers feel that the public and cooperative banks do not offer attractive overdraft limits hence only 45% customers of public sector banks and 30% of cooperative banks show the sense of satisfaction.

It was observed that the procedure for obtaining loan was the most complicated in cooperative banks as indicated by 75% customers but still 80% customers prefer to use their loan facility because of easy repayment options as indicated in the above Fig.

3. PROMPTNESS FACTORS

FIG. 3

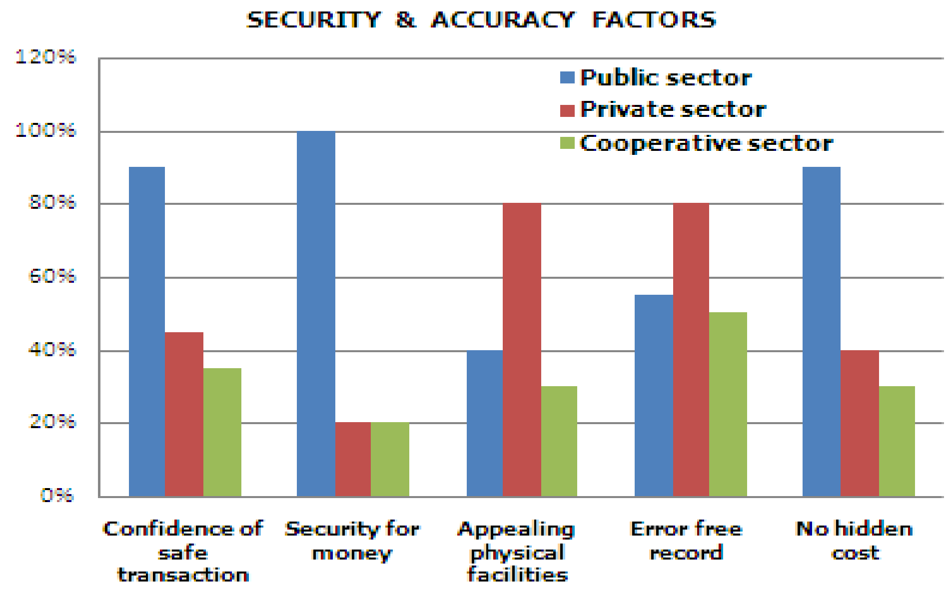


Along with the advancement in technology what is required today is providing and maintaining efficiency in these technologies. As indicated in the above Fig. what matters to almost 85% of customers today is easy availability of ATM centers at convenient locations and more than that its important to ensure are they in working condition. This demand of the customers was catered to them efficiently by private banks.

While this factor is acting in favor of private banks its very much going against the cooperative banks. The feedback of customers highlight that there are only handful of ATM centers of cooperative banks and again their quality is also low leaving 80% customers dissatisfied. Up to 55% customers of public banks too complain of the ATM centers being found in improper working conditions and because of which this survey has highlighted 85% satisfaction in private banks in relation to ATM facility.

4. SECURITY AND ACCURACY FACTORS

FIG. 4



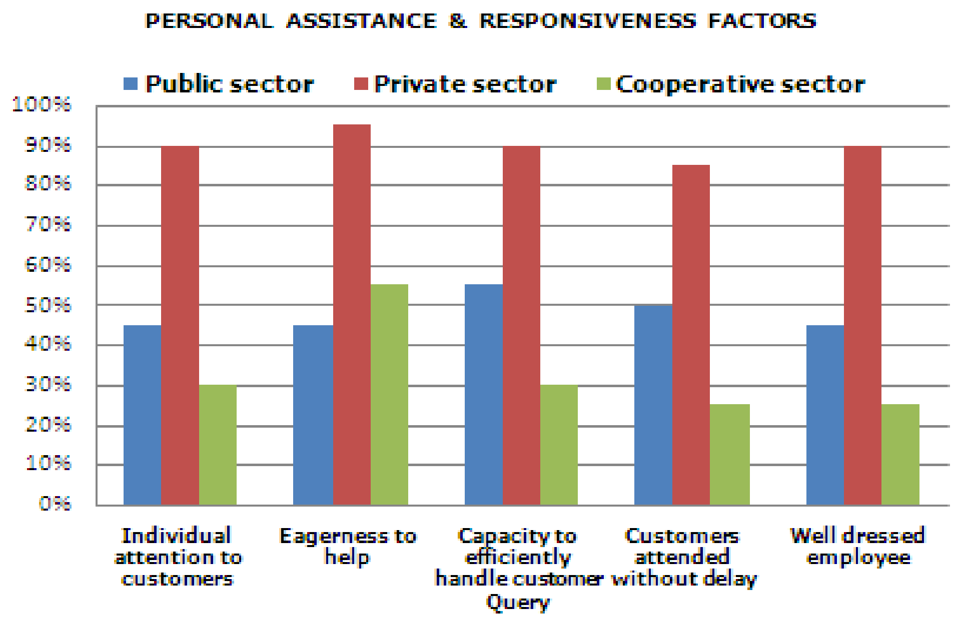
Another vital factor affecting customer satisfaction today is the security and accuracy factor. This study draws the attention towards the fact that however efficient private banks may be in proving their customers with various services, ultimately customer trusts public sector banks to the extent of 100% for safety of their investments and transactions. Also the fact that unlike the other banks, public banks do not have hidden transaction costs like note counting charges. This makes Public sector banks the most appealing, thus increasing level of satisfaction to 85%.

In this situation private banks try to compensate by providing the best possible physical facilities to their customers and ensuring error free record keeping thereby increasing the customer satisfaction to 80%.

But nothing is positive for the cooperative banks as it can be seen in the above Fig. that they have the lowest level of customer satisfaction in all the security and accuracy related factors and hence failing to stand in competition with the public and private banks.

5. PERSONAL ASSISTANCE AND RESPONSIVENESS FACTORS

FIG. 5



In contrast to the earlier findings in favor of public banks in security related factors, here the study highlights their weaknesses relating to personal assistance and responsiveness factors. It can be observed that customer's satisfaction does depend on the efficiency level of the bank's employees. Customers do feel that the quality of services vary because of factors like are the employees are well dressed or not, are they eager to come front for customers assistance or not, do they provide individual attention to customers or not. Private banks recruitment policy ensures that their employees cater to these personal assistance and responsiveness factors efficiently thus, contributing 90% satisfaction in private banks.

In comparison to public and cooperative banks the private banks employees are found well-trained in handling customer queries. Cooperative banks lacked focus in this area which has lead to a major level of dissatisfaction to the extent of 75%. Similar is the case with Public banks and also leading to dissatisfied customers' up to 55%.

RECOMMENDATIONS

This study highlights following recommendations to the banks management which hopefully would help them to overcome their weaknesses:

1. All banks should help customers shape their own banking experiences by recruiting online affinity groups and by developing flexible loyalty programs.
2. Banks must develop models around customer needs by re-prioritizing spending, including increasing the use of low-cost digital models and using more innovative technology.
3. The public and cooperative sector banks must have special counters for their privileged customers.

4. The public and cooperative sector banks must ensure to provide services with updated technology to remain in competition and increase their market share.
5. The public and cooperative sector banks must allocate certain funds to provide appealing physical facilities in their bank's premises to offer comfort to their customers while banking.
6. The public and cooperative sector banks must focus on employee training to keep away the customer dissatisfaction with regards to the personal assistance factors.
7. Banks must offer tiered levels of customer experience. Customers should have the option to buy into certain products and services, and be able to earn upgrades through loyalty, whether in terms of longevity or the share of wallet handled by a particular bank.
8. The public and cooperative sector banks should offer more personalized banking services to ensure better customer satisfaction.
9. The customers expect more and better quality of A.T.M. services from the public and cooperative sector banks. More funds must be invested in this area.
10. The loan procedure of Cooperative banks is complicated. Therefore banks should reduce the documentation and time for loan procedures and deliver it instantly.

CONCLUSION AND CONTRIBUTION

The research has helped us to understand that more satisfied customers belong to private sector banks but still why one would like to have an account in public sector bank is for the level of security it offers. Also, the study has endowed insights and implications for bank management, thus enabling them to develop strategies to improve customer satisfaction and consequently, retention rates.

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DRIP MARKETING: SLOW AND STEADY WINS THE CUSTOMERS

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ABSTRACT

Drip marketing is a communication strategy that sends, or 'drips,' a pre-written set of messages to customers or prospects over time. The study of the topic will be more helpful to the marketers in bringing stiff customers to their hand by competing with the competitor. The study is undertaken to bring awareness about Drip Marketing, to give information about the Mediums of Drip Marketing, to give the Principles of Drip Marketing, to give an elaborative report regarding Drip Marketing and to know the awareness level of marketers about the Drip Marketing. The study was conducted in Coimbatore city by taking both primary (Questionnaire) it has been collected by random sampling method from 100 customers and secondary data have also been used. The findings of the study reveals that the majority of 58% of the respondents are male, Majority of 73% of the respondents are under the age group of below 30 years, Majority of 57% of the respondents are married, Majority 50% of the respondents are having the educational qualification upto under graduation and Majority 38.5% of the respondents are moderately awared about the Drip Marketing Concept. Drip Marketing should be planned while planning for calendar which will give successful and stiff customers.

DRIP MARKETING

Drip marketing is a communication strategy that sends, or "drips," a pre-written set of messages to customers or prospects over time. These messages often take the form of email marketing, although other media can also be used.

Drip marketing is distinct from other database marketing in two ways: (1) the timing of the messages follow a pre-determined course; (2) the messages are dripped in a series applicable to a specific behavior or status of the recipient

STATEMENT OF THE PROBLEM

The most of the marketers are not aware of DRIP MARKETING, which is more helpful to them in achieving the customers in an easy manner. So I have chosen this topic which will be more helpful to the marketers that is they will aware of the full content, usage and its advantages and they will achieve the stiff customers

OBJECTIVES OF THE STUDY

- ✓ To bring awareness about Drip Marketing
- ✓ To give information about the Mediums of Drip Marketing
- ✓ To give the Principles of Drip Marketing
- ✓ To give an elaborative report regarding Drip Marketing
- ✓ To know the awareness level of marketers about the Drip Marketing

RESEARCH METHODOLOGY

- **Area Of The Study**: Now a days many types of marketing have been taken place to achieve the customers. So I have taken the Drip Marketing concept.I have chosen the Coimbatore as my study area as it is an industrial area which needs the drip marketing more
- **Source Of Data:** Both primary and secondary data have been used. The questionnaire have been used for collecting the data from the customers.
- **Sampling Design:** 100 respondents have been selected for collecting the primary data. Random sampling method has been used for selecting the respondents.
- **TOOLS FOR ANALYSIS:** Percentage analysis have been used in the study for analysing the collected information.

LIMITATIONS OF THE STUDY

- The area of the study is limited to coimbatore city alone. Hence the results may not be true for other geographical locations.
- Validity and reliability of the data depends on the truthfulness of the responses from the marketers
- Time at the disposal of the researcher is limited

MEDIUMS OF DRIP MARKETING

- **Email:** The most commonly used form of drip marketing is email marketing, due to the low cost associated with sending multiple messages over time. Email drip marketing is often used in conjunction with a Form (web) in a method called an auto responder. In this method, a lead completes the form on a company's website and is then enrolled in a drip marketing campaign with messaging appropriate to the form's context.
- **Direct Mail**: Although more costly, direct mail software has been developed that enables drip marketing techniques using standard postal mail. This technology relies on digital printing, where low-volume print runs are cost justifiable, and the variable data can be merged to personalize each drip message.
- **Social media**: The principles of Drip Marketing have been applied in many social media marketing tools to schedule a series of updates.

LEAD GENERATION

Drip marketing can be used as a function of the lead generation and qualification process. Specifically, drip marketing constitutes an automated follow-up method that can augment or replace personal lead follow-up. Often called Auto responders, new leads are automatically enrolled into a drip marketing campaign with messaging relevant to the call-to-action from which the lead came.

Advantages include the automation and efficiency, as well as the continued ability for direct response. Intelligent e-commerce sites, such as Dell, have integrated this form of drip campaign with un-purchased shopping carts. The continued messaging is relevant to the contents that the shopper stopped short of purchasing, and continue to include direct response actions (i.e. buy now).

Disadvantages include the impersonal manner of follow-up. If not augmented with a traditional and personal follow-up method, this automated follow-up has a lower response rate than does personal sales. The lowered response rate is often justified by the volume and efficiency with which leads can be generated and converted.

SALES PROCESS

Drip marketing is popularly applied as a sales tool, particularly in long sales-cycles (large ticket items or enterprise-level sales). Whereas persistent follow-up can become a deterrent to closing the sale, Drip Marketing methods offer the ability to remain top-of-mind, and even prompt action, without jeopardizing the relationship.

ETYMOLOGY

The phrase "drip marketing" is said to derive from "drip irrigation", an agriculture/gardening technique in which small amounts of water are fed to plants over long periods of time

TIPS FOR DRIP MARKETING

If you're not sure how you can use drip marketing in your business, the following are a few tips that will help you keep your prospects interested until they're ready to get their credit cards out.

Keep Your Name Out There: When sending out perfectly timed messages, make sure your company's name is prominent and you may want to use visually themed email messages so as to create a visual cue for your prospects and customers. The more your customers remember you, the more likely they are to choose your company when they are ready to buy.

Benefit Your Prospects and Customers: Make sure your drip campaign includes benefits for your customers and prospects. If you are sending out email messages, you may include tutorials that they can use in their own businesses. This will cause your prospects to look forward to your communications, and that's just what you want with drip marketing.

MARKETING AUTOMATION

Drip marketing doesn't sound all the difficult, unless of course you're talking about hundreds or thousands of leads in a database who are all at different stages of the buying process. With drip marketing, you need to send timed messages to various demographics and various leads depending on their behaviors and activities. But when you have that many leads, it's nearly impossible to keep all of your messages straight. That's why many business owners choose marketing automation software that comes with drip marketing capabilities already installed. With lead management and lead scoring, your drip marketing campaigns can be planned perfectly across many demographics and across many platforms.

Drip marketing is extremely effective, just as using drops of water works beautifully when it comes to irrigation. With drip marketing, you will remain on your prospects' and consumers' minds and you'll be more likely to secure their business when they're ready to become actual buyers.

DRIP MARKETING PRINCIPLES

The following are the three drip marketing principles:

❖ **TARGET YOUR AUDIENCE**

The first step in a drip marketing campaign is to identify a specific target audience – the more specific the better. Your *customer relationship management (CRM) system* can help you identify, categorize or segment target group recipients. Some campaign types or lines of business are better candidates for drip marketing than others. In general, drip marketing works best when we are dealing with high-value items purchased at infrequent intervals or where there is a long sell cycle. In business-to-business marketing, capital expenditure items like computer systems, technology software solutions or heavy machinery are often sold with the aid of drip marketing. In the consumer industries, businesses such as car dealers and real estate agents are good fits for drip marketing.

❖ **HONE YOUR MESSAGE**

Although you could send the same message repeatedly in your drip marketing campaign, that's generally a waste of resources – and customer attention. Ideally the messages in a drip marketing campaign are like a novel or a symphony. That is, they have a beginning, a middle and an end and they build for an overall closing effect on the customer. Drip marketing experts apply specific themes to their outbound messages where each successive message builds upon the prior message and the final message reaches a crescendo effect.

The more closely we have defined our target audience, the better we can target our messaging to the market. Consider a real estate agency which has decided to target first time home buyers. As a group first time home buyers are very concerned with price and secondarily with location (close to good schools, etc.). The messages in the campaign might build on the primary theme that now is the time to buy.

Messages for this demographic might include starter homes the agency is handling, first time buyer incentives, mention of government programs to further help first time home buyers, talk about the tax advantages of home ownership and other topics that specifically relate to first-time buyers. Each message should end with a call to action, such as the delivery of more specific content or inviting the potential home buyer to contact the agency to see what programs are available to the buyer candidate.

❖ **PLAN YOUR CAMPAIGN**

Drip marketing is different from just contacting a customer repeatedly. In drip marketing each message is part of a carefully choreographed effort to produce a desired result with the least effort.Drip marketing plan includes the schedule of contacts as well as the messages and related assets. We want to hit each customer an effective number of times at the appropriate interval. We may want to vary the frequency of our outbound touches. In the beginning when the lead is fresh you might want to hit them weekly, or even daily. Then later you may back off to once a month or so. Alternatively if we are trying to motivate the customer toward an event on a specific date, you may want to start with less frequent contacts and then touch the customer more frequently as the data approaches. All of this is a good deal of work if you try to do it manually. With a CRM system you can automate the process as well as more easily determine who you want to target. In the case of an email marketing campaign this can be as simple as setting up the distribution schedule of which message you want to send to which customers and then configuring the CRM software to send them automatically.

CRM systems also help you collect the results of the campaigns, evaluate where each customer is in the sales cycle and use the real-time information to make course corrections and launch further marketing programs. For example, a car dealer might have a separate follow up campaign for customers who have come in to take a test drive. This might be a first contact by a sales person, then a special offer, or another, more specialized, drip marketing campaign. This is especially helpful since you're probably going to be running more than one campaign at a time. A medium sized business may have dozens or hundreds of drip marketing campaigns going simultaneously. That is nearly unmanageable without something like a CRM system to track, manage and measure them all.

❖ **DON'T SPAM**

Lastly, be sure to differentiate our drip marketing emails from spam. Make sure our customers have opted in to our program or we have an ongoing business relationship with them. Give them an opt-out in every email and be sure to respect their wishes. If they don't want to receive our emails, they're not likely to respond to our campaign. Don't be too quick to give up on them, however. Many customers, especially older ones prefer not to be contacted by email. They may however respond through another channel.

DRIP MARKETING: IS IT EFFECTIVE?

Drip marketing is a direct marketing strategy that involves sending out several promotional pieces over a period of time to a subset of sales leads. Is this process effective and how can you begin planning your drip marketing campaign?

The phrase drip marketing comes from the common phrase used in agriculture and gardening called "drip irrigation." This is the process of watering plants or crops using small amounts of water over long periods of time.

It was developed in response to the "Law of 29" in which many marketers believe that an average "prospect" will not turn into a client until they've viewed their marketing message at least 29 times. While I do not necessarily agree with the Law of 29, I do believe in the need to stay in touch with your current and prospective clients in order for them to purchase from you. There are way too many competitors out there, not to.

The method of drip marketing can help you avoid the sell-produce curve. An effective way to use drip marketing is to consistently do something each month to keep our name in front of your current clients and prospective clients. By doing this we diminish the sell-produce curve and will find that we will have a steady amount of business coming in the door.

WAY TO DEVELOP A PRODUCTIVE DRIP MARKETING CAMPAIGN

- Step 1: Develop your Plan (Plan something EVERY month)
- Step 2: Strategize the Execution of Your Plan
- Step 3: Decide who your Target is.
- Step 4: Create consistency by developing your slogan or phrase. Then place it on every promotional and marketing piece.

METHODS OF DRIP MARKETING CAMPAIGN

- Postcards
- Newsletters
- Email Newsletter (You'll have to be careful of spam filters)
- Promotional or Sales Brochures

ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

TABLE NO. 1: GENDER OF THE RESPONDENTS

S.NO	GENDER	NUMBER OF RESPONDENTS	PERCENTAGE
1.	Male	116	58
2.	Female	84	42
	Total	200	100

Interpretation: The above table shows that majority of 58% of the respondents are male.

TABLE NO. 2: AGE GROUP OF THE RESPONDENTS

S.NO	AGE GROUP	NUMBER OF RESPONDENTS	PERCENTAGE
1.	Below 30 years	146	73
2.	30 years -40 years	35	17.5
3.	40 years – 50 years	14	7
4.	50 years – 60 years	3	1.5
5.	Above 60 years	2	1
	Total	200	100

Interpretation: The above table shows that majority of 73% of the respondents are under the age group of below 30 years

TABLE NO. 3: MARITAL STATUS

S.NO.	MARITAL STATUS	NUMBER OF RESPPONDENTS	PERCENTAGE
1.	MARRIED	86	43
2.	UNMARRIED	114	57
	TOTAL	200	100

Interpretation: From the above table it is clear that majority of 57% of the respondents are married.

TABLE NO. 4: EDUCATIONAL QUALIFICATION

S.NO.	EDUCATIONAL QUALIFICATION	NUMBER OF RESPONDENTS	PERCENTAGE
1.	No formal education	22	11
2.	Upto school level	42	24
3.	Upto under graduation	100	50
4.	Upto post graduation	35	17.5
5.	Others	1	0.5
	Total	200	100

Interpretation: The above table shows that majority 50% of the respondents are having the educational qualification upto under graduation

TABLE NO. 5: AWARENESS LEVEL OF THE RESPONDENTS ABOUT DRIP MARKETING

S.NO.	AWARENESS LEVEL	NUMBER OF RESPONDENTS	PERCENTAGE
1.	Very High Awareness	25	12.5
2.	High Awareness	68	34
3.	Moderate Awareness	77	38.5
4.	Poor Awareness	6	3
5.	Very Poor Awareness	24	12
	Total	200	100

Interpretation: From the above table majority 38.5% of the respondents are moderately awared about the Drip Marketing Concept.

SUGGETIONS

- It is advisable that the government should bring the awareness about the Drip Marketing as it will be more help full to the marketers and to the society.
- More Awareness camps should be conducted by the governments.
- Marketers should follow drip marketing in their field for achieving the customers easily.
- Customers should also know about this concept in an elaborate manner.
- All marketers should have a pre plan just like a calendar plan

CONCLUSION

By creating the plan and following it throughout the year we can guarantee that we will be consistent with our marketing all year long. I suggest that we can develop our drip marketing campaign when planning our yearly marketing calendar. Drip marketing campaign acts as a way to nurture our current and potential clients. It will keep them aware of our products and services. With this thought in mind our campaign will succeed.

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CUSTOMER'S SATISFACTION IN ATM SERVICE: AN EMPIRICAL STUDY 0F BANKS IN CHANDIGARH

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ABSTRACT

The study investigates various dimensions of service quality and their effect on customer satisfaction. For this purpose primary data was collected from 100 respondents, who are the customers of various leading public and private sector banks of Chandigarh through a structured questionnaire. Data was analysed to meet the objectives of study and the result indicate that people are satisfy from service of ATM provided by banks. Accessibility, Convenience, Efficiency, Responsiveness, Security & Privacy and Reliability are important dimensions of service quality. Majority of people still use ATM for cash withdrawal purpose only.

KEYWORDS

ATM, Banks, Customer Satisfaction Service Quality.

INTRODUCTION

Technology has been one of the most important factors for the development of mankind. Information and communication technology is the major advent in the field of technology which is used for access, process, storage and dissemination of information electronically. Banking industry is fast growing with the use of technology. In the last few decades, information technologies have changed the banking industry and have provided a way for the banks to offer differentiated products and services to their customers. Advancement in technology made the banks which were used to branch based operations for over 200 years, change the nature of financial services offered to its customers. For instance, automated teller machines (ATM) displaced cashier tellers, telephone represented by the call centres replaced the branch banking, the internet replaced mail, credit cards and electronic cash replaced bank transactions. The changes occurring in the banking sector can be attributed to increasing deregulation and globalization, the major stimulus for rationalization, consolidation, and an increasing focus on costs (Ibrahim et al., 2006). Banks gain competitive advantage over their rivals by providing electronic banking services as technology induced services reduce cost of operations, removes geographical barriers, provides 24 hours banking, extended hours of business and efficiency in daily banking processes. Without even interacting with the bankers, customers can transact banking activity from any corner of the world.

The introduction of technology-enabled banking service delivery probably started off with HSBC bank introducing ATM for the first time in India way back in 1987 (N. Thamaraiselvan and J.Raja, 2007) . Even though these electronic delivery channels were introduced by foreign banks and new private banks in order to surmount their limitation of fewer branches, of late even the public sector banks are also aggressively investing in these services. So the action in this field really got heated up during the last 10-12 years

On 27th June 1967 the first "Cash Machine" colloquially called as "Hole on the walls" and was described as "Mini-Banks" which was designed to allow customers access to cash 24 hours a day, outside of the restrictive opening times of banks. This is the origin of the Alternate delivery Channel for Banks services, via ATM which is the first such delivery channel Bank's started using.

Forty years ago cash was only available from 9-3 pm Monday to Friday and Saturdays from 9 -12.30 pm, and as cash was king queues outside branches on a Saturday morning to get weekend money were common. Now you can get money anytime, anywhere".

REVIEW OF LITERATURE

Review of various studies on internet banking has been summarized in the following table:

AUTHOR/YEAR	TITLE	PURPOSE	FINDINGS
Angeli Antonella De Athavankar Uday, Joshi Anirudha, Coventry Lynne& Johnson Graham I(2004)	Introducing ATMs in India: a contextual inquiry	Paper presents a method and results of an ethnographic study aimed at building an understanding of Automatic Teller Machine (ATM) adoption in Mumbai, India.	Culture has a unique role in affecting users' expectations and behavioural possibilities, which determine people's response to the machine.
Al-Hawari Mohammed, Hartley Nicole & Ward Tony(2005)	Measuring Banks' Automated Service Quality: A Confirmatory Factor Analysis Approach	To develop model of banking automated service quality.	The study proposed five factors of customer perceptions i.e. strong unidimensionality, reliability, convergent, discriminant, and criterion related validity.
SinghSultan, Ms. Komal(2009)	Impact of ATM on customer satisfaction	To analyse the present ATM facilities provided by SBI, ICICI & HDFC Bank and to examine the impact of ATM on customer satisfaction.	Satisfaction level is highest in SBI as compare to other banks.
Asif Khan Muhammad,(2010)	An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks	To know significant dimensions of ATN service quality and its effect on customer satisfaction.	Convenience, efficient operation, security and privacy, reliability and responsiveness are significant dimensions of ATM service quality which positively contributes toward customer satisfaction.
Islam Md. Rafiqul, Sheel Sameer Kumar& Biswas Pallab(2010)	Customer Satisfaction of ATM Service: A Case Study of HSBC ATM	To investigate the satisfaction level of HSBC ATM staff and non staff card holders.	The average satisfaction level of staff ATM users is more than that of non staff ATM users in all respects.
Kumbhar Vijay M.(2011)	Customer's satisfaction in ATM service: An empirical evidences from public and private sector banks in India	To provide comparative investigation of customer satisfaction in ATM service in public and private sector banks	Private sector banks are providing more satisfactory ATM service than public sector banks.
Kumbhar Vijay M.(March2011)	Factors affecting on customer's satisfaction: An empirical investigation of ATM service	To identify key factors that has influence on customer satisfaction.	Cost effectiveness, easy to use and security and responsiveness in ATM service were most important factors in customer satisfaction.

RESEARCH GAP AND IMPORTANCE OF THE STUDY

The review of various studies reveal that majority of studies have been done on Internet banking, in spite of the fact that ATM has come much earlier in India. Issues related to ATM and its customer satisfaction has been ignored. Present study is an attempt to fill this gap by examining customer's satisfaction in ATM services provided by public and private sector banks.

OBJECTIVES OF THE STUDY

1. To examine the important dimensions of ATM service quality.
2. To examine the customer's satisfaction in ATM service provided by banks of Chandigarh.
3. To offer suggestions to improve ATM service of banks.
4. To find out the main purpose of using ATM.

RESEARCH METHODOLOGY

For study purpose primary data(N=100) was collected from customers of various leading banks of public and private sector (SBI, PNB,CANARA Bank, State Bank of Patiala, IDBI Bank, ICICI, HDFC, AXIS Bank, YES Bank) of city Chandigarh. A five point Likert scale ranging from strongly agree to strongly disagree was adopted as the scale for the statements in the questionnaire and method of data collection was through personal mode. The survey questionnaire has been designed using 30 statements related to service quality dimensions i.e. Accessibility(3), Convenience(4), Efficiency(4), Responsiveness(4), Security & Privacy(7), Reliability(6). Reliability of the construct was tested using Cronbach's alpha reliability test. The data has been analysed by using SPSS 17.0 software and Reliability Tests.

DEMOGRAPHICS OF RESPONDENTS

Table-1 shows demographics of respondents. It shows that there are equal number of males and females using ATM services, taking public and private sector banks together. Majority of the respondents using ATM services falls in the age of 25 to 34, are post graduates and belong to service class.

TABLE-1: DEMOGRAPHICS OF RESPONDENTS

		Type of Banks		Total
		Public Sector	**Private Sector**	
Gender	Male	19 (38)	31 (62)	50
	Female	31 (62)	19 (38)	50
	Total	**50**	**50**	**100**
Age	Below 25	13 (26)	3 (6)	16 (16)
	25-34	14 (28)	20 (40)	34 (34)
	35-44	12 (24)	13 (26)	25 (25)
	44 and above	11 (22)	14 (28)	25 (25)
	Total	**50**	**50**	**100**
Education	Under Graduate	7 (14)	0	7 (7)
	Graduate	10 (20)	13 (26)	23 (23)
	Post Graduate	30 (60)	26 (52)	56 (56)
	Others	3 (6)	11 (22)	14 (14)
	Total	**50**	**50**	**100**
Occupation	Professional	3 (6)	7 (14)	10 (10)
	Business	4 (8)	9 (18)	13 (13)
	Service	34 (68)	25 (50)	59 (59)
	Retired	1 (2)	1 (2)	2 (2)
	Others	8 (16)	8 (16)	16 (16)
	Total	**50**	**50**	**100**
Income	Less than 20,000	3 (6)	1 (2)	4 (4)
	20,001-35000	6 (12)	3 (6)	9 (9)
	35,001-50,000	12 (24)	19 (38)	31 (31)
	50,001andabove	29 (58)	27 (54)	56 (56)
	Total	**50**	**50**	**100**

RESULTS OF CRONBACH'S ALPHA RELIABILITY TEST

The reliability has been calculated for different dimensions using Cronbach Alpha. Table-2 shows that the value of Alpha ranges from .603 to .802. The dimensions are therefore considered as reliable. Table further shows Mean score and Standard deviation of each item used in the construct to present picture of data collected from respondents. The item 'Screen language of my ATM is understandable' has highest mean i.e. 4.4600±.57595 where as the item 'Balance in my account reduced without withdrawal of cash' has the lowest mean i.e. 2.6061±1.0382.

TABLE-2: DESCRIPTIVE STATISTICS AND RELIABILITY OF SCALE

Dimensions	Items in the scale	Mean±S.D.	Cronbach Alpha
Accessibility	I can easilylocate my bank's ATMs in my city	4.4100±.69769	.707
	I can locate my bank' ATMs easily when I am out of station	3.7200±.87709	
	ATMs of my bank are easily found at all useful places like hospitals, malls, station etc	3.5700±1.0175	
Convenience	Screen language of my ATM is understandable	4.4600±.57595	.802
	Directions to operate ATM are clear	4.4200±.49604	
	It is easy to operate ATM of my bank	4.3800±.61595	
	Menu options are aligned with their corresponding menu keys	4.0900±.77973	
Efficiency	Touch screen of my bank's ATM is working smoothly	4.0100±.78490	.771
	Key pad of ATM machine is working properly	3.9300±.85582	
	I am happy with request processing time of my ATM	3.9700±.90403	
	ATM card is always accepted by machine in very first attempt	3.5556±1.0993	
	Processing of transaction is very fast	4.0200±.75183	
Responsiveness	I always find exact amount of money as requested by me	3.9600±.94195	.607
	My ATM slip always shows updated balance in my account	4.1600±.67749	
	Helpline numbers are displayed inside the ATM cabin and easy to locate	3.5200±.88169	
	My ATM grievances are settled within reasonable time by my bank	3.4100±.76667	
Security & Privacy	Only one person is allowed to enter in ATM cabin	3.3131±1.1397	.730
	I feel safe & secure when I withdraw cash from ATM	3.5100±.97954	
	I feel safe & secure when I deposit cash to ATM	3.0600±.76303	
	I feel safe & secure when I enter my PIN/Password to ATM	3.3100±1.0291	
	I am sure that my PIN will not be hacked	3.0300±.89279	
	Only one person is allowed to enter in ATMcabin	3.5354±.96164	
	I feel safe & secure when I withdraw cash from ATM	2.9000±.1.087	
	In case of two ATMs in same premises, there is a partition between them to maintain privacy	3.0200±1.1718	
Reliability	Balance in my account reduced without withdrawal of cash	2.6061±1.0382	.603
	I never found my ATM out of cash	2.8600±1.0919	
	I don't find fake currency notes from my ATM	3.6600±.89104	
	I am happy with denomination of currency of my ATM	3.7500±.78335	
	I always get mini statement	3.7000±1.04929	

NORMALITY OF DATA

The data was checked for normality with the help of One -Sample Kolmogorov-Smirnov test. P values were more than .05 indicating that data was normally distributed.

TABLE-3: ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

One-Sample Kolmogorov-Smirnov Test	**Dimensions**					
	Accessibility	Convenience	Efficiency	Responsiveness	Security & Privacy	Reliability
Kolmogorov-Smirnov Z	1.239	2.231	1.239	1.289	.783	.948
Asymp. Sig.(2-tailed)	.093	.000	.108	.072	.572	.330

FINDINGS OF THE STUDY

The following table shows the customers' satisfaction towards ATM through mean score. Mean values are more than 2.5 in all the cases, indicates that people of Chandigarh are satisfied from ATM service of various public and private sector banks. Results indicate that 'Convenience' has the highest mean score implying that it is the most important dimension of service quality. Thereafter 'Accessibility' and 'Efficiency' are next important dimensions of service quality.

TABLE-4: CUSTOMERS' SATISFACTION TOWARDS ATM

Dimensions	Mean Score
Accessibility	3.9000
Convenience	4.3375
Efficiency	3.8970
Responsiveness	3.7625
Security & Privacy	3.2104
Reliability	3.3160
Total Service quality	3.7372

PURPOSE OF USING ATM

These days ATMs are used not only for cash withdrawal but a number of other services can be availed from them. Following table shows that maximum numbers of people (100%) are using ATMs for cash withdrawal. Seventy four percent (74%) of sample use ATM for balance enquiry. Twenty five percent (25%) of sample use it for making bill payments. A very small percentage of sample use ATM for cash deposit (12%), transfer funds (11%), ordering cheque book (17%) and recharging pre-paid cards (10%). This shows that culture of using ATMs for other banking services is yet to grow in Chandigarh.

TABLE-5: PURPOSE OF USING ATM

PURPOSE	FREQUENCY	PERCENTAGE
Cash Withdrawal	100	(100)
Balance Enquiry	74	(74)
Cash Deposit	12	(12)
Transfer Funds	11	(11)
Order Cheque Book	17	(17)
Bill Payments	25	(25)
Recharging of Prepaid Cards	10	(10)
Other Services	07	(7)

SUGGESTION FOR IMPROVEMENT IN ATM SERVICE

Few suggestions for improvement in ATM service based on feedback from respondents are as under:

1. ATM should offer choice of denomination of currency. While few small Private banks have adopted this feature, leading banks are yet to adopt this feature.
2. Security provided at ATM's is namesake with the private security personnel not being vigilant. It is suggested that banks should carry out surprise checks at ATM to monitor effectiveness of security.
3. Hidden Charges for exceeding limit / using other bank ATM should be displayed prominently. Most people are unaware of same while doing transactions.
4. Procedure in the event of any failure during transaction, like ATM cared getting withheld in the ATM or cash not getting dispensed, should be prominently displayed with contact numbers.
5. ATM are mostly in small closed room and therefore proper air conditioning is very important for comfort of customer. At times at many ATMs Air conditioning does not work. Banks should focus on upkeep of such facilities at ATM.

CONCLUSION

It is concluded that people of Chandigarh are satisfied from ATM services of all leading public and private sector banks. People prefer accessibility and convenience of operating the ATM as the most important dimension of service quality. The most important purpose of using the ATM is still the cash withdrawal and balance enquiry, which shows that the culture of using ATM for other banking purpose is still to grow.

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VALUE CREATION IN INDIAN ENTERPRISES: AN EMPIRICAL ANALYSIS WITH SPECIAL REFERENCE TO IT, TELECOM AND FMCG SECTOR

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ABSTRACT

According to the principle of value management, firm must generate adequate returns for its owners, in line with the relative opportunity cost of investment. Companies whose returns exceed the opportunity cost to its owners create corporate value and hence shareholder's value. Traditionally, the yardsticks used to measure the efficiency and profitability of a business organization were accounting based measures like ROI, ROE, ROCE, EPS, RONW and financial ratios. But, now a day's value added measures have emerged as a replacement of the traditional accounting based measures. The reason behind this is that the financial performance of a business organization is measured from the shareholders' value point of view. Value added represents the wealth created by an enterprise during a specified period. No companies can survive and grow, if it fails to generate value to its shareholders. Hence, value added is a basic measure which is used for measuring the financial performance of an enterprise. This study is to analyze the relationship between non-market value performance indicators and market value, with a view to understand the value creation process in the Indian Enterprises. Analysis will be done for total of 36 companies from 3 sectors i.e. IT, Telecommunication and FMCG. The various details will be taken from www.moneycontrol.com. For the purposes of this study the market value creation measure utilized was shareholder return. Each company's shareholder return will be estimated using stock price and dividend information. Three different dimensions of non-market value creation measures will be utilized. These three dimensions will be accounting profitability, cash flow performance, and growth.

KEYWORDS
Value creation, EVA, ROI, ROCE, EPS.

INTRODUCTION

Today managing to create a sustained and sustainable Shareholders' Value is currently recognized by everyone as the most important objective of any enterprise. According to the principle of value management, firm must generate adequate returns for its owners, in line with the relative opportunity cost of investment. Companies whose returns exceed the opportunity cost to its owners create corporate value and hence shareholder's value. This means that an analysis of value and performance of a firm or one of its business units centers around two main indicators: Value and Returns. Value is created in the real market by earning a return on investment greater than the opportunity cost of capital. Thus, the more you invest at a return above the cost of capital, the more value you create. That means that growth creates more value as long as the return on the capital exceeds the cost of capital. They go on to mention that one should select the strategies that maximize the present value of expected cash flows or economic profits. The returns that shareholders earn depend primarily on changes in the expectations more than actual performance of the company.
Measuring the value created by publicly traded businesses, depending on the assumptions made, is relatively straightforward. If public markets are at least semi-strong form efficient (i.e., equity prices reflect all publicly available information regarding a business's true underlying value), then the closing price on a large, publicly-traded company should accurately reflect that enterprise's value. In other words, public markets take individual investors' beliefs of the magnitude, timing and riskiness of the business's expected future cash flows and incorporate them into the actual equity value reported at closing. Therefore the managers of the companies are required to think to maximize the shareholders, value, rather than just accounting profits, when making economic decisions.

LITERATURE REVIEW

Most of the studies relating to shareholders' value creation have investigated the information content of innovative performance measures (especially EVA) over the traditional measures (i.e., ROI, ROE, ROA, etc). There are many studies which investigates that which performance measure is most suitable to maximize the shareholders' value.
It was revealed that EVA, REVA (Refined Economic Value Added) and MVA are better measures of business performance than NOPAT and EPS in terms of shareholders' value creation and competitive advantage of a firm (**Anand, et.al., 1999).** Since conventional management compensation systems emphasize sales / asset growth at expense of profitability and shareholders' value. Thus, EVA is a measure that shifts focus on an organizational culture of concern for value. On examining the relationship between shareholder wealth and certain financial variables like EPS, RNOW and ROCE, it was found that there was positive and high correlation between EVA and RONW, ROCE. **(Madhu Malik, 2004)**. There was a positive but low correlation between EVA and EPS. EVA was compared with Traditional performance measures and it was found that not a single traditional performance measure explains to the fullest extent variation in shareholder wealth. Indian companies are gradually recognizing the importance of EVA due to the superiority of EVA over ROI **(Banerjee 1997).** EVA is a superior performance measure both for corporate reporting and for internal governance **(Bhattacharyya K Asish and Phani B.V)**. EVA does not provide additional information to investors, but it can be adapted as a corporate philosophy for motivating and educating employees to differentiate between value creating and value destructing activities. This would lead to direct all efforts in creating shareholder value. EVA is also highly correlated with MVA **(Kramer and Pushner 1997)**. But there is no clear evidence to support the contention that EVA is the best internal measure of corporate success in adding value to shareholder investments. On the contrary, the market seems more focused on 'Profit' than EVA. Also there is no clear advantage to shareholders in looking at EVA, as the accounting return on their investment is NOPAT. For small entrepreneurial types of business relationship exists between certain non-market measures of value creation **(Spivey F. Michael and McMillan J. Jeffery 2000)**. Also significant positive correlations were found between shareholder return and the earnings profitability measures of return on equity, return on assets and return on invested capital. These relationships were found to exist only for companies that reported positive earnings. Stronger relationships were found to exist between shareholder return and the cash flow performance measures of earnings growth and sales growth. Furthermore, the sales growth measure was found to be correlated for companies that had positive earnings and companies that reported negative earnings. The probability of creating future values is positively and significantly correlated with dividend policy and profitability factor **(Naccur Ben Samy and Goaied Mohamed)**. Also the value creation is neither affected by industry patterns, nor by size. In case of banks it was found that cost and profit efficiency have a positive influence on shareholder value creation **(Fiordelisi Franco and Molyneux Phil 2007)**. Leverage was also found to be inversely related to shareholder value creation. Other factors that were found to impact positively on value creation include deposit and loan growth rates, market concentration and employee costs. To be able to develop an effective strategy for increasing shareholder value, there is a need to first understand the factors that determine shareholder value, then assess by what means managers may create an environment where increased shareholder value is made possible **(Michael et al., 2000)**.

RESEARCH METHODOLOGY AND PROCEDURE

RESEARCH OBJECTIVES

The objectives of the study are:
- To identify the relationship between the value of the firms and performance measures.

- To measure the dependence of the value of the firms with the non-market value creation measures.
- To understand the shareholder's value creation process in the selected industry groups.

POPULATION, SAMPLE SIZE AND SAMPLING DESIGN

The project is mainly a study of the analysis of the relationship between the market value and the non-market value performance indicators, with a view to understand the value creation process in the Indian enterprises. Hence, the population would comprise of the companies from different industries.

Three industries will be selected and from that 12 companies under each industry will be selected. So there will be total 36 companies, 12 under each industry.

The sampling design which will be used for the study is judgemental sampling.

INSTRUMENTS USED AND VARIABLE DEFINITION

Our investigation focused on the relationship between total shareholder return and various non-market accounting and economic performance measures. Shareholder return and all our non- market variables were computed as an average of three years i.e., from 2008-09 to 2010-11. For statistical analysis these variables were defined as follows:

DEPENDENT VARIABLE DEFINITION

STOCK RETURN = shareholder return measured as the total percentage return over the last year including price appreciation (depreciation) and any payment of dividends.

INDEPENDENT VARIABLE DEFINITION

Profitability Measures

- EPS = earnings per share measured as adjusted income available to common shareholders divided by diluted weighted average shares outstanding.
- ROE = return on equity measured as income available to common shareholders divided by average common equity, expressed as a percentage.
- ROIC = return on invested capital measured as income after taxes divided by the average total long term debt, other long term liabilities and shareholders' equity, expressed as a percentage.
- ROA = return on assets defined as income after taxes divided by the average total assets, expressed as a percentage.
- AU = asset utilization computed as revenues divided by total assets
- NPM = net profit margin (or return on sales) computed as the income after taxes divided by total revenues, expressed as a percentage.
- EVA = Economic value added for shareholders computed as the [Net Operating profit after tax – (cost of capital x capital employed)]. The Cost of Capital is calculated utilizing the WACC method.

Cash Flow Measures

- CFPS = cash flow per share defined as after-tax income available to common shareholder + depreciation, depletion and amortization.
- CFROS = cash flow return on sales defined as cash flow per share divided by sales per share.

Growth Measures

- CE GROWTH RATE = capital expenditure growth rate expressed as a percentage
- EPS GROWTH RATE = earnings per share growth rate expressed as a percentage
- SALES GROWTH RATE = sales growth rate expressed as a percentage.

DATA COLLECTION PROCEDURE

The data for analysis has be taken from the financial reports of the companies for the past 3 years. Companies selected for the study are listed either in the BSE or NSE, and all the companies are profit-making and included in the sector specific indices of these exchanges. The firms selected are widely held and the securities of these firms are frequently traded. Analysis is done for a total of 36 firms, and is drawn from three sectors viz., i) FMCG Sector, ii) Telecom Sector iii) Information Technology.

TOOLS USED FOR DATA ANALYSIS

The analysis of the data collected shall be performed appropriately and inferences shall be drawn. The data collected shall be presented in forms of summarized tables and thus the trend arising there from would be analyzed. Also regression models for each industry shall be developed.

- Descriptive statistical values (To understand the relative deviation in the data)
- Pearson's Correlation (To identify the relationship between value of the firms and the performance measures)
- Regression Analysis (To measure the dependence of the value of the firms with the non-market value creation measures)

THE SEPARATE REGRESSION MODEL

A regression model will be calculated separately for each industry, to detect which factors affect the Market value parameter i.e. Stock Return within each business in the industry. The expected regression model shall be:

MV (Stock Return) = $\alpha + \beta 1EPS + \beta 2ROE + \beta 3ROS + \beta 4ROIC + \beta 5ROA + \beta 6CFPS + \beta 7CFROS + \beta 8CEGR + \beta 9SALES\_GROWTH + \beta 10EVA + \varepsilon$

Where α is regression constant, βi is regression coefficients and ε is random error term

ANALYSIS

DESCRIPTIVE STATISTICS

To understand the relative deviations in the data, all the possible descriptive statistical values are calculated. From the comparative analysis it was seen that the EPS, ROS, ROA, CFROS and EVA are highest in IT industry whereas the ROE, ROIC, CFPS and stock return are highest for FMCG industry. Most of the variables are lowest for the Telecom industry. It is seen that the sales growth rate and capital expenditure growth rate is also highest for the FMCG sector.

UNIVARIATE ANALYSIS (PEARSON'S CORRELATION)

The correlation coefficients between the Market return and various non-market value creation measures of the sectors were found out. It is found that Earning per share (EPS) plays an important role in the Market Return (Stock Return) of any firm. It is seen that across all the three sectors under study. However, there are other parameters which have strong correlation with the market return in a particular sector.

In case of IT sector Earnings per Share (EPS), Return on Asset (ROA), Return on Equity (ROE) and EVA (Economic Value Added) have positive correlation with market return but are not too high. So it can be inferred that these parameters have some impact on the market return.

In case of Telecomm sector Earnings per Share (EPS), Return on Equity (ROE), Return on Asset (ROA) and Cash Flow Per Share (CFPS) have high values of positive correlation with the market return. So it can be inferred that these parameters have a noticeable impact on market return.

In case of FMCG sector Earnings per Share (EPS) and Cash Flow per Share (CFPS) have significant relation with market return.

It is inferred that different sectors have different level of correlations for different parameters with the market return. In some sector one parameter is having a significant positive impact on market return whereas the same parameter might have a negative impact on another sector, for e.g. CFPS has a significant impact on the Telecomm and FMCG sector whereas it has a negative correlation in the IT sector.

MULTIVARIATE REGRESSION ANALYSIS

Separate industry regression equation is applied to every business industry.

IT Sector

The R value is calculated and it is inferred by seeing the R value that there is a good correlation between the 10 non market value variables and the dependent variable i.e. Market return (R= .997). The R-square value indicates that 99% of the variance in Stock return or market return is explained by the 10 non- market value parameters. From the value of β it is seen that ROA has the greatest influence on Stock return (β= 5.595), then Sales growth rate (β= 3.24) followed by CEGR and ROE.

The regression model obtained for IT sector is:

MV (Stock Return) = -153.50 + (-1.197) EPS + 2.938 ROE + (-2.472) ROS + (-.856) ROIC + .676 ROA + (-.240) CFPS + 110.880 CFROS + 1.187 CEGR + 1.394 SALES_GROWTH + (-.002) EVA

Telecommunication Sector

It is inferred by seeing the calculated R value that there is a good correlation between the 10 non market value variables and the dependent variable i.e. Market return (R= .993). The R-square value indicates that 98% of the variance in Stock return or market return is explained by the 10 non- market value parameters. From the value of β it is seen that ROA (β=.59) has the greatest influence on Stock return then EPS (β= .527) followed by ROS and Sales Growth rate.

The regression model obtained for Telecommunication sector is:

MV (Stock Return) = 8.929+ .033 EPS + .057 ROE + .1 ROS + (-.107) ROIC + .012 ROA + .001 CFPS + (-11.693) CFROS + (-.008) CEGR + .022 SALES_GROWTH + 0 EVA

FMCG Sector

It is inferred by seeing the calculated R value that there is a good correlation between the 10 non market value variables and the dependent variable i.e. Market return (R= .97). The R-square value indicates that 95% of the variance in Stock return or market return is explained by the 10 non- market value parameters. From the value of β it is seen that EPS has the greatest influence on Stock return (β= 1.229), then CEGR (β= .725) followed by CFPS (β= .611) and ROS (β= .310).

The regression model obtained for FMCG sector is:

MV (Stock Return) = 635.78 + .742 EPS + .067 ROE + .564 ROS + (-.237) ROIC + (-.126) ROA + .030 CFPS + (-655.77) CFROS + .153 CEGR + (-.083) SALES_GROWTH + 0 EVA

CONCLUSION

This paper investigated the relationship between the non market performance measures and true market value of selected firms in India. It is found that Earning per share (EPS) plays an important role in the Market Return (Stock Return) of any firm. It can be seen across all the three sectors under study. However, there are other parameters which have strong correlation with the market return in a particular sector. It can be inferred that different sectors have different level of correlations for different parameters with the market return. In some sector one parameter is having a significant positive impact on market return whereas the same parameter might have a negative impact on another sector, for e.g. CFPS has a significant impact on the Telecomm and FMCG sector whereas it has a negative correlation in the IT sector. In case of IT sector Earnings per Share (EPS), Return on Asset (ROA), Return on Equity (ROE) and EVA (Economic Value Added) have positive correlation with market return but are not too high. In case of Telecomm sector Earnings per Share (EPS), Return on Equity (ROE), Return on Asset (ROA) and Cash Flow per Share (CFPS) has significant relationship with the market return. In case of FMCG sector Earnings per Share (EPS) and Cash Flow per Share (CFPS) have significant relation with market return. The multivariate analysis indicates that ROA and EPS contribute significantly to the market value. EPS and CEGR plays significant role in FMCG sector where as ROA, EPS and CFPS plays a significant role. In case of IT sector ROA, CEGR, ROE and Sales Growth plays a significant role.

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EMPLOYMENT CONDITIONS AND EMPLOYMENT RISKS AMONG STREET VENDORS IN MADURAI CITY

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ABSTRACT
Vending as profession has been carried out all along in the known history and it has been an integral part of both urban and rural culture. The present study explores the employment conditions and employment risks among street vendors in Madurai City. The study explore that the street vendors in Madurai City are independent self-employed on whole time basis in undesignated market place. They face the risks of perishing their marketing goods as they do not have proper storage place, they face the risk of their assets due to confiscation of merchandise by various parties, the risk of their regular income due to day to day fluctuation in the price of the marketing goods and they risk their due to open access to open drainage, lifting and pulling of heavy loads and open exposure to sunlight heat.

KEYWORDS
Street Vendors, Madurai City, Employment Conditions.

INTRODUCTION
Street vending as a profession has been in existence in India since time immemorial. A street vendor is broadly defined as a person who offers goods or services for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall (or headload). Street vendors may be stationary by occupying space on the pavements or other public/private areas, or may be mobile in the sense that they move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving bus etc.

STATEMENT OF THE PROBLEM
For most street vendors, trading from the pavements is full of uncertainties. They are constantly harassed by the authorities. The local bodies conduct eviction drives to clear the pavements of these encroachers and in most cases confiscate their goods. A municipal raid is like a cat and mouse game with municipal workers chasing street vendors away while these people try to run away and hide from these marauders. Confiscation of their goods entails heavy fines for recovery. In most cases it means that the vendor has to take loans from private sources (at exorbitant interests) to either recover whatever remains of his confiscated goods or to restart his business. Besides these sudden raids, street vendors normally have to regularly bribe the authorities in order to carry out their business on the streets. All these mean that a substantive income from street vending is spent on greasing the palms of unscrupulous authorities or to private money lenders. In fact in most cases street vendors have to survive in a hostile environment though they are service providers.

JUSTIFICATION OF THE STUDY
In most cities hawking is regarded as an illegal activity. There are municipal and police laws that impose restrictions on the trade. In most cases these laws do not directly prohibit hawking as a profession. They impose restrictions on the use of urban space for street vending. Hence there is a need to study the municipal laws in Madurai city. It is also necessary to study the nature of the trade in its totality and the employment conditions and employment risks among street vendors. A study of the hawkers should be conducted, as this will throw light on the type of problems the hawkers' face. In some cities, such as Mumbai, Calcutta and Ahmedabad there existed surveys on street vendors in Madurai city. In Mumbai, the municipal corporation had commissioned the Tata Institute of Social Sciences and Youth for Unity and Voluntary action (YUVA), an NGO, to undertake a census of hawkers who conduct their business on municipal lands. More recently, in 2000, the SNDT Women's University in Mumbai in collaboration with the International Labour Organisation, conducted a study on street vendors in Mumbai. In Ahmedabad, SEWA had conducted studies on hawkers in the city and in Kolkata, the Hawkers' Sangram Committee had conducted some studies on the trade. The findings of these studies could supplement the reports on street vendors carried out in this study.

REVIEW OF RELATED LITERATURE
A number of authors and researchers have contributed a great deal of literature on the street vendors. The relevant studies were perused so as to identify issues, problems and ideas that the current research addresses.

Sruthi Subbanna, Bhargavi S. Rao, Mallesh K.R. (2010), in their brief study of Street Vendors in the city of Bengaluru, found that, of the entire street vendors surveyed not even one vendor said he did not pay bribe. Some even went on to say that they have been continuously troubled by authorities to pay bribe, and out of fear they just relent. Failure to pay bribes usually results in the officer taking portion of their wares and never giving it back.

Helen R. Sekar, in his research work on the Vulnerabilities and Insecurities of Informal Sector Workers: A Study of Street Vendors revealed that, nearly 30% of the vendors reported having respiratory ailments due to constant exposure to dust when they carry out vending on streets. Nearly one-fourth of the vendors reported to have suffered from Jaundice at least since they started street vending. Backache has been reported by 25% of the vendors which may be either due to squatting posture or due standing for long hours while vending or they had to walk for a long distance.

Sharit K. Bhowmik and **Debdulal Saha (2012),** in their conduct on, Street Vending in Ten Cities in India, reported that, there are a number of hazards that the vendors face. The first is the threats of eviction by the municipality. Nearly 77% said that they are perturbed by fear of eviction. But 22% said they do not have such fear. Our study shows that 65% of the vendors paid bribes regularly. However in Patna, the maximum number of evictions faced by vendors is around 25. The vendors pay around an average of Rs.10 daily as bribes. Vendors unanimously reported that they do not get back goods which are confiscated by the municipal authorities. A large number of eviction drives are conducted and the confiscated goods are not returned. This situation portrays the ruthless attitude of the municipal authorities towards vendors in the city, 9% say that they have heard about hawking zones. Astonishingly, a scant 2% of the vendors know that two national policies have been formulated for them.

Kyoko Kusakabe (2006) examined Policy Issues on Street Vending: An Overview of Studies in Thailand, Cambodia and Mongolia, concluded that, 'the studies have shown that in all the three countries, street vending is defined as illegal. At the same time, the enforcement of relevant laws and regulations is often lenient or contradictory. For example, in Cambodia, even as one law defines them as illegal, the other stipulates the legal taxes payable by them. Development policies also do not clearly support or prohibit street vending. It is kept fuzzy, and this lack of clarity leaves much room for extortion and rent-seeking. At the same time, vendors' illegal status makes them ineligible for social security and unable to get secure places to sell. An example of this is seen in Mongolia, where street vendors need to register themselves to avail of social insurance but where the registration process is too cumbersome for street vendors to go through every month'.

Sharit K. Bhowmik, in his conduct, "Hawkers and the Urban Informal Sector: A Study of Street Vending in Seven Cities" for the National Alliance of Street Vendors of India (NASVI), concluded that, laws relating to street vending are varied. With the exception of Calcutta, all the six cities namely; Patna, Bangalore, Imphal, Bhubaneshwar, Mumbai and Ahmedabad have provisions for providing licenses for hawking. Calcutta not only considers street vending an illegal activity but its laws provide very stringent punishment for hawkers-hawking is a cognizable and non-bailable offence.

OBJECTIVES OF THE STUDY
The broad objective of the study was to study the Employment Conditions and Employment Risks among Street Vendors in Madurai City and the specific objectives were to study the Employment Context, employment status and location of work place, income risk, asset risk, and Health Hazard.

RESEARCH METHODOLOGY
STUDY AREA
The present study was confined with the street vendors carrying out their business activities in the main city of Madurai.
METHODOLOGY ADOPTED
The present study was exploratory research work, as it explores the employment conditions of street vendors in the main city of Madurai and it also explores the employment risks that were faced by the vendors in the main city of Madurai.
SAMPLING TECHNIQUE
The present research work followed random sampling. The researcher went for data collection in the main city of Madurai for a period of one week and could able to cover 80 street vendors. Hence, 80 respondents were considered for the present study.
TOOLS EMPLOYED
The present research work used structured interview scheduled for the collection of field work data, that is, primary data. To analyze the primary data statistical tools such as, Percentage, Mean and Standard Deviation were employed.

ANALYSIS AND DISCUSSION
GENERAL INFORMATION OF STREET VENDORS IN MADURAI CITY
Table 1 represents the distribution of street vendors' general information. It shows that, most of them belong to the middle age group (31-40 years 40%) with their mean age 39.8 years and standard deviation 10.2 years. The street vendors by their gender show that, absolute majority (72.75%) of them was male and minority of them was female. The distribution of respondent by religion showed that 63.75 % belonged to the Hindu religion, 18.75 belonged to Muslim religion and 17.5 % belonged to Christianity. A high proportion (73.75 %) of the street vendors in Madurai City belonged to Backward Classes (BC), followed by Schedule Caste (sc) (15 %) and Most Backward Classes(MBC) (11.25%), and none of the respondents was from Scheduled Tribes (ST). The educational qualification of the respondents showed 32.5 % of respondents were illiterate, 35 % had completed 10th standard, 7.5 % had completed higher secondary school and 2.5 % were graduate holders. The family size of the street vendors showed majority (52.5%) of them was living as middle size family (4-5 members), 26 % as big family (5 above members) and 21.25 % as small family (1-3 members). Majority of the street vendors in Madurai City lived in their owned residence and 46.25 % do not owned their house but resides in rented house.
BUSINESS STATUS OF THE STREET VENDORS IN MADURAI CITY
Distribution of respondents by their business status as street vendors in Madurai City is presented in Table 2. The business profession among them shows that, 23.75 % of them were doing business activities of fresh fruits selling, 22.5 % were engaged in preparing and selling of eateries items, 18.75 % were selling vegetables, and fresh flower sellers, rendering services and selling textile goods were very few.
The initial investment made by the individual street vendors while starting their business reveals that, almost half of them had started with an amount of ₹ 5000 – ₹ 10,000, 37.5% with just ₹ 1000 – ₹ 5000 and very few of them had started with ₹ 10,000 above. Though almost half of the street vendors had started with an initial investment of ₹ 5000 – ₹ 10,000, 75% of them could hardly earned ₹ 100 – ₹ 500 per day as profit and 70% of them could saved ₹ 1000 – ₹ 5000 per month.
EMPLOYMENT CONDITIONS OF THE STREET VENDORS IN MADURAI CITY
An employment condition of the street vendors in Madurai City is presented in table 3. The years of business as street vendors in Madurai City showed 27.5 % had 16-30 years business, 22% had 1-5 years of business, 21.5 % had 6-10 years of business and one respondent had 45 years of business. The location of their business reveals 60% of them were carrying out in undesignated natural market and 40% carried out as variable/mobile. An employment status showed 87.55% were independent self employed, 6.25% were semi-dependent workers and 6.25% were dependent employees among the street vendors in Madurai City.
EMPLOYMENT RISK AMONG THE STREET VENDORS IN MADURAI CITY
Table 4 represents the employment risk among the street vendors in Madurai City. It revealed 68.75% had a risk of perishing their goods as they do not had proper storage place, 61.25% had competitive pressure from the other competitors and 38.75% had income risk due to seasonal variation in the price of their goods. A high proportion (72.5%) of the street vendors had their marketing assets risk due to confiscation of merchandise (perishable goods) and 22.5% revealed there was no risk of their marketing asset. The study revealed health risk among the street vendors in many ways such as; 7.5% faced due to operations near open drainage, 23.75% due to movement without any protection from sunlight and 23.75% faced due to lifting and pulling of heavy loads. And 13.75% of the respondents do not faced any health hazards but faced social sanctions from those who were located in proper designated shops.

CONCLUSION
The study concludes that the street vendors in Madurai City are mainly male in their middle age belonging to MBC. Further, most of them are illiterate with the family size of four to five members and residing in rented house. Most of them are fresh fruits sellers with less initial investment with meager amount of profit per day and have been doing the business for many years. Their employment conditions are independent self-employed on whole time basis in undesignated market place. They face the risks of perishing their marketing goods as they do not have proper storage place, they face the risk of their assets due to confiscation of merchandise by various parties, the risk of their regular income due to day to day fluctuation in the price of the marketing goods and they risk their due to open access to open drainage, lifting and pulling of heavy loads and open exposure to sunlight heat.

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TABLES

TABLE 1: DISTRIBUTION OF RESPONDENTS BY THEIR GENERAL INFORMATION

Variable	Number	Percentage
Age:		
20-30	16	20
31-40	32	40
41-50	22	27.5
51-60	07	8.75
60 above	03	3.75
Mean	39.8	
Standard Deviation	10.2	
Sex:		
Male	58	72.5
Female	22	27.5
Religion:		
Hindu	51	63.75
Muslim	15	18.75
Christian	14	17.5
Category:		
General	00	00
Backward Classes	59	73.75
Most Backward Classes	09	11.25
Schedule Caste	12	15
Schedule Tribe	00	00
Educational Qualification:		
Illiterate	26	32.5
Primary	18	22.5
Higher class	28	35
Higher Secondary	06	7.5
Graduate	02	2.5
Family Size:		
1-3 members	17	21.25
4-5 members	42	52.5
5 above members	21	26.25
Residence:		
Own house	37	46.25
Rented house	43	53.75

Source: Survey Sample

TABLE 2: DISTRIBUTION OF RESPONDENTS BY THEIR STATUS OF BUSINESS

Variable	Number of Respondents	Percentage
Type of Business:		
Vegetables	15	18.75
Fruits	19	23.75
Eateries	18	22.5
Textiles	6	7.5
Services	6	7.5
Flower shops	3	3.75
Initial investment (₹):		
1000 -5000	30	37.5
5001- 10000	35	43.75
10001 – 15000	6	7.5
15001 – 20000	3	3.75
20001- 25000	2	2.5
25001- 30000	3	3.75
35001- 45000	1	1.25
Profit per day (₹):		
100-500	60	75
501-1000	16	20
1000 above	4	5
Savings per month (₹):		
1000-5000	56	70
5001-10000	13	16.25
10001-15000	3	3.75
15001-20000	4	5
20000 above	4	5

Source: Survey Sample

TABLE 3: DISTRIBUTION OF RESPONDENTS BY THEIR EMPLOYMENT CONDITIONS

Variable	Number of Respondents	Percentage
Business(years):		
1-5	18	22.5
6-10	17	21.5
11-15	12	15
16-30	22	27.5
31-40	5	6.25
41-50	1	1.25
Location of work place:		
Designated market	00	00
Undesignated natural market	60	60
Variable/mobile	40	40
Employment context		
Whole time basis	45	56.25
Part time	06	7.5
Weekly	00	
Seasonal	29	36.25
Employment status:		
Independent self employed	70	87.5
Semi-dependent workers	05	6.25
Dependent employees	05	6.25

Source: Survey Sample

TABLE 4: DISTRIBUTION OF RESPONDENTS BY THEIR EMPLOYMENT RISK

Variable	Number of Respondents	Percentage
Product categories:		
Perishable goods	55	68.75
Non-perishable goods	19	23.75
Services	06	07.5
Income risk:		
There was local govt. Eviction	00	00
There was seasonal variation	31	38.75
There was competitive pressure	49	61.25
There was loss of time to devote work		
Asset risk:		
Report of confiscation of merchandise by the local govt.	00	00
Whether there is confiscation of merchandise (perishable goods)	58	72.5
There was no confiscation	22	27.5
Sanction risk:		
Legal sanction	00	00
Social sanction	80	100
Health risk:		
Operates near open drainage	6	07.5
Due to movement in open air	23	23.75
Must lift and pull heavy loads	23	23.75
No health hazards	11	13.75

Source: Survey Sample

HUMAN RESOURCE (HR) PRACTICES: AN EVALUATION OF SOME SELECTED REAL ESTATE ORGANIZATIONS IN BANGLADESH

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ABSTRACT
This study was prepared on human resource practices of some real estate organizations in Bangladesh. Human resource management got huge significance to run an organization smoothly people being the critical part of any organization. If this human resource could be taken care of and controlled diligently, companies could not have to face obstacles regarding employees. The objective of the paper had been to present the HRM practices undertaken by real estate organizations. After discussion, findings showed that not all real estate organizations practice HRM meticulously and separately. At the end of this paper well defined steps had been recommended to avoid any sudden impediment in future in the lack of HR practices. Such study could expand the scope of research on the arena of real estate relating to devising policy to yield more success satisfying the need of huge pool of customers as well as managing the growing need of human resource.

KEYWORDS
Compensation, real estate, recruitment, selection, training.

INTRODUCTION
Dhaka born during the Moghul Empire, capital of Bangladesh, since the independence of West Pakistan is now expanding rapidly. The largest expansion of Dhaka city took place under the next Mughal Governor Shaista Khan (1664-1688). The city then stretched for 12 miles in length and 8 miles in breath and is believed to have had a population of nearly a million people (en.wikipedia.org/wiki/History_of_Dhaka). From the beginning of the 20th Century its growth and latter development is marked with sheer lack of proper and far-reaching planning. The impact is now being felt at the end of the century. Dhaka City is undergoing terrific growth phase throughout the last two decades (http://www.orion-group.net/realested.php). The city has emerged as a fast growing megacity in recent times. It began with a manageable population of 2.2 million in 1975 which reached 12.3 million in 2000. The growth rate of the population during 1974-2000 was 6.9% (UN, 1998). During 2000-2015 it is expected to grow at a 3.6% annual growth rate and reach a total population of 21.1 million in 2015. This will put it in 4th position on the list of the world's megacities (UN, 1999).The present estimated population of Dhaka is 142.3 million and estimated growth rate in 1.3% per annum (UNFPA, 2010 cited in Population and housing census, 2011). Dhaka is the capital and the biggest city of Bangladesh which is the main center of education, administration, trade and commerce. The population is growing rapidly due to the massive rural urban migration (Islam, 2007). To satisfy the housing of this huge explosive population Dhaka has attempted to expand vertically. The private developers or government housing companies are constructing houses for the high or middle income people while the low income people do not have provision in the housing market (Islam, 2007).
'Real estate' is taken to mean "Property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water; immovable property of this nature; an interest vested in this; (also) an item of real property; (more generally) buildings or housing in general. Also: the business of real estate; the profession of buying, selling, or renting land, buildings, or housing" (Wikipedia). Real estate business is generally known as apartment projects, took off Dhaka city in the late 1970s. From the early 1980s the business started to flourish and showed robust growth. At present, more than 400 companies are active in the real estate business in the country and are working under one umbrella association named "Real Estate and Housing Association of Bangladesh. Initially though real estate business was limited to the Dhaka city, now the sector expands its reach to the outskirts of Dhaka city, surrounding districts of Dhaka district, and other divisional cities. But Dhaka is still paying for its indiscipline and random constructions in the city (Islam, 2008).
The size of real estate sector and its contribution to the economy in terms of employment generation, accrual of investment and output trends is increasing day by day. According to the Labor Force Survey (LFS), in 2006, 5.5% of the labor force was engaged in construction whereas for 1999-2000 it was 2.1% and 1995-96 it was 1.8%. The real estate sector at present employs about one million people, either directly or indirectly involved about 30 lac people in the sector. Recent information concerning investment in the housing sector shows steady growth in both absolute terms and as a percentage of total private investment and GDP. According to this trend till 2007 the investment in housing and real estate sector will be more than 2500 $USD (CPD). Real estate sectors contribute government's revenue through VAT, registration fee, utility connection fee, etc. amounting tk. 12.50 billion per year. This sector has a strong contribution to the development of other forward and back ward linkage sector like furniture, ceramics, consultancy, paints, aluminum, and many others (Hasan, n.d.).
Now a day real estate has become an important sector for our national growth. But if its business prospects are seen it is found that it is restricted. Though, it has created employment opportunity for a large number of people most of the time it becomes failure to retain all of them because of its poor human resource practices. As it is a service industry, policy makers always focus on its sales volume and service quality but never on the people working within it; but it is impossible for an organization to sustain for a long time without concentrating their employees. The article focuses on "people aspects" on real estate industry in Bangladesh. As well as it will also provide some proposals to get rid of the situation.

OBJECTIVES

The objective of this paper has been to present the human resource practices exercised by the real estate organizations in Bangladesh.

METHODOLOGY

The report is based on both primary and secondary data. This study is descriptive in nature. The literature review is developed based on secondary data. For the purpose of primary data collection as much as forty (40) real estate firms are surveyed among 400 (app) Real Estate & Housing Association of Bangladesh (REHAB) registered firms (app). An unstructured questionnaire was developed that focused on the topics regarding different aspects of human resource functions, such as recruitment and selection policy, training need and programs, compensation and benefit policies, performance appraisal program and health and safety measures. Besides this, interview was undertaken over telephone and e-mails where physical presence was not possible. The whole process took about two months to complete.

PRESENCE OF HR DEPARTMENT FOR REAL ESTATE BUSINESS

Alike other departments, like marketing, finance and operational department for every organization human resource department is necessary as it gives fuel to the whole organization by supplying human resources based on its need. Whether an organization is big or small it must face the need for HR department. The same holds true for a real estate company. The real estate agents representing the agency and the office assistants must have a department or group of HR workers where they can get support and advice on how to handle employee matters and address personnel issues. **(**Jane, 2011**).** Human resource departments usually consist of a team of workers focused on facilitating paperwork, administering recruitment advertisements, and maintaining files of performance histories of current workers, not on the implementation of human resource development as a means of enhancing the overall quality of life and quality of organizational output (Marques, 2006). Research has shown that the human aspect of resources within an organization contributes approximately eighty percent of the organization's value. This implies that if people are not managed properly, the organization faces a serious chance of falling apart. The Human Resource Department's main objective is to bring out the best in their employees and thus contribute to the success of the Company (Bhagria, 2010). Generally real estate is a project based business. A real estate company generally incorporates more than 5 housing projects. As a project organization the importance of human resources is inevitable. The management of the human resources on a project has a major impact on the project's success or failure from the two perspectives: one is top-down perspective and the other is bottom-up perspective; whereas top-down perspective is need for managing the strategic resources effectively in order to stay competitive, and bottom-up perspective is concern for the individual project worker in a projectified environment (Hobday, 2000, cited in Bredin, 2006). As a project is characterized by three major aspects; i.e., time, budget and performance or quality coordinating of these aspects have increased the importance of a clear human resource practice in the organization by the following ways:

- The temporary nature of projects means that personal and organizational relationships generally will also be temporary and, quite often, new. Staff-related project management processes must address these transient relationships.
- Both the nature and number of people involved in a project change as the project moves through its life cycle. For example initially there will be limited number of staff in the project and as we move along we induct more staff into the project. Staff management processes must recognize and address these changing needs. In the same way, absences of human resources may create some complexity in the activities of projects:

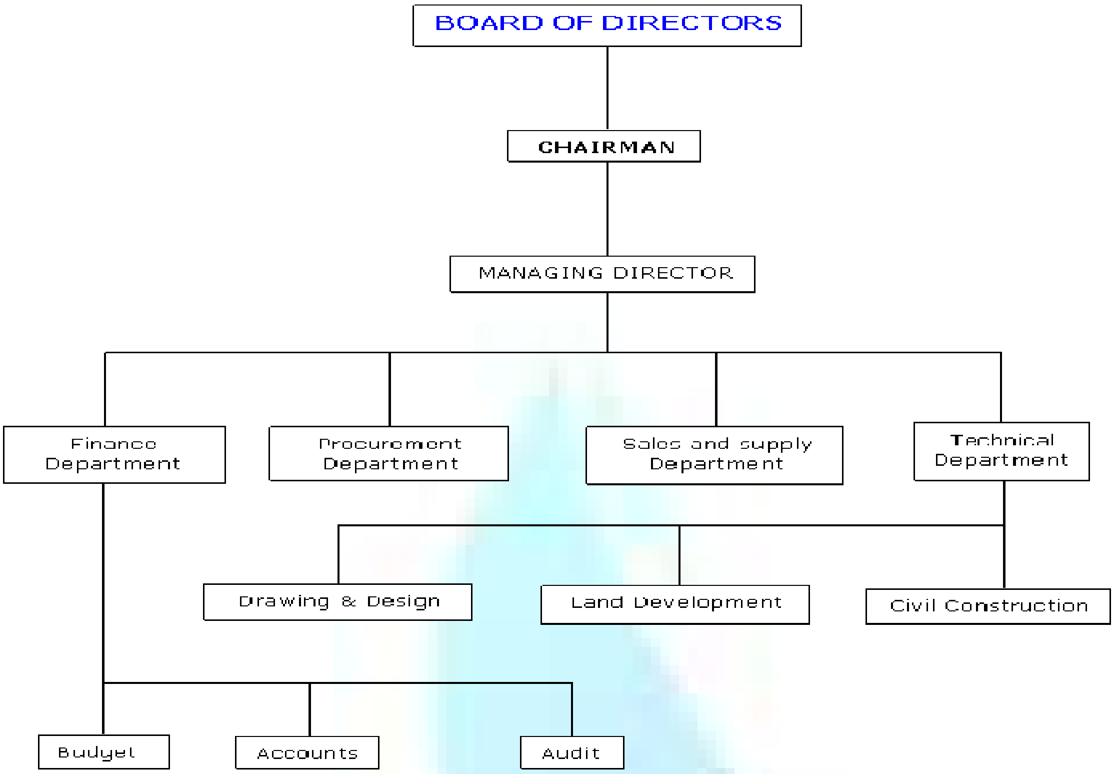
TABLE 1: LIST OF COMPLEXITIES IN ABSENCE OF HUMAN RESOURCE DEPARTMENT

List of complexities in project based organization in the absence of HRD	
Deadlines and time pressure	Negative stress and burn-out risks
Continuous work pressure	Limited time and opportunity for competence development
Task complexity	Feelings of chaos and insecurity
Technical uncertainty	Role ambiguity and role strain
Changing teams/temporary organizations	Lack of trust and social disconnectedness, corrosion of character
Fluctuating demand	Job insecurity

Source: HRM in Project-based Organizations; Jonas Söderlund; August 20, 2010

However the matter of fact is that, most of the real estate developers have no separate HR departments in their organization. All their HR related works are completed with the help of other departments. Figure 1 is an example such type of organization. Again, for some organizations they make a temporary HR division when they required. Employees working in real estate companies claim that there is no need for separate HRD at all as they are basically sales based business. By Mary Jane (n.d.) even though real estate agents often work on the commission payments from the real estate sales made, they must follow specific sales procedures to uphold the standards and credibility of the real estate agency. He emphasized that it is the responsibility of the human resource department to teach the agents about these procedures and ensure that they are being followed and respected in each sale. This can include informing buyers about the procedures, about lending options and about leasing the property, if the house does not sell as desired.

FIGURE 1: DEPARTMENTS OF SUNCITY DEVELOPERS



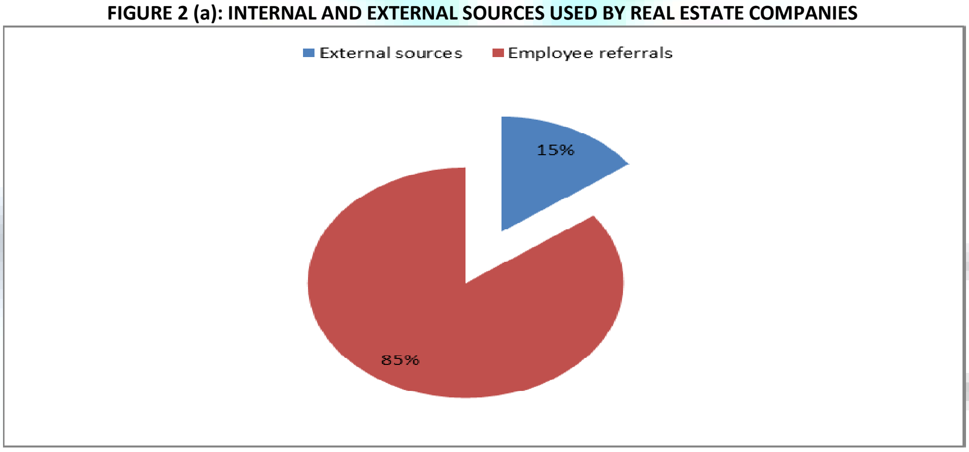
Source: Annual Report, 2011, Suncity Developers

ANALYSIS OF HR PRACTICES IN REAL ESTATE BANGLADESH

RECRUITMENT AND SELECTION

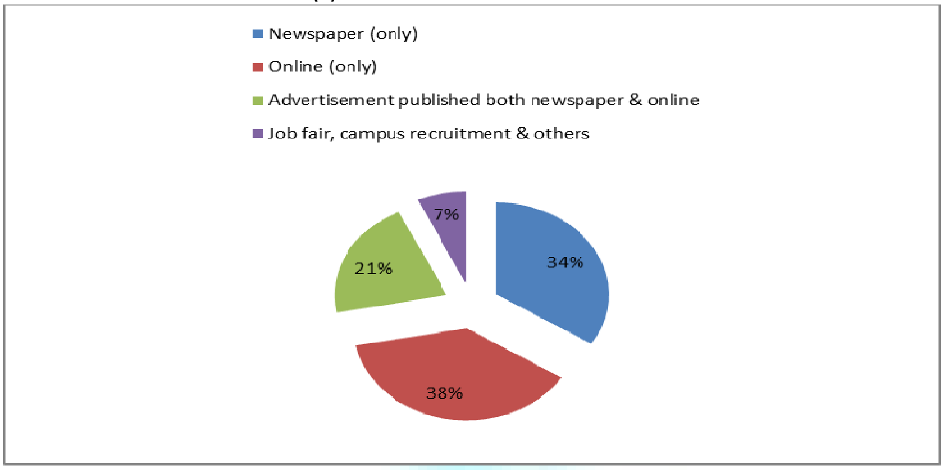
The first function of HRM is recruitment; generating a pool of qualified applicants (Jackson, 2003) by stimulating and encouraging them to apply for jobs in an organization (Flippo, 1984). A good recruitment policy must display enough dynamism and progressiveness in its approach to attract the best talents for the organization (Durai, 2010). To keep in mind any recruitment activities are undertaken by the combination of two sources: one is internal and another is external sources includes promotion or transfer or re-employment of ex-employees or references of own employees. On the other hand, external sources include advertisement, advertisement in university notice board, job fair; advertisement in web site etc. (http://recruitment.naukrihub.com/sources-of-recruitment.html). Real Estate Companies in Bangladesh first of all makes external recruitment for their prospective candidates as it is the best source of diversified candidates. If the external candidates cannot fulfill the company need then they make an internal search. Research suggested that about 30% companies follow this process. Some real estate companies with goodwill in market can easily attract candidates and prefer external recruitment; for example, eastern housing, Japan Garden City, Concord etc. the percentage is about 15%. The rest of the companies prefer employee referrals as a source of their recruitment. We find that, about 22% prefer (whether it is large or small) prefer daily newspaper to make advertisement for recruitment. These 43% also use online to make advertisement (figure 2b). 17% companies use only online links in this purpose; Mega Builders is one of them. And the rest of them use job fair, campus recruitment etc. for recruitment. It must be mentioned that for the top and mid-level positions they go through the newspaper advertisement. Though it is obvious from figure 1(a) that 85% companies use employee referrals to collect their potential candidates, from another picture, figure 1(b) we find that about 21% use different external sources like, newspaper, online and both of the newspaper and online. It means that a company also uses referrals when they use external sources.

FIGURE 2 (a): INTERNAL AND EXTERNAL SOURCES USED BY REAL ESTATE COMPANIES



Source: HR practices: an evaluation of some selected real estate organizations in Bangladesh, 2012

FIGURE 2 (b): DIFFERENT TYPES OF EXTERNAL SOURCES



Source: HR practices: an evaluation of some selected real estate organizations in Bangladesh, 2012

Figure 3 shows a recruitment stage followed by Basudha Builders. At the first stage of recruitment the manager collect HR requisition; i.e, engineers, site manager, labor supervisor etc. from different departments based on vacant positions. Firm raises advertisement on the newspaper or online. An interview is undertaken by the management after short-listing of the candidates and selected if requirement fulfills.

FIGURE 3: RECRUITMENT PHASES FOLLOWED BY BASUDHA BUILDERS

Source: HR practices: an evaluation of some selected real estate organizations in Bangladesh, 2012

The budget for recruitment, selection, and interview varies from tk. 10,000 to tk. 80,000 based on company size (table.2). Here must be noted that, careful HR planning and forethought by recruiters can minimize the expenses regarding recruitment and others. The best solution is to use proactive HR practices to reduce employee turnover, minimizing the need for recruiting. After completing recruitment and selection evaluating the whole process ensures its cost effectiveness and efficiency (Werther and Davis, 2004).

TABLE 2: RECRUITMENT FUNCTION BUDGET

Company name	Budget (approx.)
Mega Builders	Tk. 80,000
Nagar Homes	Tk. 1,00,000
Access Holdings	Tk. 20,000
Sawpnanir	Tk. 50,000

Source: Source: HR practices: an evaluation of some selected real estate organizations in Bangladesh, 2012

The selection interview is one of the most widely used means and indispensable part of any selection process (Durai, 2010.). Generally there are two types of interview techniques used in selecting employees based on the nature and number of the job vacancies; one is written tests and another is viva. Most of the real state companies focus on viva and walk-in-interview as interview technique and do not provide any DA (day allowance) and TA (transport allowance). Nowadays, walk-in-interview is getting preferences to many real estate companies. Many of them go through a complex interview process to avoid the hassle of managing job boards or other advertisements (http://www.wisegeek.com/what-is-a-walk-in-interview.htm). On the other hand, the main objective traditional face-to-face interview is collecting information about the candidates to determine his suitability for a job (Durai, 2010).

TRAINING

Study reveals that real estate companies do not use training and to avoid training costs they prefer to hire experienced employees. But in some special cases they use on the job training method where superiors, colleagues make the juniors understand about their work. In case of introducing new technology, the machine manufacturers clarify them how to use.

SALARY AND BENEFITS

Salary structure varies form organization to organization based on company structure, policy and labor supply. Maximum real estate companies divide their salary structure into two classes; one is top class (management class) salary structure and another is lower class (executive class) salary structure. Eastern housing, one of the largest real estate companies is not exception from this. Their management level salary structure starts from 15,000 to tk. 80,000 and executive class' salary range is below tk. 15,000. Century real estate, which is not as much as big like eastern housing provides up to tk. 50,000 to their top class executives and below 10,000 to their lower class employees. Dom-Inno, Paradise and some other companies use more specific classes to maintain salary structure (table 2):

TABLE 3: COMPARATIVE SALARY STRUCTURE AMONG VARIOUS COMPANIES

Employee levels	Dom-Inno	Paradise	Japan Garden City	Jamuna Group
Director	1,00,000-1,20,000	1,50,000- more	---------	--------------
Manager	30,000-40,000	35,000-40,000	20,000+	20,000-50,000
Executive	15,000-20,000	15,000-20,000	10,000+	15,000-20,000

Source: HR practices: an evaluation of some selected real estate organizations in Bangladesh, 2012

To abreact or retain qualified and efficient staff, the Swapnil Real Estate has formulated a number of well through policies for the welfare of its employees, in the form of gratuity fund, employees' house building investment scheme, employees' car financing scheme, benevolent fund and employees' house furniture allowance etc. The company also provides 10% of basic salary as house rent and only 2% for medical support (Annual Report 2008, Swapnil Real Estate).

PERFORMANCE APPRAISAL AND PROMOTION

From McKirchy's (1998) point of view appraisal is one of the most important requirements to the business organization because it is crucial to identify rewarding and promoting employees and identify the ineffective ones for the purpose of developing them. Though performance appraisal is an important factor of HRM most of the companies do not use any type of methods for appraising employee performance. Employees get promotion or achieve annual increment on seniority basis. As real estate companies are basically selling based organizations they measure performance based on the sales (target sale) of apartments. Some other organizations, like Manama Developments, Eastern Housing etc. use profit sharing plan based on the sales of the employees.

HEALTH AND SAFETY

Health and safety programs are the most concerning issues for Bangladesh. With the expansion of concrete technology Bangladesh is losing its greenery. Moreover, practice of bricks, private generator and iron/steel are making our environment hazardous. Construction work sites expose the women to health hazards as well as abuses. Wage discrimination against women and child labor are also widespread. Although sanitation in general and toilet facility in particular is not adequate for any worker, women's special need is not met in most construction sites (Waste Concern Consultants, 2010). From the survey we found that very few companies have their safety measures. As most of the workers are labors lack of knowledge and awareness they do not use any safety equipment. Handling safety equipment sometimes reduces productivity-which is another discouraging reason for not using safety measures. Unavailability of equipment in time is another reason for not using of safety measures. But the picture was different in some well-known companies; Japan Garden City, Jamuna Group and Orchard Real Estate provide labors and their supervisors yellow dress, cap, gloves, shoes etc. as the devices of safety measures. Japan Garden City maintains a budget of tk. 50,000 to tk. 1, 20,000 for any kind of accidents of the employees or labors caused by any working purposes. Sometimes they bear full medical expenses based on the complexity of the accidents.

CONCLUSION AND RECOMMENDATIONS

Competent people are an organization's fundamental competitive advantage whether it is a service organization or a manufacturing one. Highly experienced management team and consultants of an organization allow for flexibility to customize a development or recruitment plan to company specific requirements. Today's best-selling management concept specially used in real estate sector will not survive long before being overtaken by the next 'big idea'. This 'big idea' is maintaining our people, our workers and our personnel. Significantly, however, a consistent theme has prevailed for more than two decades: the most successful organizations make the most effective use of their people-their human resources.

However, the scenario is absent in most of the real estate companies. Some of the companies and their employees are not familiar with the term of human resource management, recruitment and selection, performance appraisal etc. They collect employees in contractual basis or whenever they need. They do not follow any kind of planning for recruiting employees. Marketing or purchasing executives are doing management or HR function---is a common scenario for many of the real estate firms. Most of the companies only follow the minimum practices of human resources that they need only to continue the business. But as an emerging sector in Bangladesh and as its contribution in national economy is increasing they must focus on HR practices more to make it a sterile place of work. Recently, some of the accidents occurred caused by the construction building which are the indication of evading safety measures for themselves as well as for public. Here are some of the suggestions to make the Real Estate business more employees oriented:

- Develop a separate HR department, it is not a matter fact whether it is small in size or not.
- A planning will also be developed for labors because without labor the work cannot come into reality. Labor planning includes: sources of labor, their wages, refreshment of labor etc.
- Keep the right people at the right place. For example, without management background no person should work in managerial, especially in HR management post. Because it will reduce employees' creativity and morale to work.
- Employees should be provided some basic training which will increase their job satisfaction and make their work ease.
- As real estate company focus more on field work the organization should make the field more comfortable to the workers. Transport facilities, mobile facilities, decision making facilities should be increased. It will also ensure more female employees in this sector.
- Time period is another important factor for retaining employees. Sometimes labors and site engineers have to work longer (till 12 pm or midnight) when they work for piling or roof carpeting. These works are to be done in day time which will reduce the sufferings of workers, engineers as well as the neighboring people.
- A periodic review of employee performance should also be developed.
- The most important issue while working with people is maintaining transparency----organization should be transparent from employee selection to performance appraisal.

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A STUDY ON VOLATILITY OF SHARES IN BANKING SECTOR

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ABSTRACT
The study is about analyzing the market fluctuation in banking sector using technical analysis. In this we have used Relative Strength Index, Fibonacci retracement, and Moving average for analyzing about the market. The type of sampling used in the study is random sampling where the banks are been chosen randomly based on the technique and according to the analysis and findings ICICI gives the highest yield when compared to other banks.

KEYWORDS
Fibonacci retracement, Moving average, Relative Strength Index, Technical Analysis, Yield.

INTRODUCTION
Investment is a process of employing funds in some assets with the aim of maximizing return over a period of time, such as land, building, gold, and stock market. Among all kinds of assets the stock market (shares) investment is one which generates high return with high risk even within short span of time. Since it involve high risk there should be basic understanding of stock market and its trend. In order to identify market trend and fluctuation, there are two broadly classified techniques available.
1. Fundamental analysis
2. Technical analysis

TECHNICAL ANALYSIS
Technical analysis is based on the proposition that the securities price and the volume in the past suggest their future price behavior. A trend in prices is believed to continue unless there is some definite information leading to change. Technical analysis is based on the concept that past information on prices and volume can give an idea of what lies ahead. It emphasizes that securities prices and changes there in can be forecasted by studying the market data.

TECHNICAL ANALYSIS TOOLS
By examining the historical patterns of the two most important measures, namely, the market price trend and volume of trading, an investor tries to estimate the future market price of a share. In the narrowest sense, technical analysis is based on the assumption that market price fluctuations reflect the logical and emotional forces prevailing in the secondary market.

VOLATILITY
The Volatility technical indicator is helpful in seeing potential market reversals. This Volatility indicator based on the true range of price is based on the premise:
1. Strong trends upward are marked by decreases in volatility.
2. Strong trends downward show a general increase in volatility.
3. Reversals in trend usually occur when volatility increases.

STATEMENT OF THE PROBLEM
The banking sector has been on a roll over the last couple of years, throwing up huge opportunities for wealth creation on the way. The banking systems in emerging markets are on a rapid growth mode. It is contributing to strong economic growth and rise in financial activity in domestic markets, banks in emerging markets are showing sizeable growth and expansion. After liberalization there are number of banks entered in to Indian banking sector from both domestic market and foreign market. This caused the sector more competitive, less margin and shorter product life cycle. Due to these all challenges the banking scripts are highly volatile and prediction of market becomes very difficult. So this study becomes very imperative in order to predict the market and making trading decision in short span.

OBJECTIVES OF THE STUDY
1. To study the volatility of shares using technical analysis.
2. To study the selected bank's shares and their technical impact in the market.
3. To analyze the movements based on their accuracy using different tools.

NEED OF THE STUDY
The study is about analyzing the market in banking sector using technical analysis. The need of the study is to maximize the trade using different factor in banking sector.

SCOPE OF THE STUDY
The study is about analyzing the technical factors involved in share market with reference to banking sector. The scope is that the technical analysis factors can be used as a tool to know the performance of scripts both in long term and short term which may to knowledge and profit for the customers.

LIMITATIONS OF THIS STUDY

1. The study conducted for short term (Seven months). So it may not show the long term status.
2. The study considers only six banks.
3. The study has taken only two techniques for analysis.

REVIEW OF LITERATURE

Fernando Fernandez –Rodriguez (1999) assessed whether some simple forms of technical analysis can predict stock price movement in the Madrid stock exchange, covering thirty-one-year period from Jan 1966 –Oct 1997.the results provide strong support for profitability of those technical trading rules. By making use of bootstrap techniques the author shows the returns obtained from these trading rules are not consistent with several null models frequently used in finance.

Andrew W. LO ***(2000)*** **"**Foundations of Technical Analysis: Computational Algorithms, Statistical Inference, and Empirical Implementation" says that "Technical analysis, also known as "charting," has been a part of financial practice for many decades, but this discipline has not received the same level of academic scrutiny and acceptance as more traditional approaches such as fundamental analysis. One of the main obstacles is the highly subjective nature of technical analysis the presence of geometric shapes in historical price charts is often in the eyes of the beholder. In this paper, we propose a systematic and automatic approach to technical pattern recognition using nonparametric kernel regression, and we apply this method to a large number of U.S. stocks from 1962 to 1996 to evaluate the effectiveness of technical analysis. By comparing the unconditional empirical distribution of daily stock returns to the conditional distribution conditioned on specific technical indicators such as head-and-shoulders or double-bottoms we find that over the 31-year sample period, several technical indicators do provide incremental information and may have some practical value."

RESEARCH METHODOLOGY

Research methodology describes how the research study was undertaken. This includes the specifications of research design, source of data, method of data collection, the sampling method and the tools used.

RESEARCH DESIGN

The research design used in this paper is descriptive research design.

SAMPLING DESIGN

Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population).The study has selected five banks for analysis. The data have collected and analyzed for seven months i.e. Aug 2012 to Feb 2013

SAMPLE UNIT

The following banks were taken as sample unit for our research.

1. Punjab National Bank
2. State Bank of India
3. ICICI Bank
4. HDFC Bank
5. Axis Bank

METHOD OF DATA COLLECTION

The data required for the study have been obtained from NSE's official website.

TOOLS FOR THE ANALYSIS

The data so collected have been analyzed with the help of following tools.

i) Moving Average
ii) Fibonacci
iii) Relative Strength Index (RSI)

MOVING AVERAGE

A moving average is commonly used with time series data to smooth out short-term fluctuations and highlight longer-term trends or cycles. The threshold between short-term and long-term depends on the application, and the parameters of the moving average will be set accordingly. For example, it is often used in technical analysis of financial data, like stock prices, returns or trading volumes. It is also used in economics to examine gross domestic product, employment or other macroeconomic time series. Mathematically, a moving average is a type of convolution and so it can be viewed as an example of a low-pass filter used in signal processing. When used with non-time series data, a moving average filters higher frequency components without any specific connection to time, although typically some kind of ordering is implied. Viewed simplistically it can be regarded as smoothing the data.

FIBONACCI RETRACEMENTS

Fibonacci Retracements are ratios used to identify potential reversal levels. These ratios are found in the Fibonacci sequence. The most popular Fibonacci Retracements are 61.8% and 38.2%. Note that 38.2% is often rounded to 38% and 61.8 is rounded to 62%. After an advance, chartists apply Fibonacci ratios to define retracement levels and forecast the extent of a correction or pullback. Fibonacci Retracements can also be applied after a decline to forecast the length of a counter trend bounce. These retracements can be combined with other indicators and price patterns to create an overall strategy.

RELATIVE STRENGTH INDEX (RSI)

The Relative Strength Index (RSI) is a technical indicator used in the technical analysis of financial markets. It is intended to chart the current and historical strength or weakness of a stock or market based on the closing prices of a recent trading period. The indicator should not be confused with relative strength.

The RSI is most typically used on a 14 day timeframe, measured on a scale from 0 to 100, with high and low levels marked at 70 and 30, respectively. Shorter or longer timeframes are used for alternately shorter or longer outlooks. More extreme high and low levels—80 and 20, or 90 and 10—occur less frequently but indicate stronger momentum.

The Relative Strength Index was developed by J. Welles Wilder and published in a 1978 book, New Concepts in Technical Trading Systems, and in Commodities magazine (now Futures magazine) in the June 1978 issue. It has become one of the most popular oscillator indices.

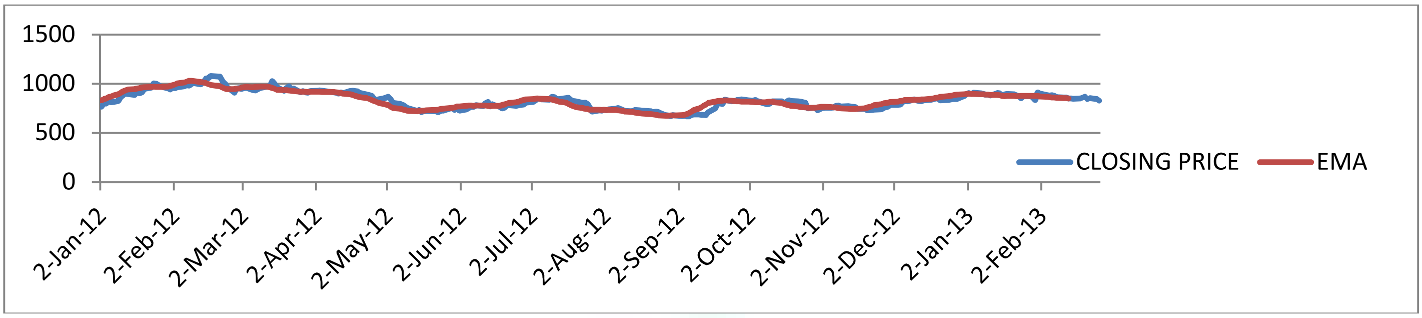
DATA ANALYSIS

1. 1. MOVING AVERAGE – PUNJAB NATIONAL BANK (PNB)

The 10 days moving average of PNB bank where the first short is been initiated at 982 and the target is at 750 and a fresh buy is been initiated at the same price at 750 and the target is at 870 and a fresh sell is been initiated at a same price at 870 and the target is 650 and a fresh buy is been initiated at a same price 650 and the target 810.

MOVING AVERAGE – PUNJAB NATIONAL BANK

CHART 1.1



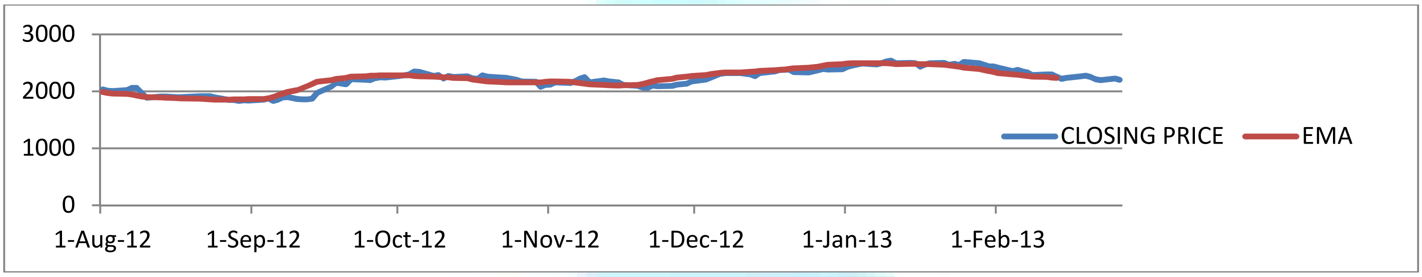
Source: Computation based on NSE Data

1.2. MOVING AVERAGE – STATE BANK OF INDIA (SBI)

The 10 days moving average of SBI bank where the first short is been initiated at 2262 and the target is at 1985 and a fresh buy is been initiated at the same price at 1985 and the target is at 1102 and a fresh sell is been initiated at a same price at 1102 and the target is 1799 and a fresh buy is been initiated at a same price 1799 and the target 2249.

MOVING AVERAGE – STATE BANK OF INDIA

CHART 1.2



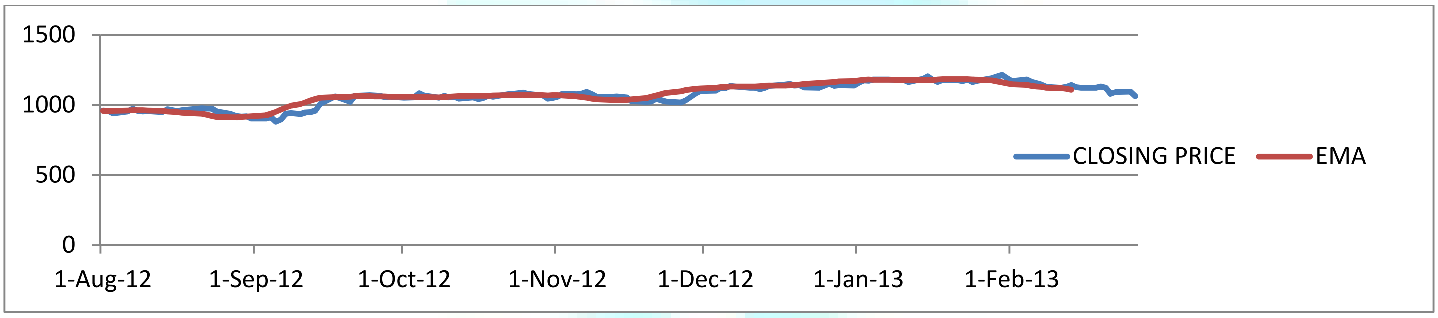
Source: Computation based on NSE Data

1.3. MOVING AVERAGE – ICICI BANK

The 10 days moving average of ICICI bank where the first short is been initiated at 990 and the target is at 810 and a fresh buy is been initiated at the same price at 810 and the target is at 910 and a fresh sell is been initiated at a same price at 910 and the target is 1099.

MOVING AVERAGE – ICICI BANK

CHART 1.3



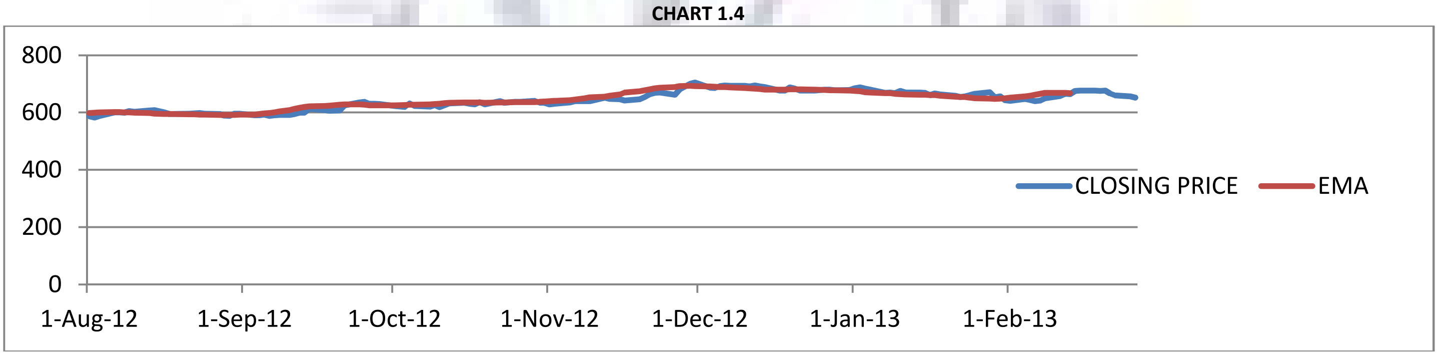
Source: Computation based on NSE Data

1.4. MOVING AVERAGE – HDFC BANK

The 10 day moving average of HDFC bank where the first short is been initiated at 549 and the target is at 499 and a fresh buy is been initiated at the same price at 499 and the target is at 580 and a fresh sell is been initiated at a same price at 580 and the target is 630.

MOVING AVERAGE – HDFC BANK

CHART 1.4



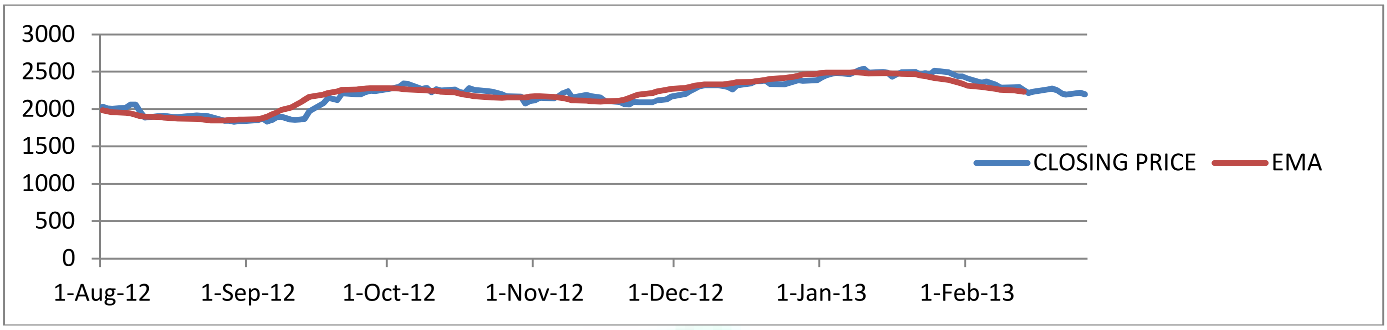
Source: Computation based on NSE Data

1.5. MOVING AVERAGE – AXIS BANK

The 10 days moving average of Axis bank where the first short is been initiated at 1190 and the target is at 990 and a fresh buy is been initiated at the same price at 990 and the target is at 1095.

MOVING AVERAGE – AXIS BANK

CHART 1.5



Source: Computation based on NSE Data

2.1. FIBONACCI TABLE FOR PNB

FIBONACCI TABLE FOR PNB

TABLE 2.1.1

DOWN TREND			
Week Date:-	29-Feb-2012		
	HIGH	1076.50	
	NET DOWN :		**410.35**
	LOW	666.15	

FIBONACCI TABLE FOR PNB

TABLE 2.1.2

RETRACEMENTS		TARGETS	
76.40%	979.66	Target	949.70
61.80%	919.75	Target	895.54
50.00%	871.33	Target	847.11
38.20%	822.90	Target	792.95
23.60%	762.99	Target	714.57

INTERPRETATION

The above shows the Fibonacci retracement of PNB for the past one year. The first selling is been initiated at 762.99 and the target is at 714.57, but the target did not get achieved at this level, the second level of sell is been initiated at 822.90 and the target for both the levels are at 792.95 but it did not get achieved at this level, the third level of selling is at 50% level at 871.33 and the target for all the three levels are at 822.90 but the target didn't get achieved at this level, So a final average is been initiated at 919.75 and the target for the levels achieved at 847.11.

2.2. FIBONACCI TABLE FOR STATE BANK OF INDIA

FIBONACCI TABLE FOR STATE BANK OF INDIA

TABLE 2.2.1

DOWN TREND			
Week Date:-	29-Feb-2012		
	HIGH	2539.10	
	NET DOWN :		**901.45**
	LOW	1637.65	

FIBONACCI TABLE FOR STATE BANK OF INDIA

TABLE 2.2.2

RETRACEMENTS		TARGETS	
76.40%	2326.36	Target	2260.55
61.80%	2194.75	Target	2141.56
50.00%	2088.38	Target	2035.19
38.20%	1982.00	Target	1916.20
23.60%	1850.39	Target	1744.02

INTERPRETATION

The above shows the Fibonacci retracement of SBI for the past one year. The first buying is been initiated at 2326.36 and the target is at 2260.55, but the target did not get achieved at this level, the second level of buy is been initiated at 2194.75 and the target for both the levels are at 2141.56 but the target did not get achieved at this level, the third level of buying is at 50% level at 2088.38 and the target get achieved for all the three levels at 2194.75, and the final level of buying is at 1982 and the target is at 191.20.

2.3. FIBONACCI TABLE FOR ICICI BANK

FIBONACCI TABLE FOR ICICI BANK

TABLE 2.3.1

UP TREND			
Week Date:-	13/03/2013		
	HIGH	1212.70	
	NET UP :		**516.15**
	LOW	696.55	

FIBONACCI TABLE FOR ICICI BANK

TABLE 2.3.2

RETRACEMENTS		TARGET	
23.60%	1090.89	Target	1151.79
38.20%	1015.53	Target	1053.21
50.00%	954.63	Target	985.08
61.80%	893.72	Target	924.17
76.40%	818.36	Target	856.04

INTERPRETATION

The above shows the Fibonacci retracement of ICICI for the past one year. The first buying is been initiated at 1090.89 and the target is at 1151.79, but the target did not get achieved at this level, the second level of buy is been initiated at 1015.53 and the target is at 1053.21 and the target for both the levels are at 1053.21, the third level of buying is at 50% level at 954.63 and the target get achieved at 985.08.

2.4. FIBONACCI TABLE FOR HDFC BANK

FIBONACCI TABLE FOR HDFC BANK

TABLE 2.4.1

UP TREND			
Week Date:-	13/03/2013		
	HIGH	703.95	
	NET UP :		**277.10**
	LOW	426.85	

FIBONACCI TABLE FOR HDFC BANK

TABLE 2.4.2

RETRACEMENTS		**TARGET**	
23.60%	638.55	Target	671.25
38.20%	598.10	Target	618.33
50.00%	565.40	Target	581.75
61.80%	532.70	Target	549.05
76.40%	492.25	Target	512.47

INTERPRETATION

The above shows the Fibonacci retracement of HDFC for the past one year. The first buying is been initiated at 635.55 and the target is at 671.25, the target get achieved at this level, the second level of buy is been initiated at 598.10 and the target is at 618.33 and the target get achieved at this level.

2.5. FIBONACCI TABLE FOR AXIS BANK

FIBONACCI TABLE FOR AXIS BANK

TABLE 2.5.1

UP TREND			
Week Date:-	13/03/2013		
	HIGH	1509.65	
	NET UP :		**714.85**
	LOW	794.80	

FIBONACCI TABLE FOR AXIS BANK

TABLE 2.5.2

RETRACEMENTS		**TARGET**	
23.60%	1340.95	Target	1425.30
38.20%	1236.58	Target	1288.76
50.00%	1152.23	Target	1194.40
61.80%	1067.87	Target	1110.05
76.40%	963.50	Target	1015.69

INTERPRETATION

The above shows the Fibonacci retracement of AXIS Bank for the past one year. The first buying is been initiated at 1340.95 and the target is at 1425.30,but the target didn't get achieved at this level, So an average lot is been initiated at 1236.58 and the target for both the levels are at 1288.76.

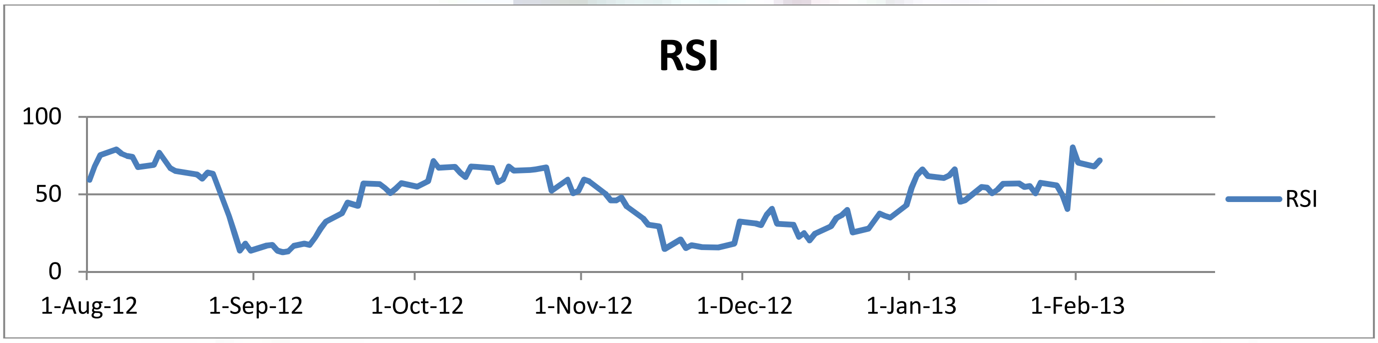
3.0. RELATIVE STRENGTH INDEX (RSI)

3.1. PUNJAB NATIONAL BANK

The first level of selling is at 880.1 and the target is at 833.65 where the profit is 46.45, the second buying is been initiated at 833.5 and the target at 50 level is 755.15 where the profit is -78.35, the third selling is at 732.1 and the target is at 714.85 and the profit is 17.25, the fourth level of buying is at 781 and the target is at 744.85 where the profit is -36.15, next level of selling is at 804.2 and the target is at 911.35 where the profit is at -107.12 and for the last buying no target has not been achieved till now.

RSI – PUNJAB NATIONAL BANK

CHART 3.1.1



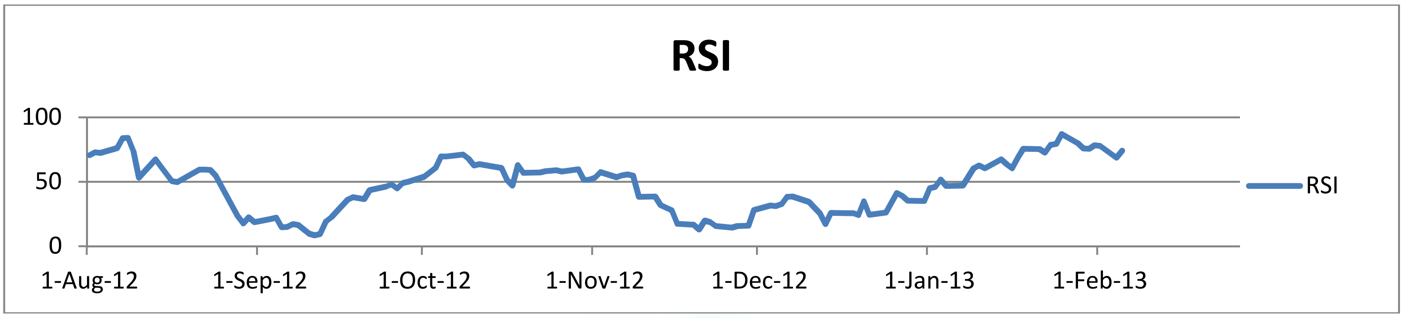
Source: Computation based on NSE Data

3.2. STATE BANK OF INDIA

The first level of selling is at 2371.5 and the target is at 2467.6 where the profit is -96.1, the second buying is been initiated at 2331.3 and the target at 50 level is 2242.3 where the profit is 89, the third selling is at 2269.45 and the target is at 2240.6 and the profit is 28.85, the fourth level of buying is at 1971.5 and the target is 1893.85 where the profit is 77.65, next level of selling is at 1968.75 and the target is at 2098.3 where the profit is at -129.55.

RSI – STATE BANK OF INDIA

CHART 3.2.1



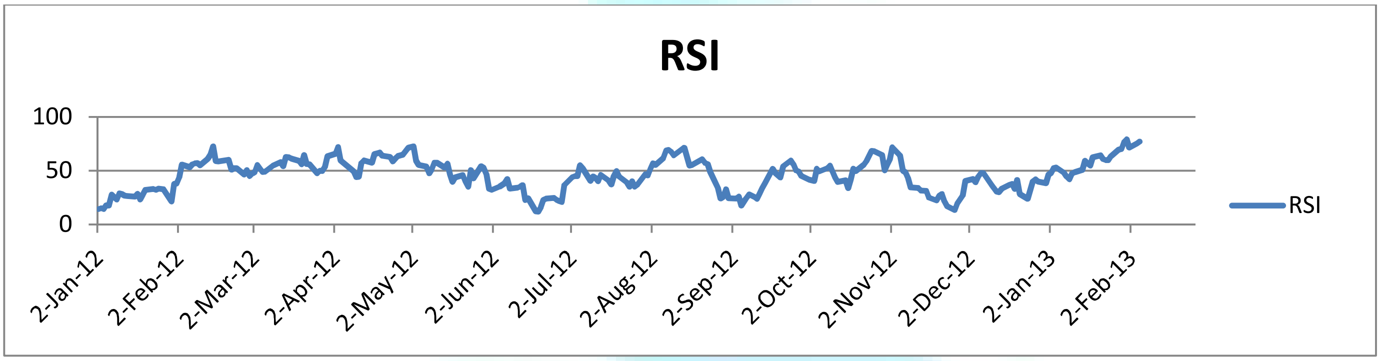
Source: Computation based on NSE Data

3.3. ICICI BANK

The first level of selling is at 1166.05 and the target is at 1163.55 where the profit is 2.5, the second buying is been initiated at 1121.5 and the target at 50 level is 1077.65 where the profit is 48.35, the third selling is at 969.8 and the target is at 961.4 and the profit is 8.4, the fourth level of buying is at 856.95 and the target is 882.05 where the profit is -25.1, next level of selling is at 981.15 and the target is at 902.35 where the profit is at 78.8.

RSI – ICICI BANK

CHART 3.3.1



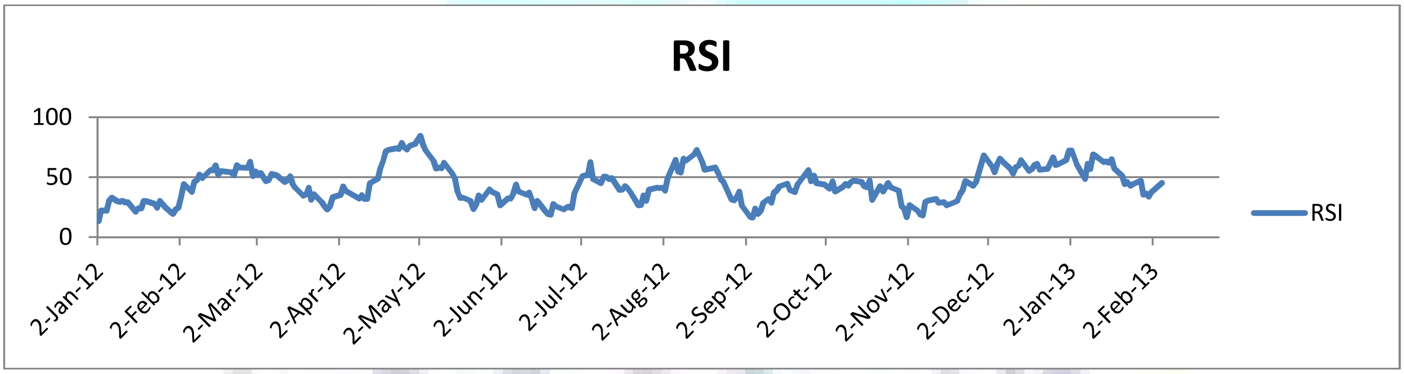
Source: Computation based on NSE Data

3.4. HDFC BANK

The first level of selling is at 687.35 and the target is at 680.5 where the profit is 6.85, the second buying is been initiated at 646.75and the target at 50 level is 630.8 where the profit is 15.95, the third selling is at 608.15 and the target is at 588.2 and the profit is 19.95, the fourth level of buying is at 574.05 and the target is 587where the profit is -12.95, next level of selling is at 537.5 and the target is at 529.75where the profit is at 7.75.

RSI – HDFC BANK

CHART 3.4.1



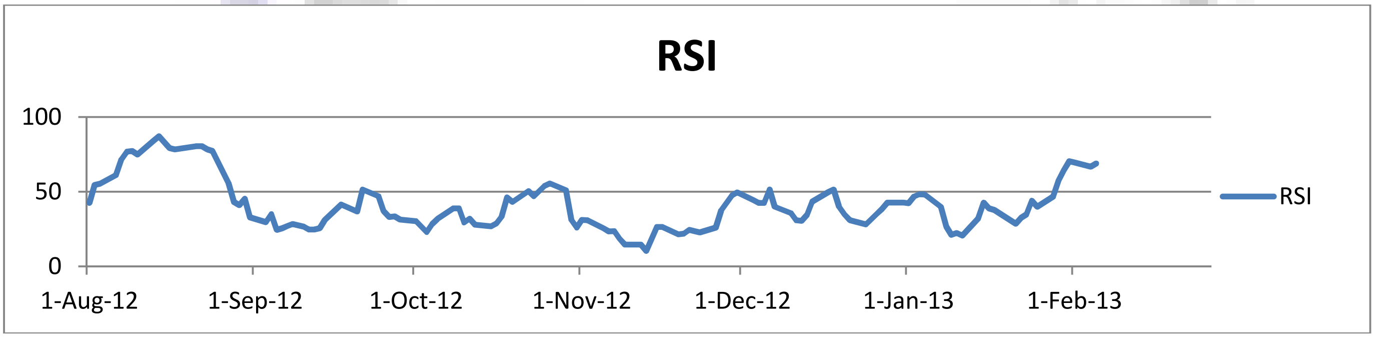
Source: Computation based on NSE Data

3.5. AXIS BANK

The first level of selling is at 1505.15 and the target is at 1412 where the profit is 92.2, the second buying is been initiated at 1385.45 and the target at 50 level is 1353.95where the profit is 31.5, the third selling is at 1075.45 and the target is at 1046 and the profit is 29.45, the fourth level of buying is at 1040.35 and the target is 1066.7 where the profit is -26.35, next level of selling is at 1103.25 and the target is at 1122.05 where the profit is at -18.8.

RSI – HDFC BANK

CHART 3.5.1



Source: Computation based on NSE Data

FINDINGS OF THE STUDY

MOVING AVERAGE

- In AXIS bank first short is been initiated at 1190 and the target is at 990 and a fresh buy is been initiated at the same price at 990 and the target is at 1095.
- In SBI the first short is been initiated at 2262 and the target is at 1985 and a fresh buy is been initiated at the same price at 1985 and the target is at 1102 and a fresh sell is been initiated at a same price at 1102 and the target is 1799 and a fresh buy is been initiated at a same price 1799 and the target 2249.
- In PNB the first short is been initiated at 982 and the target is at 750 and a fresh buy is been initiated at the same price at 750 and the target is at 870 and a fresh sell is been initiated at a same price at 870 and the target is 650 and a fresh buy is been initiated at a same price 650 and the target 810.
- In ICICI the first short is been initiated at 990 and the target is at 810 and a fresh buy is been initiated at the same price at 810 and the target is at 910 and a fresh sell is been initiated at a same price at 910 and the target is 1099.
- In HDFC the first short is been initiated at 549 and the target is at 499 and a fresh buy is been initiated at the same price at 499 and the target is at 580 and a fresh sell is been initiated at a same price at 580 and the target is 630.
- In Axis bank the first buying is been initiated at 1340.95 and the target is at 1425.30 ,but the target didn't get achieved at this level, So an average lot is been initiated at 1236.58 and the target for both the levels are at 1288.76.

FIBONACCI RETRACEMENT

- In HDFC the first buying is been initiated at 635.55 and the target is at 671.25, the target get achieved at this level, the second level of buy is been initiated at 598.10 and the target is at 618.33 and the target get achieved at this level.
- In ICICI the first buying is been initiated at 1090.89 and the target is at 1151.79, but the target didn't get achieved at this level, the second level of buy is been initiated at 1015.53 and the target is at 1053.21 and the target for both the levels are at 1053.21, the third level of buying is at 50% level at 954.63 and the target get achieved at 985.08.
- In PNB The first selling is been initiated at 762.99 and the target is at 714.57, but the target didn't get achieved at this level, the second level of sell is been initiated at 822.90 and the target for both the levels are at 792.95 but it didn't get achieved at this level, the third level of selling is at 50% level at 871.33 and the target for all the three levels are at 822.90 but the target didn't get achieved at this level, So a final average is been initiated at 919.75 and the target for the levels achieved at 847.11.
- In SBI the first buying is been initiated at 2326.36 and the target is at 2260.55, but the target didn't get achieved at this level, the second level of buy is been initiated at 2194.75 and the target for both the levels are at 2141.56 but the target didn't get achieved at this level, the third level of buying is at 50% level at 2088.38 and the target get achieved for all the three levels at 2194.75, and the final level of buying is at 1982 and the target is at 191.20.

RELATIVE STRENGTH INDEX (RSI)

- In PNB the first level of selling is at 880.1 and the target is at 833.65 where the profit is 46.45, the second buying is been initiated at 833.5 and the target at 50 level is 755.15 where the profit is -78.35, the third selling is at 732.1 and the target is at 714.85 and the profit is 17.25, the fourth level of buying is at 781 and the target is at 744.85 where the profit is -36.15, next level of selling is at 804.2 and the target is at 911.35 where the profit is at -107.12 and for the last buying no target has not been achieved till now.
- In SBI the selling is at 2371.5 and the target is at 2467.6 where the profit is -96.1, the second buying is been initiated at 2331.3 and the target at 50 level is 2242.3 where the profit is 89, the third selling is at 2269.45 and the target is at 2240.6 and the profit is 28.85, the fourth level of buying is at 1971.5 and the target is 1893.85 where the profit is 77.65, next level of selling is at 1968.75 and the target is at 2098.3 where the profit is at -129.55.
- In ICICI the selling is at 1166.05 and the target is at 1163.55 where the profit is 2.5, the second buying is been initiated at 1121.5 and the target at 50 level is 1077.65 where the profit is 48.35, the third selling is at 969.8 and the target is at 961.4 and the profit is 8.4, the fourth level of buying is at 856.95 and the target is 882.05 where the profit is -25.1, next level of selling is at 981.15 and the target is at 902.35 where the profit is at 78.8.
- In HDFC the selling is at 687.35 and the target is at 680.5 where the profit is 6.85, the second buying is been initiated at 646.75and the target at 50 level is 630.8 where the profit is 15.95, the third selling is at 608.15 and the target is at 588.2 and the profit is 19.95, the fourth level of buying is at 574.05 and the target is 587where the profit is -12.95, next level of selling is at 537.5 and the target is at 529.75where the profit is at 7.75.
- In AXIS the selling is at 1505.15 and the target is at 1412 where the profit is 92.2, the second buying is been initiated at 1385.45 and the target at 50 level is 1353.95where the profit is 31.5, the third selling is at 1075.45 and the target is at 1046 and the profit is 29.45, the fourth level of buying is at 1040.35 and the target is 1066.7 where the profit is -26.35, next level of selling is at 1103.25 and the target is at 1122.05 where the profit is at -18.8.

SUGGESTIONS

- In RSI every bank has the highest profit but the number of trades initiated is been low in Axis bank. So its preferred to avoid Axis bank using the tool and others banks can be used for optimum portfolio.
- Using the moving average tool a good profit can be occurred but the frequency of trades are low so low priority can be given to this technique.
- In Fibonacci retracement in ICICI and SBI the obedience level of trades are low so we can avoid using this tool for both the banks.

CONCLUSION

Investment is a process of employing funds in some assets with the aim of maximizing return over a period of time, such as land, building, gold, and stock market. The methods used to analyze securities and make investment decisions fall into two very broad categories: fundamental analysis and technical analysis.
In our study we have chosen RSI, Moving average and Fibonacci retracement for analyzing the study. The study is about analyzing the technical tools in banking sector. The study reveals that in most of the cases the trade ended with profit but the frequency of trades was low. The conclusion is that the tools can be used a supplementary factor for analyzing the market and cannot be used as deciding factor.

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ROLE OF LOCAL FOOD IN TOURISM IN JAMMU: A CASE STUDY OF KATRA (J&K)

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ABSTRACT

In recent years, food has gained recognition by governments, business, and academics as an integral part of the tourism product. There are many benefits to be had in linking food and tourism for all stakeholders concerned. Local food is a vital element that can help create a sense of 'place' and heighten destination appeal. Local produce adds authenticity to the tourist experience and provides motivation for visitors to come to a location. Tourists may even be tempted to stay longer in one place because of the availability of food products and related. This paper explore the status of regional cuisine in Katra (Mata Vaishno Dev) J&K

KEYWORDS

Regional food, consumption pattern.

INTRODUCTION

The tourism industry in the state plays vital role in the development of the regions of Jammu, Kashmir and Ladakh. The state has been a place of religious activities and shrines having their own religious values, which attract thousands of pilgrims every year. With the arrival of winter, the state offers a multitude of options for winter sports activities. According to Centre for Monitoring Indian Economy (CMIE), the tertiary sector in the state contributes nearly 44.2 per cent to the states GSDP (at current prices, 2007-08). Amongst the various sectors coming under tertiary sector, Tourism is a key contributor to the sector growth of 8.7 per cent. Jammu is famous for world famous shrines of Hindu religion Mata Vaishno Devi, Shiv Khori, 9 Devi's. In the June 2012,12.62 lakh devotees were registered as compared to 12.07 lakh in June 2011, about 5 thousand devotees in excess have been registered. However, total yatra during the first ix months from January to June 2012 has reached 51.79 lakh as compared to 47.23 lakhlast year 2011, thus registering an increase of 4.56 lakh in devotees' figures. As per official figures, 4.59 lakh devotees were registered in Jan-12 compared to4.21lakhin Jan-011, 3.92 lakh in Feb-12 compared to 3.69 lakh in Feb-11 and 8.16 lakh devotees visited to the holy shrine in March-12 as compared to 7.55 lakhs corresponding the same month of last year 2011. But in April-2012, 9.02 devotees were registered compared to 9.77 lakhs in April 2011, in May 2012, major rush of yatris was witnessed when 12.30 lakh devotees were registered as compared to 9.37 lakh in May-2011.Kashmiri cuisine is world famous, But the Dogra Food of Jammu has its own identity and taste, Local cuisine can be considered as an intangible heritage in destination and by using local food; tourists can achieve an authentic experience. In addition, food has an important role in differentiating destination in a meaningful. Food and cooked forms are considered as an important factor of a national cultural identity. Local and regional food can add value to destination because visitors consume the products of a destination; hence the products must be something that satisfies their needs and wants. In addition, Familiarity with local, regional and national cuisine has become interest for." While hunger is a biological drive, there is more to food and eating than the satisfaction of physiological needs. There are also 'social drives' that affect how food is produced and consumed. Food is not only essential to survival; it is also one of the general pleasures of life and the focal point around which many social occasions and leisure events are organized. People eat out because they are psychologically looking for the "self-identity" leisure motive, not just preventing starvation.

BACKGROUND OF THE STUDY

Food consumption studies are predominantly concerned with understanding the determinants of various food-related behaviors, most commonly including liking, preference, choice and intake. Although many studies used these terms interchangeably, there are subtle differences between them. Food liking refers to 'the palatability or pleasure obtained from tasting a given food, whereas food preference 'assumes the availability of at least two different items, and refers to the choice of one rather than the other, Although in most cases people prefer foods that they like better, food liking is only one of the motivations that may account for a preference. Factors such as availability, perceived health value, convenience, and economic considerations that can influence food preference may not affect food liking. Food choice refers to 'a set of conscious and unconscious decisions made by a person at the point of purchase, at the point of consumption or any point in between. In an aggregate form, food choice creates the consumer demand for suppliers in the food system who produce, process, and distribute food. Food choice also plays an essential role in the symbolic, economic, and social aspects of life as it is a way to express preferences, identities, and cultural meanings .Food intake refers to the amount of food actually consumed by an individual. It is usually stated in terms of weight, calories, or volume of mixed quantity of macro- and micro-nutrients in food research. The various initiatives surrounding the development and implementation of food and tourism associations range from culinary tourism strategies to the integration of food into national tourism strategies. Integral to this is the establishment of food and tourism networks, tourism web sites and marketing initiatives dedicated to food, the development of culinary events including festivals, documentation of culinary heritage, and food related activities such as dedicated food tours.

OBJECTIVE OF THE STUDY

The primary aim of this research is to establish the potential for creating linkages between local food and tourism in the Jammu Province (see Figure 1.1)

- To examine the current role of local food in tourism and to identify the opportunities for creating linkages between local food and tourism
- To shortlist such traditional delicacies that could be included as specialty items in the regular menu of Hotels and other catering outlets with an aim to popularize them especially among the tourists
- To evaluate the knowledge of tourists about the Local Food

RESEARCH METHODOLOGY

This Study has the specific objective to understand Role of Local food in tourism in Jammu (Katra). The research is purely exploratory in nature. The primary data have been used to supplement the objectives and the sample unit was the Linkage between the tourists and the Hotels Owners/Managers.45

POPULATION AND SAMPLE SELECTION

Tourists visiting Mata Vaishno c Devi and Managers /Owners of the Hotels have been considered as the population of the study. A sample of 100 consumers was drawn from the population using stratified sampling method.

TOOLS FOR DATA COLLECTION

The data were collected with the help of a semi-structured questionnaire developed by the researcher. The questionnaire consisted of two parts: the first part was related to the tourists opinion and experience about the Local Food and the second part was related to Managers and owner's opinion about the Local Food.

RESEARCH DESIGN

The research design for the study is descriptive in nature. Personal interview was conducted among the target respondent using semi structured questions. Further in-depth and structured observations were also made.

For this study, as Katra never had any researchers to develop an image measurement scale before, the researcher developed a scale based on both cognitive and affective aspects as well as an interview with which tourism experts (3 academicians) and destination managers (2 destination managers) viewed the characteristics of katra image in order to improve the questions to enhance clarity, readability and content validity. The Dogra food image scale measured 19 items:

CATEGORY 1

ABOUT THE HOTEL;

1. How long in to business, how many rooms,
2. Executive/ Head chef is from Jammu,
3. How many Local Chef's Working in the organization,
4. How many working outside from Jammu,

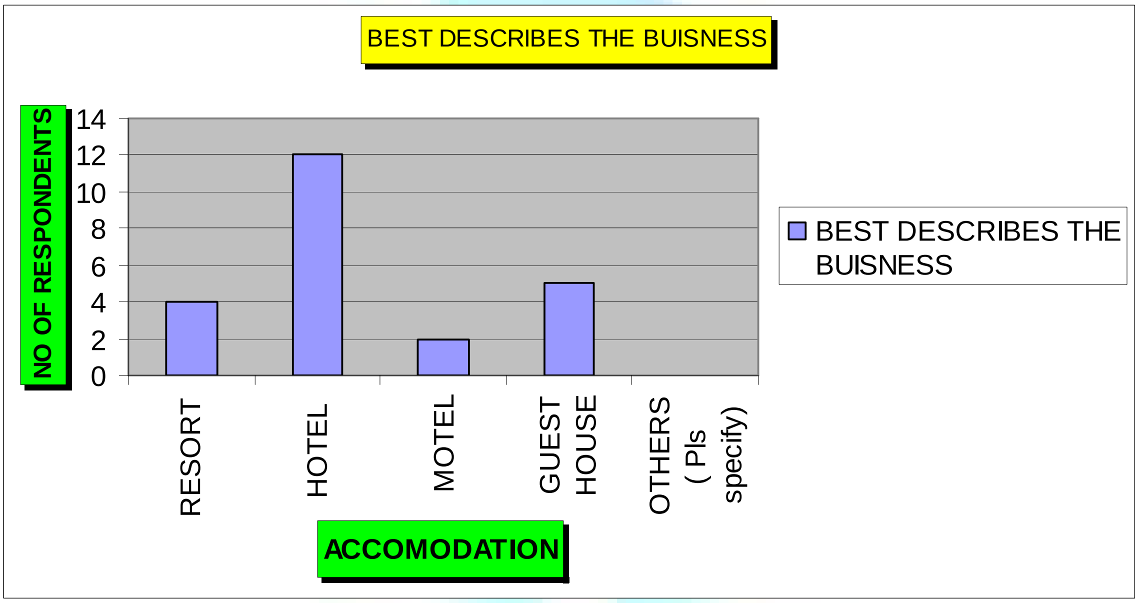
CATEGORY 2

ABOUT LOCAL FOOD;

1. Upon arrival do you welcome your customers with any local food or drinks (made from local products?),
2. Does this business offer outdoor activities and excursions,
3. Of the total food costs for this operation,
4. Please estimate the proportion that is spent on,
5. How often are events that involve local food such as Dogra food nights or Dogra buffets held,
6. Do you work with any of the following suppliers of local food,
7. Do souvenirs available from your business include any of the following, In your opinion,
8. which local produce has the greatest potential to be developed for the tourism industry,
9. Which local dishes do you believe hold the greatest potential to be developed for the tourist,
10. Do you think tourists are interested in consuming local food,
11. Do you feel that this business could make more use of local food in future

The study conducted on 40 professional, but only 23 professionals respond to it.

BEST DESCRIBES THE BUISNESS



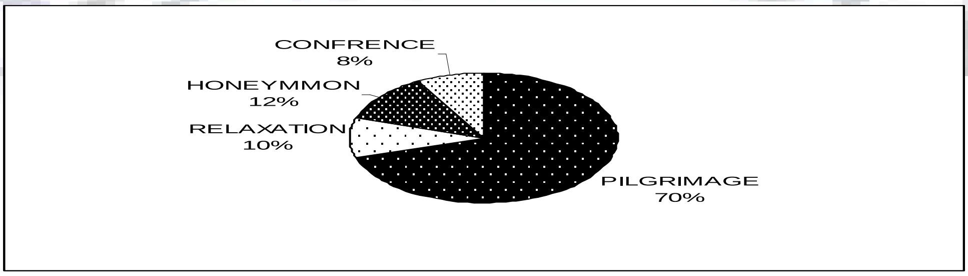
Maximum professional describes that hotels best describes the buiness of tourism in Jammu.

DESCRIPTION OF EXPERT REPONDENTS

EXPERTS

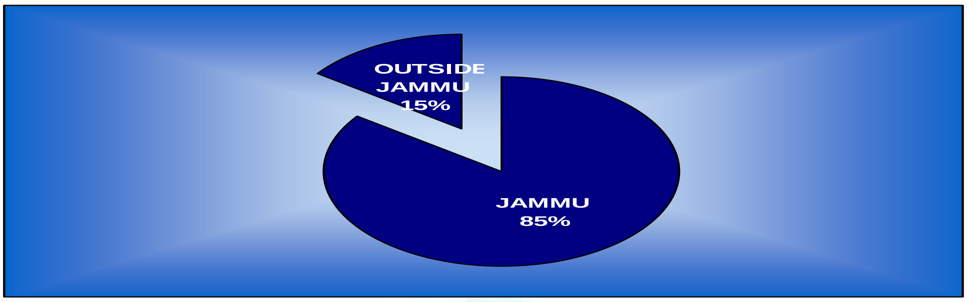
DSCRIPTION	NO. OF RESPONDENTS
POLICY MAKERS	3
BUISNESSMAN	5
ACADEMICICAN	4

PURPOSE OF VISIT AT MATAVAISHNODEVI KATRA



Out of 120 peoples, 100 people responded to the questionnaire about the Purpose of their Visit to Katra Vaishno Devi.Maximum of tourist who used to come in katra for Mata Vaishno devi is for darsahn 70% (Pilgrimage), Tourists those come for honey moon that is 12% out of 100, Those wish to go to Mata Viashno Devi immediately after the marriage, 12% to enjoy their Honeymoon after the Darshan of Mata Vaishno Devi and at last Some coorpoartes want their conference with he blessings of Mata Vaishno Devi.

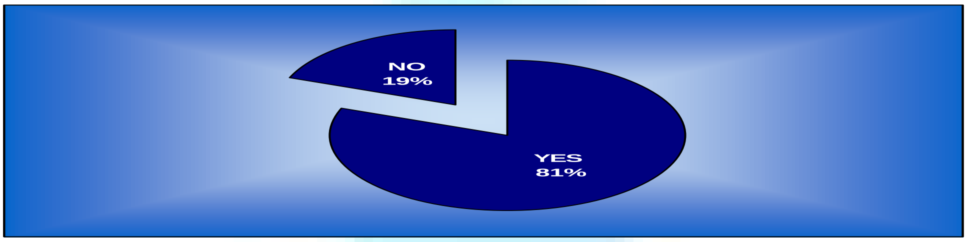
EXECUTIVE CHEF WORKING IN THE COMAPANY IS FROM



Executive chef or Head chef working in katra hotels, maximum belongs to jammu province onle, only 15% are away from jammu. So that chefs those are from Jammu they are familiar with the Dogra Dishes.

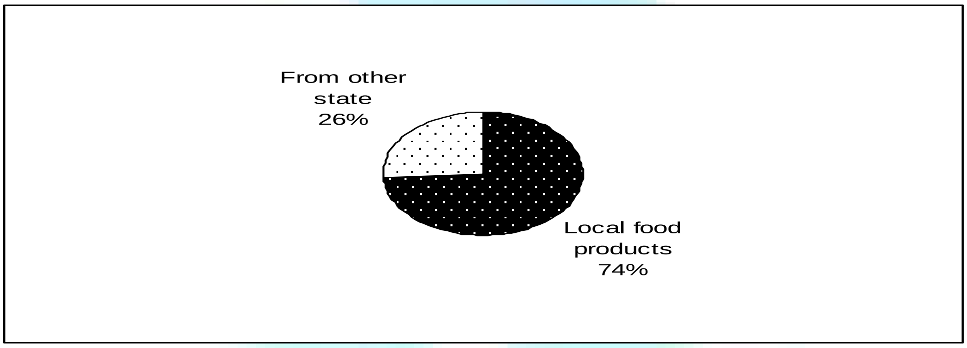
ABOUT THE LOCAL FOOD

1. WELCOME DRINK SERVE TO THE GUEST IS LOACL DRINK (ON ARRIVAL)



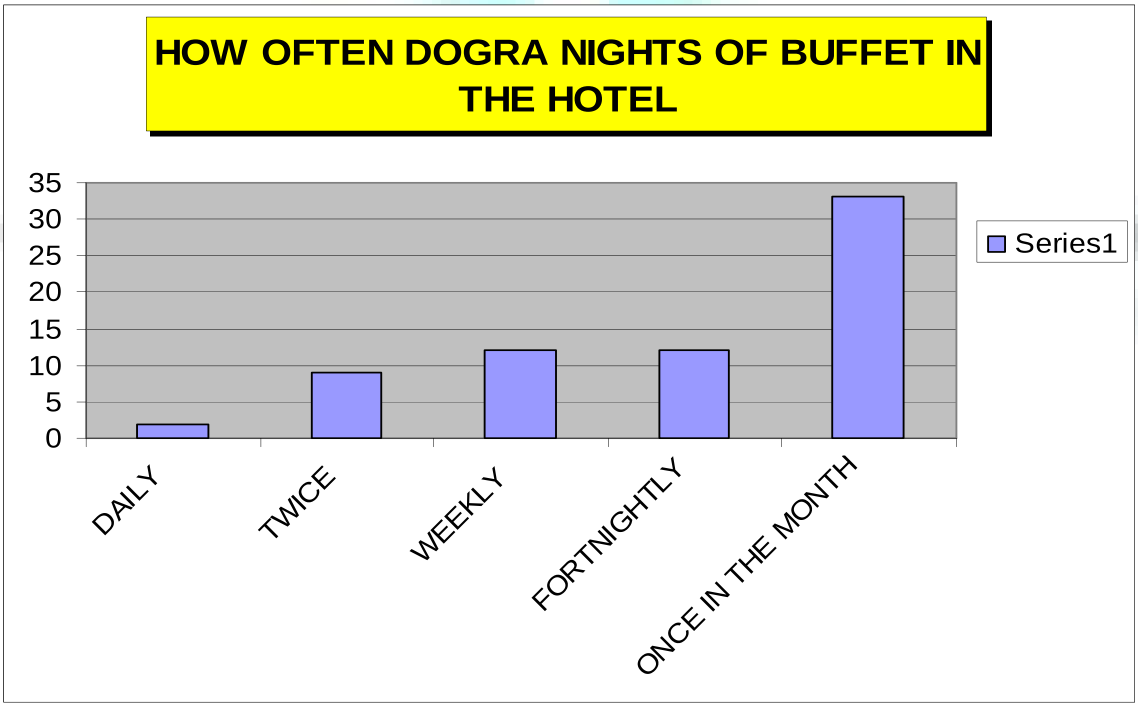
At the arrival of the guests in the hotels they welcome the guest with local drinks that is kehwa, 19% don't welcome the guest or welcome with soft drinks or other drinks.

2. FOOD COST FOR THE OPERATION



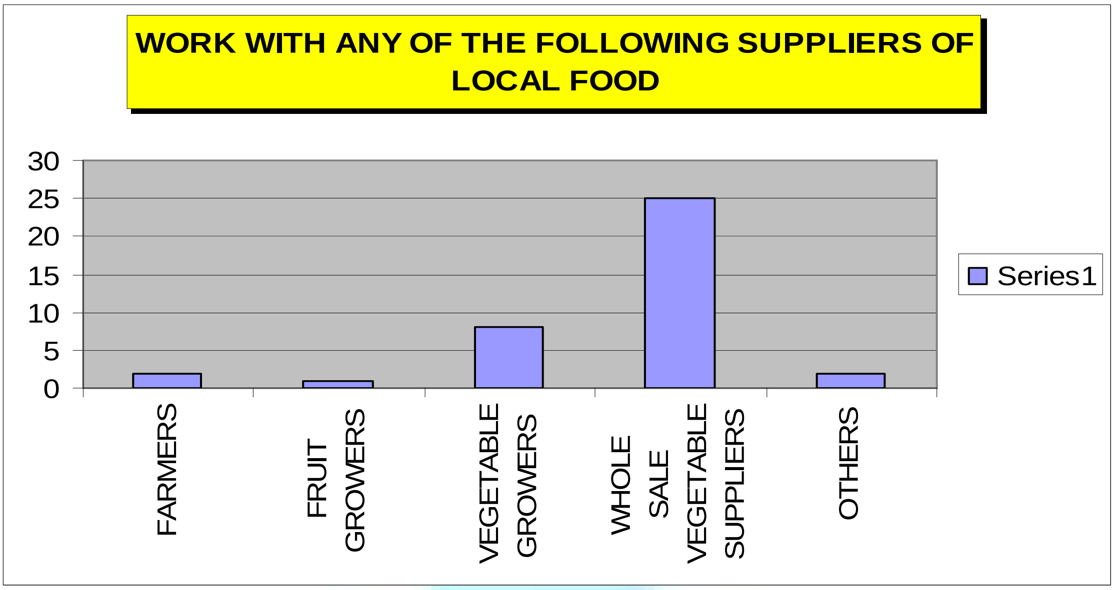
The final dishes which are there in the menus is designed by keeping in mind the local ingredients available in the local market. Only continental or Chinese dishes are made with their respective sauce which has to be import from outside Jammu

3. HOW OFTEN DOGRA BUFFET OR DOGRA NIGHTS HELD IN THE HOTEL



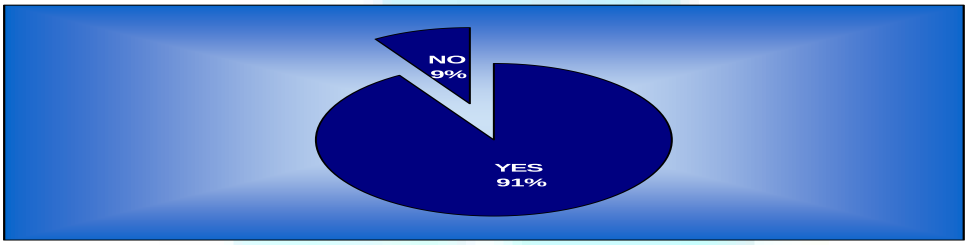
In maximum of the Hotel in katra used only standardized menu which includes continental dishes, Chinese dishes and Indian dishes. In the hotels they few of the dishes from dogra cuisine or Local Cuisine.The dogra dishes which is daily in the menu that is permanent dishes which is there in the Menu

4. DO YOU WORK WITH ANY OF THE FOLLOWING SUPPLIERS OF LOCAL FOOD



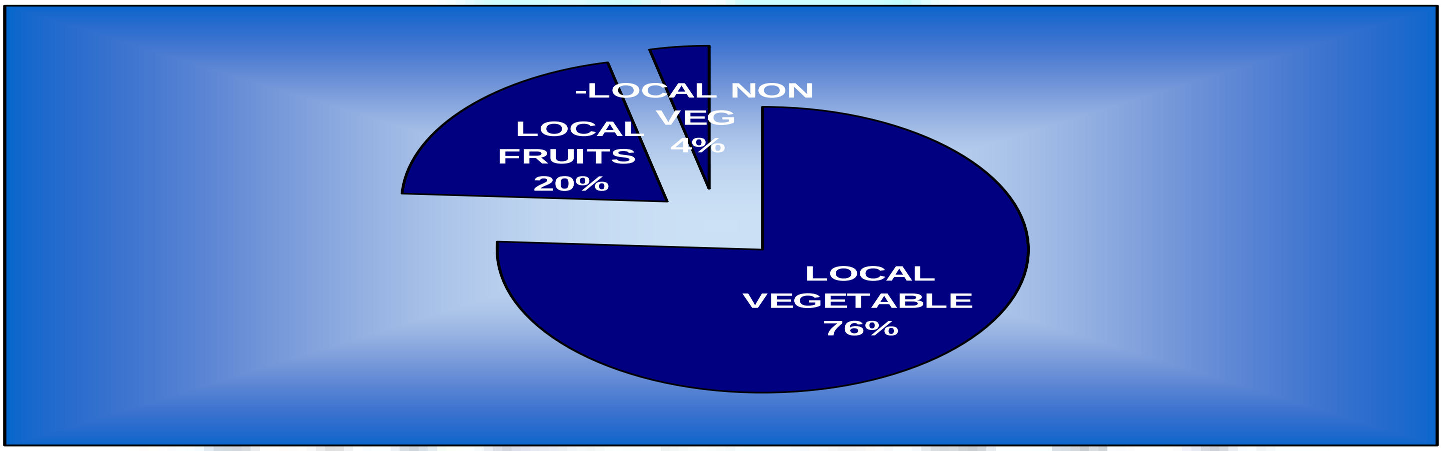
In this questionnaire it is found that hotels and restaurant buy vegetable from farmers at very less, which is the seasonal vegetable of that Local Area(like Potato, Onion, Ginger, and garlic). Secondly seasonal fruits like Mango, guava, peaches, these hoteliers get directly from the fruit growers, thirdly the vegetable growers who special grow vegetable for commercial purpose (reason for purchasing vegetables directly from the growers is to get fresh vegetables, they harvest in the same day. Maximum Hoteliers buy the vegetables from whole sale vegetable suppliers, because it is easy to buy from them, Lastly, Some of the Hoteliers get vegetables from Retail shops or reliance fresh.

5. IF YOU WERE TO USE MORE LOCAL FOOD IN THIS BUSINESS, DO YOU BELIEVE IT WOULD DECREASE YOUR FOOD IMPORTS FROM OTHER STATES



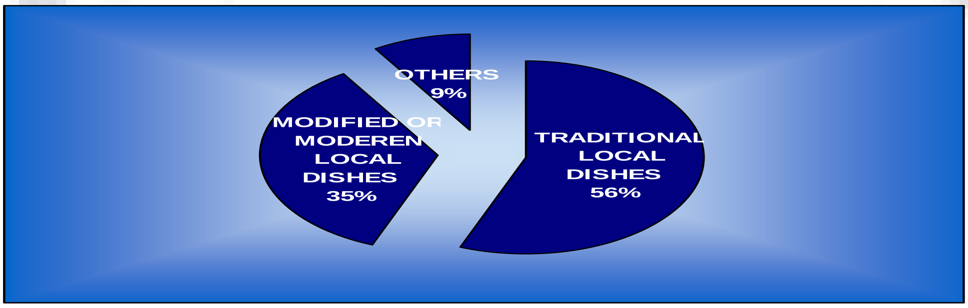
When more of local food in the menu will decrease the food cost of the dishes the respond is 91% people agreed with this and 9 % doesn't agreed with this.

6. IN YOUR OPINION, WHICH LOCAL PRODUCE HAS THE GREATEST POTENTIAL TO BE DEVELOPED FOR THE TOURISM INDUSTRY



According to the information of the chef, academicians and hotelier's, that maximum dishes of dogra specialty is vegetarian dishes the is 76%, secondly it comes the local fruits that is 20%(Peaches, Mango, Amla, and guava).But non-veg dishes are very less in ni that is 4%.

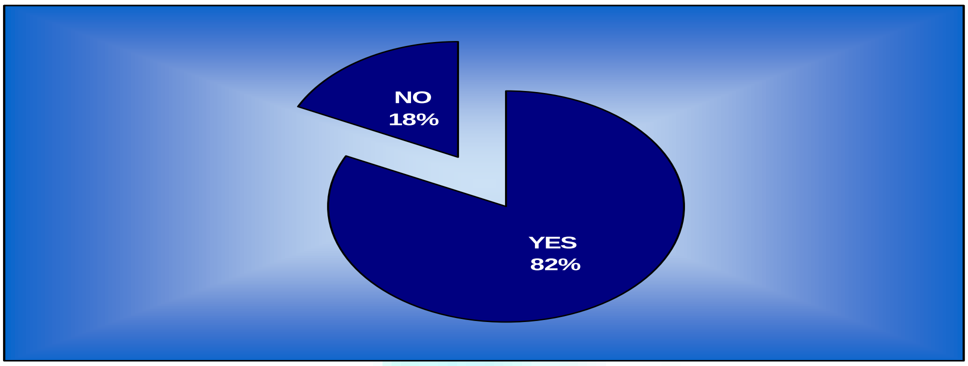
7. WHICH LOCAL DISHES DO YOU BELIEVE HOLD THE GREATEST POTENTIAL TO BE DEVELOPED FOR THE TOURIST



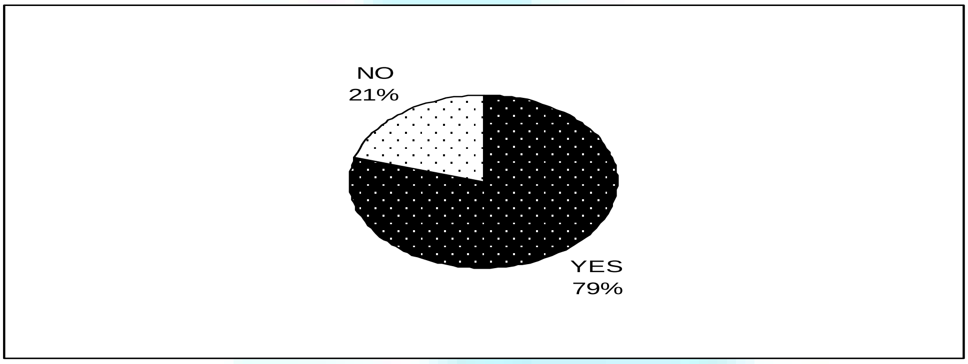
The authentic falvour of the local is 56% quite different from any other dishes because it has different method of cooking, different utensil to cook and different source of fire like kaddu ka ambhal, maa madra, babhru etc.the taste of the moderen local dishes will be different from authentic flavour, But can adjust it with taste and flavour of its own choice 35% people agreed on that. 9% with other dishes

8. DO YOU THINK TOURISTS ARE INTERESTED IN CONSUMING LOCAL FOOD

According to our questionnaire 82% peoples want to taste new dishes , because ethey want to explore new dishes, 18% want remain with the dishes which they usually have on daily basis.



9. DO YOU FEEL THAT THIS BUSINESS COULD MAKE MORE USE OF LOCAL FOOD IN FUTURE?



Maximum peoples respond positively that Local food has its own preference in future that 79% ad 21 % of people is notagreed with this response

FINDINGS OF THE STUDY

- Maximum tourist comes to katra (Mata Vaishno Devi) as a Pilgrimage Tourist.
- Head Chef working in the Hotels from Jammu region which increases their product identity.
- Hotels and Guest Houses serve Traditional welcome drink to the guest on the arrival.
- In the Menu planning chefs included maximum of Traditional Dishes, due to which the food cost will be less.
- Traditional dishes are there in the A la carte menu and Buffet in the nights.
- Chefs procured vegetable and fruits from the whole suppliers and the farmers also.
- Local vegetable dishes have the greatest potential to be developed for the tourism industry.
- Tourists are interested to taste Local dishes

CONCLUSION

After detailed analysis, it is concluded that there is tremendous demand for Local food. It will increase the potential of tourist in katra, because every tourist want to taste the Local food , But it requires Training to the hotel staff and continuous research on the Local food and after that adjustments will be given to the dishes

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EMPIRICAL RELATIONSHIP BETWEEN CAPITAL BASE AND EARNINGS PERSHARE OF MONEY DEPOSIT BANKS IN NIGERIA: A COMPARATIVE STUDY

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ABSTRACT

Mergers and acquisitions as a strategy were used to achieve great influence in the revival of ailing companies globally. The scope and rise in the number of distressed banks in Nigeria made the regulatory authority to introduce consolidation through mergers and acquisitions. The study investigated the difference between pre-mergers/acquisitions and post-mergers/acquisitions 'earnings per shares of banks. The research adopted the cross sectional survey design method. The population of the study consisted of 25 banks, which survived consolidation exercise. The research used information obtained through published audited accounts of seventeen randomly selected banks out of twenty-five banks that emerged from the consolidation exercise The analysis showed that there is significant difference between the EPS of the pre and post mergers/acquisitions as depicted by (t >0.05). In conclusion, mergers and acquisitions exercise have improved the overall performances of bank significantly and also have contributed immensely to the growth of the real sector for sustainable development

KEYWORDS
Capital base, Earnings per share, Mergers and acquisitions, Performance.

INTRODUCTION
Mergers and acquisitions are used as a strategy to achieve great influence in the revival of ailing companies globally especially in the developing countries of the world but are just becoming prominent in Nigeria especially in the banking industry.
Empirical observations by Soludo (2004), Garba (2004) and Aduije (2005) show that mergers and acquisitions are sine qua non to the economic growth and development in Nigeria. They aver that investment in an economy is a function of trust and confidence which necessarily requires a strong, transparent, viable banking and financial sector.
However, Ngama (2006) posits that the problem with current minimum capital requirement is that it is consistent with, but not sufficient to meet all the four objectives that the Government sets to achieve which include limiting the moral hazards of investors, buffer against potential losses in the event of economic slowdown, make the bank very easy to sell in event of bank failure and forced banking mergers with strange bed fellows serving a fragile economy.
Ngama explains further that the presumption that consolidation will enhance earnings per share, gross earnings, dividend per share of investors and safety of depositors' money is faulty. He argues that a bank's size is a function of the size of the National Economy, the age of the bank and its branch spread.
Vincent (2006) lends credence to the opinion of Ngama and states that the health of Banks depends on the level of its corporate discipline, its credit culture, its operational efficiency and its management information system and not on size. Vincent concludes that any big bank that fails to develop these attributes of a healthy bank will sooner or later fail.
Adegbaju and Olokoyo (2008) observe that despite series of financial sector reforms in Nigeria since 1990s with the aim of improving profitability, efficiency and productivity, money deposit banks' performance remained poor with substantial gaps in service delivery to the private agent.
Debowale (2010) opines that "despite the fact that earnings per share is a performance indicator ratio that is primarily of interest to existing and potential shareholders as well as their advisers, an inverse relationship exist between capital base and earnings per share of share holders". His study on bank performance concluded that an inverse relationship exist between capital base (size) and profitability, and that size as a strategy does not alone guarantee the earning of excess returns.
Extant literature shows that previous research work on mergers and acquisitions like those of Toluleke (2010) and Olagunju (2009) affirm that consolidation through mergers and acquisitions play a critical role in determining banks' performance. Other researchers like Akubi (2009), Princewill (2008) and Adeolu, (2007) argues that the effect of bank size on corporate performance is not important and find no relationship between size and performance. Therefore, this study seeks to investigate the relationship between capital base and earnings per share of money deposit banks, pre and post mergers/ acquisitions(through an empirical research study) in order to form an opinion as to whether mergers and acquisitions have a bearing on earnings per share of the money deposit banks in Nigeria.

OBJECTIVE OF THE STUDY
The objective of this study was to: evaluate the significant difference between pre-mergers/acquisitions and post mergers/acquisitions earnings per share (EPS) of money deposit banks in Nigeria.

SUPPORTING LITERATURE
REVIEW ON BANKS PERFORMANCE (CAMEL TEST)
Distress in the banking industry occurs when a fairly reasonable proportion of banks in the system are unable to meet their obligations to their customers, as well as their owners and the economy. Such inability often results from weakness in bank's financial, operational and managerial conditions which would render them either illiquid and or insolvent.
The regulatory authority CBN and Nigerian deposit insurance corporation (NDIC) uses off-site bank analysis in identifying distressed banking institution. This is usually based on statutory monthly return and statement of audited annual account submitted by the banks. On-site examination however involves the physical examination of the books, records and affairs of licensed banks with a view to ensuring the safety and their operations and compliance with the various banking laws and regulations. According to Sahut and Mili (2003), two methods can be used for the analysis of any bank that is in financial crises:
- CAMEL approach
- KPI approach(ratios)

CAMEL APPROACH
This approach is mostly used by the central bank of Nigeria (CBN) and the Nigerian deposit insurance (NDIC) in assessing banks to determine whether it is solvent or in distress condition. CAMEL is an acronym for:
C- Capital adequacy
A- Asset quality
M- Managerial Quality
E- Earnings strength
L- Liquidity

Before any bank can be given any of the above nomenclature, it must have been examined and rated using the variants of the CAMEL rating an acronym for:

- Capital adequacy
- Asset quality
- Management competency
- Earnings strength
- Liquidity sufficiency

A bank is said to be in distress where evaluation by the supervisory authorities depicts the institution as deficient in the following performance areas:

- Under-capitalization in relation to the level of operation
- High level of classified loans and advances
- Illiquidity reflected in the inability to meet customers' cash withdrawals
- Low earnings resulting from huge operational cost and
- Weak management reflected in poor credit quality, inadequate control, high rates of fraud and foreign.

The nature of distress can then be determined depending on the severity of the rating. For example, a bank may rate low on capital adequacy but high in management competency. However, it is most likely that if the asset quality is low then earnings strength and probably liquid sufficiency will also be low. It will be pertinent at this junction to examine briefly the CAMEL criteria.

Capital Adequacy: This determines how well banks can cope with shocks on the balance sheets. It measures the bank's solvency. Capital adequacy of a bank is measured in relation to the relative risk weights assigned to the different category of assets held both on and off balance sheet items. Three ratios are often used to evaluate capital adequacy:

- Equity/total assets
- Equity/total loans
- Equity + loan loss reserve/loans

Asset Quality: The solvency of a bank is at risk when its assets become impaired. The quality of an asset needed to be evaluated to know the ability of the assets to perform or carry out the objectives for which they are acquired is normal to ascertain whether they are in good working condition and this can be done by checking the age as well as ensuring that appropriate provision has been made for depreciation to determine the assets real book value. So, it is important to monitor indicators of the quality of assets in terms of over exposure to specific risks trends in nonperforming loans and the health and profitability of banks as a corporate entity. Credit risk is inherent in lending, which is the major banking business. It arises where a borrower defaults on the loan repayment agreement, which causes the bank to lose trends of cash inflow projected, which will eventually affect the profitability as well as shareholders funds through extra loan loss provisions. Two indicators used for the evaluation of assets as King (2006) asserts includes:

Managerial Quality: The competence of the staff and management of a bank can be deduced from the performance indices. However, it is necessary to check qualifications (Academic and Professional) as well as experience of the top management. It is expected that banks with quality staff will be more efficient and be less likely to drift towards distress. The two indicators for managerial quality are: total operating expenses/total revenue ratio and Earning Strength.

TOTAL OPERATING EXPENSES/TOTAL REVENUE RATIO

A higher ratio indicates inefficiency of bank management and increase the probability of banking distress (Jimoh, 1993).

Earning Strength: The continued viability of a bank depends on its ability to earn an adequate return on assets and capital employed. This enables a bank to fund its expansion, remain competitive in the market and replenish and/or increase its capital.

Some ratios that measures banks earning strength according to Ebhodaghe (1995) includes:

- Return on Equity (ROE)
- Return on Assets (ROA)
- Net Interest Income/Total Revenue
- Loan loss provision and
- Personal expense

Liquidity Sufficiency: Banks may be driven toward insolvency due to poor management of short-term liquidity. An indication of liquidity insufficiency for a bank is large maturity mismatches. An unmatched fund flow position potentially exposes the bank to the risk of illiquidity. The ratio used includes Deposit/Total assets as an indicator of bank liquidity. Perfect liquidity implies that liabilities ranked by maturity be matched by corresponding assets. The size of deposits (short-term liabilities) over total assets gives a rough estimate of liquidity risk associated with deposit withdrawal (Olaniyi 2006). The above criteria CAMEL rating is used in assessing the health state of banks as well as their classifications. Early Warning Signal Certain warning signals are however common to most financial institutions and these include:

- **Persistent illiquidity:** the inability to meet current obligations on a persistent basis.
- **Persistent levy:** penalties by regulatory authorities for failure to meet certain laid down regulatory requirements.
- **Negative net worth:** This may not be disclosed in the books if covered with papers profits especially where inadequate or no provisions have been made for bad and doubtful debts.
- **Alarming high operating cost:** This may result in overstating, in anticipation of future expansion and/or rapid expansion by opening too many branches within a relatively short period of time, accompanied by payment of higher salaries more than the industry's average in order to discourage staff from leaving.
- **Charging of excessive interest** on loans and advances: This is brought about by the necessity to cover the high cost of deposit, accommodation of high risk in a bid to increase profit rapidly.

Therefore, using these parameters, a bank's financial condition is assessed against some standard benchmarks like minimum capital adequacy ratio, liquidity ratio and ratio of non-performing credits to total shareholders' funds among others, to make statements about the health states of the institutions. When these ratios deviate adversely from the pre-determined critical level established by the regulatory authorities, the bank is said to be in distress condition (see table 2.4).

TABLE 2.4: CAMEL TEST

FACTOR	COMPONENT	WEIGHT	TOTAL
Capital	Capital to risk asset ratio Adjusted capital ratio Capital growth rate	15 5 5	25
Asset Quality	Non-performing risk asset to total assets Reserve for losses to non-performing asset Non-performing risk assets to reserves	15 5 5	25
Management Competence	CAEL/85 Compliance with Laws	5 10	15
Earnings Strength	PBT to total assets Total expenses to total income Interest income to earning asset Interest expense to earning asset	5 5 5 5	20
Liquidity	Liquidity ratio Loans and advances to total deposits	10 5	15
	TOTAL		100

Sources: CBN Publication, 2011

Note: CAMEL/85, the factor is the sum of the weighted scores for C, A, E and L divided by 85.

Classification of Banks based on the proposed Rating system

Class	Composite Score (%)	Rating
A	86-100	Very sound
B	71-85	Sound
C	56-70	Satisfactory
D	41-55	Marginal
E	0-40	Unsound

METHODOLOGY

The audited accounts of seventeen banks were the main source of secondary data analyzed in this study. The hypothesized statements were tested using t-test statistical instrument.

MODEL SPECIFICATION

THE T-TEST

The t- test is used to determine the prior and post performance of an activity. In this research case, it was used to evaluate the significant difference between Banks' pre mergers/acquisitions Earnings per share and Banks' post mergers /acquisitions' Earning per share performance.

$$t = \frac{\sum d}{\sqrt{\frac{N\sum d^2 - (\sum d)^2}{N-1}}}$$

Where;

d = the difference between each paried observation

d^2 = the square of the difference between each paried observation

N = the number of paried observation

$\sum$ = the usual sigma notation

N-1 = the degree of freedom

DECISION RULE

If the probability (or significance) of the t calculated is less than 5%, we accept the alternative hypothesis and otherwise, we should accept the null hypothesis.

TEST OF HYPOTHESIS

STATEMENT OF RESEARCH OBJECTIVE, QUESTION AND HYPOTHESIS

Objective: To evaluate the significant difference between pre-mergers/acquisitions and post mergers/acquisitions earnings per shares (EPS) of money deposit banks in Nigeria;

Research Question: What significant difference exists between pre-merger/acquisitions and post-merger/acquisitions'of banks' earnings per shares (EPS) of money deposit banks?

Hypothesis H_O: There is no significant difference between pre-mergers/acquisitions and post-mergers/acquisitions of banks' earnings per share.

The formulated hypothesis being tested here is stated in its null (Ho) as shown below. Ho_1: There is no significant difference between pre-mergers/acquisitions and post-mergers/acquisitions earnings per share (EPS). To test this hypothesis the researcher employed t-test, using statistical package for social sciences (SPSS) version20. The result (See appendix i) showed that there is a statistically significant difference between pre and post mergers and acquisitions earnings per share, as the probability (or significance) of the t- calculated is equal to 0.003 which is less than 0.05 or 5%. Hence, the result of the test of hypothesis showed that the null hypothesis is rejected and the alternative hypothesis that says there is a significant difference between pre-mergers acquisitions and post-mergers acquisitions earnings per share (EPS) is accepted.

CONCLUSION AND POLICY IMPLICATIONS

There is a significance difference between pre-mergers/acquisitions earnings per share and post mergers/acquisitions earnings per share. Earnings per share of investors have been influenced significantly as a result of the mergers and acquisitions exercise. Earnings per share is a performance indicator ratio that is primarily of interest to existing and potential shareholders as well as their advisers. Mergers and acquisitions are key instruments for enhancing efficiency, shareholders wealth and developmental roles.Earnings per share is a crucial measurable index to a prospective or an existing investor in evaluating financial performance of any commercial outfit. An existing investor or a prospective investor will consider the Earnings per share of a company in deciding whether to sell or buy shares in a company.

Following the findings from this study, it can be reasonably concluded that regardless of shortfall associated with mergers and acquisitions, mergers and acquisitions strategy remains an effective strategic tool for synergy, better performance, gaining market power, risk diversification, financial economies, operating economies, competitive advantages, empire building, survival efficiency motives, improved management, and growth.

Increase in capital base of banks is a catalyst for bank's profitability in the nearest future owing to the number of roles it plays in the capital structure of money deposit banks. Increase in equity capital base may also enhance profits and therefore lower bank fragility. High profits provide a buffer against adverse shocks and increase the franchise value of the bank, reducing incentives for bankers to take excessive risk. Banks should from time to time review their critical indices, including their profitability ratio, liquidity ratio, etc to enable them maintain the desired level of profitability.

To generate more earnings, banks need a good regulatory environment that will enable them expand their scope of businesses and government should provide necessary infrastructure in order to reduce the cost of doing business. Increase in gross earnings improves shareholder's value as long as reinvestment exceeds the firm's cost of capital.

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APPENDIX

APPENDIX I: SIGNIFICANT DIFFERENCE BETWEEN PRE AND POST MERGERS/ACQUISITIONS EARNINGS PER SHARE

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
pre-merger average	17	.695882	.5236657	.1270076
post-merger average	17	.8141	.96558	.23419

Source: Researcher's computation (2012)

One-Sample Test

	Test Value = 0				
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
					Lower
pre-merger average	5.479	16	.000	.6958824	.426638
post-merger average	3.476	16	.003	.81412	.3177

Source: Researcher's computation (2012)

One-Sample Test

	Test Value = 0
	95% Confidence Interval of the Difference
	Upper
pre-merger average	.965126
post-merger average	1.3106

Source: Researcher's computation (2012)

T-TEST PAIRS=pre-mergers average WITH post mergers average (PAIRED)
/CRITERIA=CI(.9500)
/MISSING=ANALYSIS.

APPENDIX II: PRE-MERGERS/ACQUISITIONS EARNINGS PER SHARE OF COMMERCIAL BANKS IN NAIRA (2003-2005)

BANK	BANKS YEAR OBSERVATIONS/COMPONENTS					AVERAGE
1 FCMB BANK PLC	FCMB 2003 2004 2005 0.22 0.24 0.31	Cooperative Development Bank 2003 2004 2005 0.11 0.13 0.91	Nigeria America Bank 2003 2004 2005 0.5 0.53 0.59		MidasBank 2003 2004 2005 0.13 0.34 0.42	N 0.35
2. UBA	Standard Trust Bank 2003 2004 2005 1.34 1.40 2.55	United Bank for Africa 2003 2004 2005 1.17 1.64 2.49	Continental Trust Bank 2003 2004 2005 1.11 1.18 1.49		___	1.60
3. WEMA	Wema Bank 2003 2004 2005 0.78 0.31 1.0	National Bank 2003 2004 2005 0.88 0.99 1.33	Lead Bank 2003 2004 2005 0.791.03 1.22		___	0.93
4. IBTC	Investment Bank & Trust 2003 2004 2005 0.88 1.01 1.11	Chartered Bank Plc 2003 2004 2005 0.67 0.70 0.54	Regent Chartered Bank 2003 2004 2005 1.75 (8.60) 0.12		___	0.66
5. Access	Access Bank 2003 2004 2005 0.21 0.21 0.12	Marina Bank 2003 2004 2005 0.33 0.360.95	Capital International Bank 2003 2004 2005 0.660.79 1.02		___	0.52
6. Devcom/ETB PLC	Devcom 2003 2004 2005 0.33 0.36 0.39	Equitorial Trust Bank (ETB) PLC 2003 2004 2005 0.52 0.60 0.63				0.47
7. Oceanic Bank PLC	Oceanic Bank 2003 2004 2005 0.50 0.55 0.63	International Trust Bank 2003 2004 2005 0.44 0.56 1.09	___		___	0.63
8.Afri-bank	AfribankPlc 2003 2004 2005 0.17 0.21 0.05	Afrimerchant Bank 2003 2004 2005 1.05 1.09 1.38	___		___	0.66
9. Diamond Bank plc	Diamond Bank 2003 2004 2005 0.11 0.29 0.59	Lion Bank 2003 2004 2005 0.16 0.11 0.14	AIB International 2003 2004 2005 0.19 0.14 0.16		___	0.97
10. Intercontinental Bank plc	Intercontinental 2003 2004 2005 0.95 ------ 1.59	Gateway 2003 2004 2005 0.67 0.47 0.71	Global 2003 2004 2005 1.01 1.23 1.02		Equity Bank 2003 2004 2005 1 1.15 1.86	
11. Bank PHB PLC	Platinum Bank Plc 2003 2004 2005 0.16 0.17 0.17	Habib Bank international 2003 2004 2005 0.18 0.23 0.26	-----		-----	0.20
12. Sterling Bank Plc	NBM Bank 2003 2004 2005 0.35 0.37 0.40	Magmum Trust 2003 2004 2005 0.70 0.73 0.69	Trust Bank 2003 2004 2005 1.01 1.23 1.02	NAL Bank 2003 2004 2005 0.84 0.06	Indo NigMer Bank 2003 2004 2005 0.2 0.1 0.40	0.34
13. Fidelity Plc	Fidelity Bank 2003 2004 2005 0.36 0.30 0.14	Manny Bank 2003 2004 2005 0.29 0.36 0.13	FSB International 2003 2004 2005 0.99 0.160.36		___	0.35
14. Eco bank Plc	EcoBank 2003 2004 2005 0.54 0.51 0.27	All States Trust Bank 2003 2004 2005 0.60 0.73 0.38	-----		------	0.51
15. Union Bank	Union Bank 2003 2004 2005 1.48 1.73 2.1	Universal Trust Bank 2003 2004 2005 1.09 1.28 1.29	Union Merchant Bank 2003 2004 2005 1.03 1.04 1.50		Broad Bank 2003 2004 2005 1.00 0.90 1.1	1.30
16. First Bank	First Atlantic Bank 2003 2004 2005 0.14 0.19	FBN 2003 2004 2005 4.063.81 3.08	Merchant Bank 2003 2004 2005 1.44 2.05 2.08		MBC 2003 2004 2005 1.45 1.69 2.32	2.01
17 Skye Bank	Prudent Bank 2003 2004 2005 0.13 0.16 ----	EIB International 2003 2004 2005 .19 0.14 ---	Bond Bank 20032004 2005 .40 ---- -----	Reliance Bank 2003 2004 2005 1.03 ------ ----	Cooperative Bank 2003 2004 2005 1.00 1.3 -----	0.29

APPENDIX III: POST- MERGERS/ACQUISITIONS EARNINGS PER SHARE IN NAIRA (2006-2008)

BANK	BANKS YEAR OBSERVATIONS	AVERAGE EPS
1. FCMB	2006 2007 2008 0.36 0.61 1.23	0.73
2. UBA	2006 2007 2008 1.86 2.41 -----	2.14
3. WEMA	2006 2007 2008 (0.66) 0.25(5.73)	(2.21)
4. IB	2006 2007 2008 0.57 0.44 -	0.51
5. ACCESS	2006 2007 2008 0.07 0.87 1.73	0.89
6.DEVCOM/ETB	2006 2007 2008 .50 .97 1.03	0.83
7. OCEANIC	2006 2007 2008 1.03 1.47 0.35	0.95
8. AFRIBANK	AFRIBANK 2006 2007 2008 0.520.68 1.45	0.88
9. DIAMOND	DIAMOND BANK 2006 2007 2008 (0.05)0.89 1.10	0.65
10. INTERCONTINENTAL	INTERCONTINENTAL BANK 2006 2007 2008 1.10 1.381.83	1.47
11. BANK PHB	BANK PHB 2006 2007 2008 0.131.15 2.46	1.25
12. STERLING BANK	STERLING BANK 2006 2007 2008	0.20
13. FIDELITY	FIDELITY BANK 2006 2007 2008 0.200.29 0.46	0.32
14. ECOBANK	ECOBANK 2006 2007 2008 -0.5 0.89 1.10	0.50
15. UNION BANK	UNION BANK 2006 2007 2008 1.60 1.26 2.14	1.67
16. FIRST BANK	FIRST BANK 2006 2007 2008 2.69 1.56 2.23	2.16
17. SKYE BANK	SKYE BANK 2006 2007 2008 0.33 0.73 1.72	0.93

APPENDIX IV: POST MERGERS AND ACQUISITIONS CAPITAL COMPOSITION IN NAIRA (2006-2008)

BANK	CAPITAL AND RESERVE	COMPOSITION IN BILLION		TOTAL N	AVERAGE N
	2006	2007	2008		
FCMB	26,398	31,102	134,447	191,947	63,982
UBA	48,535	167,719	93,041	409,295	136,432
WEMA	19,717	25,182	(20,112)	24,787	8,262
IBTC CHARTERED	31,515	35,107	-	66,622	33,311
ACCESS	28.893.9	28384.9	172.002	229280.80	76,426
DEVCOM ETB	28,405	32,121	172,002	232,528	77,509
OCEANIC	37,670	222,475	214,055	474,200	158,066
AFRI BANK	25,996	28,296	34,887	89,179	297,26.3
DIAMOND	30,787,900	53,891,778	116,983,008	201,662,686	67,221
INTERCONTINENTAL	53,911	155,879	198,271	408,061	136,020
BANK PHB	28,491	36,128	167,480	232,099	77,366
STERLING BANK	26,319	26,800	27,942	81,061	27,020
FIDELITY	25,597	29,788	135,863	191,218	63,739
ECO BANK	29,321	34,822	31,756	95,899	31,966
UNION BANK	95,685	96,630	111,271	303,586	101,195
FIRST BANK	60,980	77,351	339,847	478,178	159,393
SKYE BANK	26,087	29,175	93,853	149,115	49,705
DEVCOM/ETB	28,405	32,121	172,002	232,528	77,509
FCMB	26,398	31,102	134,447	191,947	63,982
UBA	48,535	167,719	193,041	409,295	136,432
WEMA	20,540	25,152	20,112	24,789	8,262
IBTC	31,515	35,107	-	66,622	33,311
ACESS	28,893.9	28,384.9	171.002	229,280.80	76,426
ETB	28,405	32,121	172,002	232,528	77,509
OCEANIC	37,670	222,475	214,055	474,200	158,066
AFRIBANK	25,996	28,286	34,887	89,179	29,726.3
DIAMOND	30,787900	53891778	116983008	201662686	67,221
INTERCONTINENTAL BANK	53,911	155,879	198,271	408,061	136,020
BANK PHB	28,491	36,128	167,480	232,099	77,366
STERLING BANK	26,319	26,800	27,942	81,061	27,020
BANK FIDELITY	25,597	29,758	135,863	191,218	63,739
ECO BANK	29,321	34,822	31,756	95,899	31,966
UNION BANK	95,685	96,630	111,271	303,586	101,195
FIRST BANK	60,980	77,351	339,847	478,178	159,393
SKYE BANK	26,087	29,175	93,853	149.115	49.705

THE IMPACT OF COMMERCIAL BANKS ACTIVITIES ON INTERNATIONAL TRADE FINANCING: EVIDENCE FROM NIGERIA

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ABSTRACT

The paper examines the impact of banks' activities on international trade financing and Nigerian Gross Domestic Product. Also to determine the extent to which the management of small scale enterprises should be stewardship to the shareholders through their international trade financing policy adopted. It identifies some of the key problems facing international trade financing in Nigeria and gives an overview of the management international trade financing in the country. The population and the sample of the study were all the Commercial banks in Nigeria. The study utilized data from secondary source. Data were obtained from the Central Bank of Nigeria's (CBN) Statistical bulletin. The time frame for the study is ten (10) years, covering the period of 2000 to 2009. The technique of analysis used in testing the data was Linear Regression Analysis. The study established that Commercial banks activities have significant effect on Gross Domestic Product of the economy. It also revealed that banks operation in the area of international finance is significant. The work recommends that banks should maintain a stable International Trade financing so that the equity portions finance of both internally and externally is possible. At the same time, the banks management should maintain high target to both the International Trade and domestic trade. The work concludes that effective and consistent international trade financing will enhance the profitability of the banks and help to achieve the overall objectives and this must also be vigorously pursued by government as well.

KEYWORDS
Commercial Banks Activities, International Trade, Gross Domestic Products, Export and Import.

1.0 INTRODUCTION

The country's economy today is dominated by oil sectors which accounted for over 90% of export earning, 80% of government revenue and about 33% of gross domestic product (GDP). Before the increase in the price of oil in the early century, agriculture dominated the economy and export earnings from what sector financed was of the immediate post independence development programmes. For this reason, Nigeria has since the attainment of independency been at the vanguard of exportation of goods and services subsequent to the discovery of crude oil (World Bank, 2008)

It is not worthy that little was known by economic planners about export promotion, financing and its development. Export activities were limited to a range of agricultural commodities and these were solely financed by the marketing board in industrial sector, import substitution was the cornerstone of industrialization policy. The policy whose main objectives was after protection to infant industries, replace imported goods and thereby conserving foreign exchange.

The economic problem could be traced to the world economic depression. The tall of over export earning was used by the mono-product nature of external trade. Misplacement of priorities by our frivolous spending pattern of the civilian administration caused by the money illusion we had over the years had led to unemployment problem, low production capacity in our manufacturing sector and low demand for goods and services, which brought about difficulties in balance of payment. With all these problems, the country then realized the needs to work beyond the oil sector for the purpose of generating more earnings on export; it is for their purpose that the Nigeria Export Promotion Council (NEPC). Nigerian Export and Import Bank (NEXIM) and Nigerian Association of Exporters (NAE) were established to improve the differences between the exports and imports.

Foreign exchange market is another area where international commercial banks play vital role. Foreign exchange market serves two main functions, convert the currency of one country into the currency of another and provide some insurance against foreign exchange risk. Multinational corporations constantly need various currencies for their operations and to hedge against foreign exchange risk. International banks provide foreign exchange services to their commercial business clients to complete their business transactions. These banks act as a broker between commercial customer and foreign exchanges around the world.

International businesses receive payments in foreign currencies for their export, the income it receives from foreign investments and income received from licensing agreements with foreign firms. International business use foreign exchange market to pay foreign firms for its products and services and when it makes direct investment in foreign country. International banks play major roles in these transactions.

Many commercial banks offers short as well as long term loan financing to international businesses. Many countries have form banks backed by government funding to provide fund for exporters and importers. In United States, Export-Import bank, an independent agency of the US government, provides financial aid to facilitate export and import of goods. NEXIM bank also guarantees repayment of loans that US commercial banks make to foreign borrowers for purchasing US exports (Petersen and Rajan, 1997)

As a developing country, the expansion of export financing mechanism is hindered by some limitations in the availability of foreign exchange because of the high propensity to import arising from an expansion of domestic credit resulting in a greater demand for imports.

Most commercial banks in the country centralize their export credit decision making in the cities, to the extent that their rural offices do not enjoy the benefits of lending to the exporters in the hinterland. They do not take into consideration the timing of export operation for required manpower development, to enhance export finance arrangement especially in the rural areas.

The problems of obtaining finance by both their existing and prospective exporters depend partly on the firm/company that is concerned. While only few companies/firms mostly multinationals have both the capabilities and the resources that can be obtained from banks, there are a number of small firms that are knowledgeable in export activities but lack the necessary and adequate resources and collaterals to qualify them for bank credit.

Some 80% to 90% of world trade relies on trade finance, and there is little doubt that as of mid-2009, the trade finance market is experiencing difficulties that will contribute to the global economic malaise. Public-backed institutions are responding, but they are not doing enough. The potential damage to the real economy of shrinking trade finance is enormous (IMF, 2003). To this end, the paper is structured into four major parts. Section one is the Introduction, section two which follows this introduction present, the literature review, section three discusses the methodology, while section four presents the conclusion and some recommendations.

2.0 LITERATURE REVIEW

2.1 THE CONCEPTUAL ISSUES ON INTERNATIONAL TRADE FINANCE AND INTERNATIONAL BANKING

Exchange takes time. For example, when a seller receives a purchase order that stipulates payment after delivery, the seller has to produce and ship a product before the buyer pays. This requires financing over short horizons because the seller may need to borrow working capital to complete the order or may purchase credit insurance to protect against counterparty defaults. That is the essence of trade finance. It is often described as the lifeline of business transactions because more than 90% of transactions involve some form of credit, insurance or guarantee (International Trade Centre, 2009). It was, however, not until the recent financial crisis that trade finance came to the attention of academic researchers.

The financial crisis of 2008–2009 is the most severe world macroeconomic shock since the Great Depression. During the crisis period, the collapse of international trade was much swifter and greater than the decline of GDP: world GDP fell by about 5%, while world trade contracted by about 30% (Baldwin, 2009). Similarly, while U.S. GDP in this period contracted by 3.8%, U.S. trade contracted much more sharply, by around 20% (Levchenko, Lewis, and Tesar, 2010). This "great trade collapse" has led economists to suspect that trade finance had a role. This paper presents the theory that answers the question, "What is the specific role of trade finance in explaining the great trade collapse?" There are good reasons for thinking that trade finance may be an important part of the story.

Growing evidence suggests that international trade finance experienced severe adverse effects in terms of price as well as availability during the same period. The IMF-BAFT survey reports that approximately 90% of the banks raised the price of international trade finance facilities at the onset of the great trade collapse (Dorsey,2009; Asmundson et al., 2011), and in some cases the price of letters of credit jumped from 10s15 basis points to 250s500 basis points above LIBOR (Auboin, 2009). Banks in emerging markets also reported that international trade finance transactions declined by 6% on average during the period. Behind the evidence lies the hypothesis that international trade finance is more sensitive to economic fluctuation or financial crisis than domestic trade finance (Chauffour and Farole, 2009).

Price data corroborates this hypothesis. Haddad, Harrison, and Hausman (2010) find that U.S. import prices actually rose in manufactured goods, especially in those sectors highly dependent on external finance. Ahn, Amiti, and Weinstein (2011) report that export price increased by 2.5s 6% relative to domestic price in European Union countries, Japan and the U.S. These facts are strong evidence that supply side shocks played an important role in the great trade collapse. This view is supported by various empirical studies. For example, Amiti and Weinstein (2011), using the uniquely matched database between Japanese listed firms and their main banks, find that firms contract export-to-domestic sales ratio when their main banks become unhealthier, and such a pattern is stronger for smaller firms, non-multinational firms, and industries that export primarily by sea. Iacovone and Zavacka (2009) provide the historical evidence that exports in financially vulnerable sectors were hit harder during banking crises.

For the recent global recession period, Chor and Manova (forthcoming) confirm that trade finance is indeed a critical factor for trade activity by showing that countries experiencing higher growth in inter-bank loan rates tend to decrease exports to the U.S. even more, and this is more pronounced in financially dependent sectors. Firm level studies also report that financially constrained firms had greater adverse impacts on exports during this period (Paravisini, Rappoport, Schnabl, and Wolfenzon, 2011), and U.S. inter-firm trade (i.e., trade with payment default risk) with Asian countries declined more sharply than intra-firm trade (i.e., trade with no payment default risk) during the Asian crisis period (Bernard, Jensen, Redding, and Schott, 2009).

Despite the ample empirical evidence, there is a lack of theoretical foundation for understanding the nature of trade finance. In particular, there is no theoretical model in which the asymmetric structure, domestic versus international, of trade finance has been derived from first principles. That is what the current paper achieves. This paper contributes to the literature by examining how international trade finance reacts differently than domestic trade finance during crisis periods. To answer the question, the paper begins with a more fundamental question of what makes international trade finance different from domestic trade finance, and then shows how such difference leads to the great trade collapse.

International trade is more costly than domestic trade; hence the volume of international transactions will be smaller than domestic transactions. Firms borrow from local banks. Banks need to gather information about whether loans will be repaid. They need not only worry about the firm they loan to, but also any other firms on whose solvency repayment depend. Banks invest more in learning about firms with which they have a larger volume of transactions, which in turn makes them more knowledgeable about these firms. Since banks are involved in larger transactions with domestic than foreign firms, they will also be more knowledgeable about them. This makes international trade finance loans riskier than domestic finance loans.

When a crisis hits, information becomes more important because a crisis raises uncertainty about firms' performance. Having accumulated less information, banks become disproportionately more uncertain about foreign than domestic firms. This translates to the costs of trade financing, and as a result, the relative price of export to domestic goods will rise, and the volume of international transactions will drop more sharply than the volume of domestic transactions during a crisis. The following describes this mechanism in more detail.

The basic model incorporates payment systems used for business transactions. When payment is made by a buyer after delivery (i.e., open account system), a supplier is exposed to non-payment risk from the buyer. As a result, if the supplier borrowed working capital from a bank, the loan performance depends not only on the supplier's credit risk but also on the buyer's credit risk. Likewise, when a buyer makes advance payment to a supplier (i.e., cash-in-advance system), the buyer is subject to non-delivery risk from the supplier. If a bank provided the advance payment, the loan repayment is contingent on the successful performance of both the supplier and the buyer. From the banks' perspective, therefore, it becomes a serious concern to evaluate such creditworthiness of both borrowers and their trading partners to insure loan repayment.

Banks assess this overall transaction risk through screening tests for the borrower's trading partner as well as the borrower. By investing in information acquisition, banks can improve the precision levels of screening tests, and hence the loan repayment probability of the transactions that pass the screening tests. The optimal precision levels of screening tests are determined by comparing costs and benefits. When screening tests are domestic or foreign firm specific, marginal gains from improving the screening test for domestic firms is proportional to the volume of domestic transactions, and the same is true for the foreign screening. All else being equal, since costly trade results in a larger volume of domestic transactions than international transactions, banks will maintain a higher precision level of screening test for domestic firms than foreign firms.

Accordingly, the screening of foreign firms yields a less accurate outcome than domestic screening, making international transactions a relatively higher risk with lower loan repayment probability. Therefore, costs of financing international transactions will be higher, i.e., trade finance premium. Moreover, the resulting trade finance premium features a counter-cyclical movement. Although an increase in the default risk during a recession will raise the average default rate of firms that passed either screening test, the default rate will raise relatively more for the less precisely screened foreign firms. This is simply because an inferior foreign screening is more sensitive to the changes in the default risk due to a larger share of vulnerable firms among the firms passing the screening test. That is, during a recession, the average default rate for international transactions rises relatively more than the one for domestic transactions, as do the costs of financing international transactions. Once the costs of financing pass through to the final goods price, an elastic demand dictates that a fall in trade will dominate a fall in output through the price channel, generating pro-cyclical export-to-output ratio consistent with empirical patterns.

The asymmetric nature of the screening tests for domestic and foreign firms gives rise to a letter of credit system exclusively for international transactions. Under a letter of credit system, both a buyer's bank and a supplier's bank participate in the transaction as intermediaries. The buyer's bank promises to pay the supplier's bank on behalf of the buyer as long as the goods are delivered from the supplier, and the supplier's bank guarantees to pay the supplier whether the buyer's bank actually pays or not. From the view of the supplier's bank, this essentially switches the non-payment risk from the buyer to the buyer's bank, and thus can replace an inferior screening test for foreign firms by the supplier's bank with a superior screening test for domestic firms by the buyer's bank. This is the gain from using a letter of credit system for international transactions.

At the same time, however, since the supplier's bank has only limited, imperfect information on the credit risk of the buyer's bank, it incurs additional inter-bank informational friction. As long as the gains from a letter of credit outweigh the costs, a letter of credit would be chosen as the optimal payment system for the international transaction. On the other hand, this will not be true for domestic transactions because it only incurs additional costs without any gains. The inter-bank dimension inherent in a letter of credit system provides another channel that adversely affects international trade during a recession or financial crisis.
An increase in the bank default risk worsens the informational friction between banks, leading to a higher price charged on a letter of credit. Since the model shows that a letter of credit can be used only for international transactions, such an additional adverse effect is thus unique to international transactions. To sum up, the price channel effect and the letters of credit effect lead to a great decline in international trade than in domestic sales.
Commercial Banks play an important role in international trade. Commercial Banks act as intermediaries between importers and exporters. They have insight and wide practical experience in foreign trade coupled with legal knowledge of provision in different countries. Banks have correspondents in most countries, through whom they deal with the counter parties. Some banks may have their own branches in other countries.
As banks are major financial institutions, they are trustworthy and can be relied upon by their customers. They provide advisory services on various subjects to their importing and exporting customers. They collect payment from overseas countries from importers in foreign countries and also remit funds to the exporters abroad on behalf of their customers. Banks offer various types of services to local and international business communities. These services include financial facilities to exporters and importers by way of loans and overdrafts, discounting and purchasing of bill of exchange. There are many more inherent risks in buying and selling goods overseas than locally. Some of the risks in foreign trade are explained in brief hereunder.
Banks that are serving international trade, understand the crucial role they are required to play. Many large banks maintain worldwide correspondents to provide quick delivery of actual currency, wired money or drafts. You may choose your bank for international trade account on the basis of whether the bank can extend advances against the account receivables. Bank may, however, require your account secured through export credit insurance provided by Export Import Bank of United States. Banks also let you enter into forward exchange contract with your bank and fix the amount of the foreign exchange you receive when you are dealing in convertible currencies.

2.2 NIGERIA'S CURRENT TRADE POLICY

Nigerian government like many other developing countries considers trade as the main engine of its development strategies, because of the implicit belief that trade can create jobs, expand markets, raise incomes, facilitate competition and disseminate knowledge. (WTO 2005). The thrust of trade policy is therefore the enhancement of competitiveness of domestic industries, with a view to, inter alia, stimulating local value-added and promoting a diversified export base. Trade policy also seeks (through gradual liberalization of the trade regime) to create an environment that is conducive to increased capital inflows, and to transfers and adoption of appropriate technologies.
The government pursues the liberalization of its trade regime in a very measured manner, which would ensure that the resultant domestic costs of adjustment do not outweigh the benefits. The reforms which accompany this policy direction are also aimed at re-orientating attitudes and practices towards modern ways of doing business. However, the instruments of trade policy such as the tariff regime are designed in a manner which allows a certain level of protection of domestic industry and enterprise. While this is the main trade policy framework to guide economic growth, the trade expansion, employment generation and poverty alleviation dimensions are now subsumed in a new overarching economic development policy blueprint adopted in 2003, the National Economic Empowerment and Development Strategy (NEEDS).

2.3 TYPES OF TRADE FINANCING INSTRUMENT

The main types of trade financing instruments are as follows:
a) Documentary Credit: This is the most common form of the commercial letter of credit. The issuing bank will make payment, either immediately or at a prescribed date, upon the presentation of stipulated documents. These documents will include shipping and insurance documents, and commercial invoices. The credit arrangement offers an internationally used method of attaining a commercially acceptable undertaking by providing for payment to be made against presentation of documentation representing the goods, making possible the transfer of title to those goods. A letter of credit is a precise document whereby the importer's bank extends credit to the importer and assumes responsibility in paying the exporter. A common problem faced in emerging economies is that many banks have inadequate capital and foreign exchange, making their ability to back the documentary credits questionable. Exporters may require guarantees from their own local banks as an additional source of security, but this may generate significant additional costs as the banks may be reluctant to assume the risks. Allowing internationally reputable banks to operate in the country and offer documentary credit is one way to effectively solve this problem.
b) Countertrade: As mentioned above, most emerging economies face the problem of limited foreign exchange holdings. One way to overcome this constraint is to promote and encourage countertrade. Today's modern counter trade appears in so many forms that it is difficult to devise a definition. It generally encompasses the idea of subjecting the agreement to purchase goods or services to an undertaking by the supplier to take on a compensating obligation. The seller is required to accept goods or other instruments of trade in partial or whole payment for its products.
Some of the forms of counter trade include:
• Barter – This traditional type of countertrade involving the exchange of goods and services against other goods and services of equivalent value, with no monetary exchange between exporter and importer.
• Counter purchase – The exporter undertakes to buy goods from the importer or from a company nominated by the importer, or agrees to arrange for the purchase by a third party. The value of the counter purchased goods is an agreed percentage of the prices of the goods originally exported.
• Buy-back – The exporter of heavy equipment agrees to accept products manufactured by the importer of the equipment as payment.
c) Factoring: This involves the sale at a discount of accounts receivable or other debt assets on a daily, weekly or monthly basis in exchange for immediate cash. The debt assets are sold by the exporter at a discount to a factoring house, which will assume all commercial and political risks of the account receivable. In the absence of private sector players, governments can facilitate the establishment of a state-owned factor; or a joint venture set-up with several banks and trading enterprises.
d) Pre-Shipping Financing: This is financing for the period prior to the shipment of goods, to support pre-export activities like wages and overhead costs. It is especially needed when inputs for production must be imported. It also provides additional working capital for the exporter. Pre-shipment financing is especially important to smaller enterprises because the international sales cycle is usually longer than the domestic sales cycle. Pre-shipment financing can take in the form of short term loans, overdrafts and cash credits.
e) Post-Shipping Financing: This is financing for the period following shipment. The ability to be competitive often depends on the trader's credit term offered to buyers. Post-shipment financing ensures adequate liquidity until the purchaser receives the products and the exporter receives payment. Post-shipment financing is usually short-term.
f) Buyer's Credit: This is a financial arrangement whereby a financial institution in the exporting country extends a loan directly or indirectly to a foreign buyer to finance the purchase of goods and services from the exporting country. This arrangement enables the buyer to make payments due to the supplier under the contract.
g) Supplier's Credit: This is a financing arrangement under which an exporter extends credit to the buyer in the importing country to finance the buyer's purchases (Nzotta, 2005).

2.4 THE ROLE OF COMMERCIAL BANKS IN INTERNATIONAL EXCHANGE MARKET

Commercial banks play central role in the foreign exchange market. They buy and sell foreign currency, which is a major weapon in international trade. The commercial banks also help traders to eliminate or minimize their foreign exchange exposure in a number of ways:

a) Forward Exchange Contract: This is entered into between a bank and a customer, the bank fixes the rate of exchange at which a foreign currency will be bought or sold. The exchange rate may fluctuate during and at the time of maturity but it will not have any effect on the forward contract agreed between the bank and the customer. Through forward exchange contracts both the importer and exporter know the exact amount of their payables and receivable in foreign currency thereby covering against fluctuation of any exchange rates during the period. Forward exchange contract is a legal contract to receive or deliver foreign currency at the agreed date.

b) Foreign Currency Transactions: When payments are made between countries there is no physical movement of currency notes, but instead the transactions are accounted for and recorded in the books of accounts of the banks. Almost all the commercial banks operating in one country maintain accounts with other banks operating normally in the main cities of foreign countries

c) Bank's Accounting System: For example, if a payment is to be made to a British exporter by a German buyer, depending upon the method of payment adopted, either the Euro account of the British (exporter's) bank will be credited or a GB Pound account of the German (importer's) bank will be debited. The exporter will be paid value of the exports in GB Pound, or in the GB Pound equivalent of the Euros by the exporter's bank in the UK. Commercial banks are involved in thousands of foreign currency transactions each business day on behalf of their customers, in respect of visible and invisible trade. They maintain a careful check on the transactions made on their Nostro and Vostro accounts, and buy/sell foreign currency in the foreign exchange market as per their and their customers' need.

d) Foreign Exchange Market: In the United Kingdom there is no foreign exchange market by way of physical structure or a building. Rather the foreign exchange market comprises the foreign exchange departments of a large number of banks and other authorized dealers. They have an efficient telecommunication network between one another and are able to maintain an up-to-date exchange rate.

2.5 ACTIVITIES OF COMMERCIAL BANKS IN INTERNATIONAL TRADE FINANCING

Banks are in the business of facilitating new and existing relationships with International Banks and Financial institutions with the aim of forming strategic alliances and accessing funds for the entire Asset Portfolio. They ensure that they are better leveraged to structure large ticket transactions for their Corporate Banking, Public Private Partnerships, Investment Banking and Development Finance Customers. They have been successful in raising their profile and creating some presence with top tier financial institutions in the international markets.

They are positioned as a Bank in their capacity to raise funds to cater for their numerous clienteles as they encourage investors and clients to participate with them in emerging lucrative projects.

Their Role

i. The International funding team specializes in raising finance that has a long-term debt capital requirement. The long-term tenure of these projects generally require reciprocally tenured loans, this structuring often times reduces the default risk when the Loans are due for repayments. It is vital that the loan maturity is long enough to take into consideration the years of constructing such projects before its cash flow is activated.

ii. In view of the predominant Trade transactions in the Bank, the International Funding team established Trade Finance Lines with Triple A rated Financial Institutions for the use of the Corporate Banking Group and the Bank as a whole for the following:
   a. LC Confirmation
   b. Re-finance of trade transactions
   c. Guarantees

iii. The International funding team hedge against FX Risk; an important aspect of the Loan or finance attribute is the exposure to currency risk, most project finance in developing countries are financed with a typical financing mix consisting of equity & debt. However, cash flows from the project revenues are often generated in local currencies; while repayments of the Loans are normally in the foreign currency the loan is denominated in. Adverse movements in foreign exchange rates can substantially increase the cost of foreign exchange loans, and loans that appear financially profitable in local currency can very quickly be seen as loss making after conversion to original Loan denomination currency.

iv. In Nigeria, time and experience has demonstrated the difficulty of maintaining a stable exchange rate within a restricted fluctuation limit. Effective policies are needed to manage the repercussions of exchange rates, this would help the Skye bank and their international partners investing in Nigeria's Infrastructure to become far more competitive and also help improve the local investors access to finance.

3.0 METHODOLOGY

This study is aimed at evaluating whether or not the Banks' Activities have an impact on international trade financing and also to examine whether or not financial institutions activities have an effect on Gross Domestic Product of the economy. For the purpose of this research work, descriptive method is utilized to describe the phenomena in contest and to shed more light on the research questions.

In this study, secondary data were used. Our data were sourced from the published data of the Statistical Bulletin of the Central Bank; various issues. Other relevant secondary data were collected from various journals and periodicals of institutions such as the Federal Office of Statistics (FOS), Central Bank of Nigeria (CBN), among others. Library research materials and other miscellaneous write-ups on the subject matter were consulted for the assistance they could render.

In the light of these, our evaluation will be made using two models as follows:

1. ITC = f (BAC).
2. GDP= f(BAC)

The Factor used as explanatory variable for the determination of International Trade Financing and Gross Domestic Product is outlined and explained as.

Banks' Activities (BAC): In this study, Banks' Activities is measured by the summation of all sectoral distribution of loans by banks in Nigeria.

Dependent variables: International Trade Financing (ITC) is given by the total of the addition of Export and Import and Gross Domestic Product (GDP) is given by the total Gross Domestic Product.

The alternate econometric method (model) using the regression equations identified, are presented as follows

$ITC = \beta 0 + \beta 1BAC + Ut$

$GDP = \beta 0 + \beta 1BAC + Ut$

Where Ut is the stochastic error or error term

TABLE 1: AGGREGATE VALUES OF BANK ACTIVITIES DISCLOSURE IN RELATION TO INTERNATIONAL TRADE FINANCING AND GROSS DOMESTIC PRODUCT

YEAR	BAC	ITC	GDP
2000	508,302.2	25,307.4	329178.7
2001	796,164.8	34,532.5	356994.3
2002	954,628.8	26,709.2	433203.5
2003	1,210,033.1	34,467.4	477533.0
2004	1,519,242.7	31,347.0	527576.0
2005	1,976,711.2	26,427.3	561931.4
2006	2,524,297.9	52,686.3	595821.6
2007	4,813,488.8	66,551.1	634,251.14
2008	7,799,400.1	75,192.3	672,202.55
2009	8,912,143.1	45,870.5	718,977.33

Sources: CBN Statistical Bulletin, 2010

Note:
BAC= Banks' Activities
ITC= International Trade Financing
GDP= Gross Domestic Product

The model is a functional relationship between Banks' activities and International Trade Financing in Nigeria. The model one is thus restated below:

ITC = β0 + β1BAC + Ut
Where Ut is the stochastic error or error term
As earlier mentioned, here too the Ordinary Least Square (OLS) technique of empirical analysis was employed. The analysis was carried out and the result generated from the analysis can be summarized below:
Dependent Variable: ITC
Method: Least Squares
Date: 07/12/12 Time: 21:05
Sample: 2000 2009
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28612.53	5892.185	4.856013	0.0013
BAC	0.004287	0.001392	3.080832	0.0151
R-squared	0.542636	Mean dependent var		41909.10
Adjusted R-squared	0.485465	S.D. dependent var		17684.05
S.E. of regression	12684.96	Akaike info criterion		21.91108
Sum squared resid	1.29E+09	Schwarz criterion		21.97160
Log likelihood	-107.5554	F-statistic		9.491527
Durbin-Watson stat	1.565661	Prob(F-statistic)		0.015098

REGRESSION	COEFFICIENTS	STANDARD ERROR	T-VALUE
INTERCEPT	28612.53	5892.185	4.856013
BAC	0.004287	0.001392	3.080832

Dependent variable= ITC
R squared = 0.542636
Adjusted R squared = 0.485465
Standard Error of Regression = 12684.96
Mean dependent variable = 41909.10
S.D. dependent variable =17684.05
F-statistic = 9.491527
Prob (F-statistic) = 0.015098
Durbin-Watson = 1.565661
The above result can be represented in an equation form as shown below:
ITC = 28612.530.004287BAC
S.E = (5892.185) (0.001392)
T-Val= (4.856013) (3.080832)
The above result is a product of time series analysis concerning the values of functional relationship between Banks' activities (BAC) and International Trade Financing (ITC) in Nigeria. And from the model, there exist a positive relationship between Banks' activities (BAC) and International Trade Financing (ITC). This shows that Banks' activities (BAC) do or can wholly explain the causes of any variation in International Trade Financing (ITC).
Therefore, for every N1million increase in International Trade Financing (ITC), Banks' activities (BAC) increase by N 0.004287million i.e. for every N0.004287million increase in Banks' activities (BAC), International Trade Financing (ITC) increase by N1million.
In reality, if International Trade Financing (ITC) will have to be increase, Banks' activities (BAC) will definitely increase because the higher the International Trade Financing (ITC), the higher the Banks' activities (BAC) and vice versa.

DISCUSSION OF FINDINGS
This paper examines whether explanatory variable has significant impact on the International trade financing and our F calculated 9.491527in the regression analysis is greater than F tabulated of 4.96, the test revealed banks operation in the area of international finance is significant and the independent variable (BAC) is good and reliable indicator of the dependent variable International Trade Financing ITC. Thus, since the observed F-value is greater than the critical value of F at the 5% level of significant, we accept the alternate hypothesis 1 and reject the null hypothesis. The study also investigates the separate utility of banks size, growth and the industry on Gross Domestic Products. And in this case, our F calculated 23.86841is greater than F tabulated 0f 4.96, the test is significant and the independent variable BAC is a good and reliable indicator of the dependent variable GDP.

4.0 CONCLUSION
The overall objective of the study is to investigate need for the creation of vital export incentives, facilities of international trade finance that would help in boosting the finance for international trade with the view to improve our foreign exchange reserves, this study was able to achieve its conclusion on this objective by using the variable banks activities and which was tested using T-test with T-values of (3.080832) and (4.885530) which are greater than the T-tabulated of 2.010. Therefore a banks activity is statistically significant for international trade finance and Gross Domestic Product. So, we conclude that Nigerian Banks reacts efficiently to international trade finance and Gross Domestic Product.This study through its findings discovered that the reactions which create favourable atmosphere for Gross Domestic Product in Nigeria can be examined using the variable Banks activities which in turn has significant impact on the International Trade Financing.
The work recommends that banks should maintain a stable International Trade financing so that the equity portions finance of both internally and externally is possible. At the same time, the banks management should maintain high target to both the International Trade and domestic trade. The work concludes that effective and consistent international trade financing will enhance the profitability of the banks and help to achieve the overall objectives and this must also be vigorously pursued by government as well. The results of this study demonstrate the importance of smoothed International Trade Financing policy of banks in Nigeria. Therefore, banks should maintain a stable International Trade Financing so that the equity portions finance of both internally and externally is possible. At the same time, the banks management should maintain high target to both the International Trade and domestic trade.

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COMPARATIVE STUDY ON THE MICROFINANCE PERFORMANCE OF MALE OWNED AGAINST FEMALE OWNED SMALL AND MICRO ENTERPRISES IN BAHIR DAR CITY, ETHIOPIA

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ABSTRACT

The study examined the impact of microfinance on female and male owned enterprises in Bahir Dar city. We predicted that male owned enterprises have higher growth potentials than female owned enterprises. To test empirically whether there is a difference on growth performance, 104 male and 121 female small enterprise owners were surveyed. The finding shows that the female owned enterprises demonstrated a slightly lower level of micro finance growth compared to enterprises owned by male. We can conclude that female owners' have lower motivations for growth potential compared to male owners'.

KEYWORDS
Comparative study, microfinance performance, male and female owned enterprises.

INTRODUCTION

In developing countries there are a big number of individuals who are financially under saved. However, microfinance programmes and institutions have globally recognized as a prospective component of strategies of development organizations, governments, and societies to promote enterprises in developing countries (Hulme, 2000). They are organizations with a goal to serve the needs of un-served or underserved markets as a means of meeting development objectives (Ledgerwood, 1998). Through serving these groups, the owner of micro and small enterprises (MSEs) are expected to accumulate wealth and therefore grow after time. Specifically, microfinance institutions provide a broad range of services including deposits, loans, payment services, money transfer and insurance to the poor/low-income households and their enterprises (Chijoriga, 2000; Conford, 2001 and Pilipinas, 2002). In addition, some of microfinance institutions provide non-financial services such as training, business advice, market assistance and counseling to their clients (Hishigsuren, 2004 and CIDA, 1999). It is from this standing that microfinance institutions are seen to be a critical element to the poor and low income earners in developing economies because their services target the clients who have been excluded from other formal institutions.

Microfinance institutions enable enterprises owner to develop their micro and small enterprises, which enhance their income earning capacity, and hence enjoy an improved living standard (Mosley, 2001; ADB, 2000). For instance, over the last twenty years, microfinance providers in developing economies have shown impressive results as tools for delivery of financial services to the poor and their enterprises (Bastelaer, 2000). The existence of microfinance institutions enable the potential clients to access the services provided by the institutions. These services give the clients opportunity to support their enterprises, economic activities as well as their household financial management and consumption needs (URT, 2000). Along this line of thinking micro-credit has proved to be an important liberating force in societies where disadvantaged groups, women in particular have to struggle against repressive social and economic conditions. This is achieved because microfinance enables these disadvantaged groups to accumulate capital for their enterprises. These enterprises are expected to grow and generate income to these groups which will have positive effect to the social and economic conditions.

The principal providers of microfinance services to the low income households and their enterprises in Ethiopia consist of formal financial sector(21 micro-finance institutions) ,semi formal financial sector(savings and credit associations and cooperatives), informal financial systems(iqqub-a kind of Rotating Credit and Savings Associations, iddir ,mehaber , and Friends and relatives) , and NGOs whose micro-credit delivery operations are funded and supported with technical assistance by international donors (Hayder Al-Bagdadi and Dr. Michael Brüntrup, 2002). Although these institutions charge the interest rates which are relatively higher than the market rates (more than three times), they provide loans with affordable collaterals and most of the time with group- base collaterals. Microfinance institutions mainly focus on low income earners because most of them do not need very big amount of capital, which is affordable by most of the high-income earners in developing countries (Mosley and Hulme, 1998). Since the last decade, the impact assessment studies in microfinance, which are the measures of programmes' success by considering the changes they brought on their clients and their enterprises (Woller and Parsons, 2002), have become increasingly popular worldwide. Most of these impact assessment studies found that microfinance has very beneficial economic and social impacts (e.g. Mosley, 2001). While the results of these studies suggest positive impacts, nothing has been done about the impact on male owned enterprises compared to female owned enterprises in Ethiopia.

The objective of this paper was therefore to compare the microfinance performance of male owned enterprises against female owned enterprise. The comparison between these two groups is inevitable because it enables the researchers to identify the motivational and individual characteristics that exist between females and males received microfinance services. In achieving the objective, the whole study was guided by the following research question: does the microfinance performance of SME differ gender-wise?

METHODOLOGICAL CONSIDERATIONS

Despite of the above theoretical explanations, it was equally important to test empirically whether there is a difference on growth performance by making comparison between female owned enterprises against male owned enterprises. To achieve the test, a survey was conducted to different MSEs supported by microfinance institutions in Bahirdar city, Ethiopia. Specifically the survey covered four different Kebeles which were kebele 10, Kebele 09, Kebele 07 and Kitel Sefer. In assessing the performance of enterprises, three different measures i.e. sales revenue, number of employees and assets level were used for comparison. In this regard, independent t-test was used to perform the analysis. Before the analysis we applied natural logarithm to all variables (indicators of growth) in order to maintain linearity for the data collected.

FINDINGS

In this study, a total number of 225 respondents were surveyed. The profile of the respondents shows that the composition of sample size was 46.2 percent and 53.8 percent for males and females respectively. Apart from the profile the respondent surveyed, we have used t-statistic test to compare whether there is a significant difference among the growth indicators of enterprises owned by female against those owned by male. Independent samples t test was used and the output produced is presented in table 1 and table 2. The table of group statistics revealed that all averages (mean) of male owned enterprises were higher than those of female owned enterprises in all indicators of growth. That is the male owned enterprises had higher assets, average revenue and more number of employees than their counterpart. Despite of these results, our conclusion cannot be statistically accepted without the interpretation of independent samples table. In interpreting the independent samples table, we referred one of important assumption of independent samples t test. This assumption states that the two groups that are compared by independent samples t test should have approximately equal variance on the dependent variable.

In order to test this assumption, Levene's test for equality of variance was used to test the homogeneity of variance assumption. The null hypothesis for this test is that the variances are homogeneous. Therefore, if the Levene's test is significant (i.e. less than 0.05), then the variances of the two groups are significantly different. However if the value is not significant then the null hypothesis will be rejected and conclude that they are not different (i.e. they are homogeneous).

The output of our t-statistic revealed that the Levene's test for equality of variance for all indicators of growth were greater than 0.05. It is therefore concluded that the variances of these two groups were approximately equal. Because the Levene's test provides an assurance of homogeneity variances, the next step was to use the values of t-statistics in the rows of "equal variances assumed" to test and make conclusion on whether there is a significant difference among the growth indicators of enterprises owned by female against those owned by male.

By using the column of sig. (2-tailed), the values of assets accumulated and number of employees were significant at 0.05 level of significance (table 2). These results lead to the conclusion that there were significant differences among these two growth indicators (number of employees and assets) of enterprises owned by males against the enterprises owned by females. The fact that the averages of these two growth indicators of enterprises owned by males were greater than the averages of enterprises owned by females, we can conclude that the males owned enterprises had demonstrated higher growth performance than the female owned enterprises in these two indicators. When considering average revenue among these two groups, the values were not statistically different. This conclusion was made following the results obtained from the column of sig. (2-tailed) in table 2, which is 0.366. At the level of 0.05 Level of significance the value obtained is insignificant. Although the average revenue of male owned enterprises is higher than that of female owned enterprises, there is no statistical evidence of making such conclusion.

TABLE 1: GROUP STATISTICS

Indicators	SEX	N	Mean	Std. Deviation	Std. Error Mean
Number of Employees	Male	104	1.5702	.69323	.06798
	Female	121	1.2799	.53667	.04879
Average Revenue	Male	104	12.3084	6.35368	.62303
	Female	121	11.7709	1.36825	.12439
Asset	Male	104	15.1648	3.20824	.31459
	Female	121	13.3028	4.28054	.38914

TABLE 2: INDEPENDENT SAMPLES TEST

Indicators	Levene's Test for Equality of Var.			t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	. Mean Dif	Std. Error Diff	95% C.I. of the Difference	
									Lower	Upper
No of emp	Equal variances assumed	6.301	.063	3.536	223	.000	.290	.0821	.12849	.45206
	Equal variances not assumed			3.469	192.58	.001	.290	.0836	.12524	.45531
Av. Rev	Equal variances assumed	112.60	.071	.907	223	.366	.537	.5927	-63073	1.7056
	Equal variances not assumed			.846	111.22	.399	.537	.6353	-72145	1.7963
Asset	Equal variances assumed	1.991	.160	3.643	223	.000	1.86	.5111	.85465	2.8693
	Equal variances not assumed			3.721	219.08	.000	1.86	.5004	.87579	2.8482

The fact that the above results did not support all indicators of measuring growth that have been used for comparison, we have decided to assess some motivation factors that motivated the owners of these enterprises to engage in their business. Different indicators like motives of starting the businesses, prospects of the businesses and future plan were assessed by comparing the groups. In this analysis, the findings revealed that most of the female started their business to meet the basic needs whereas male counterpart sees this objective as of no importance. Furthermore, while males admitted that they do business because they do not like to work under others' control, female were slight value this objective of starting business as of no importance. When assessing the motive of owning a growing and big organization in these two groups, it was highly agreed by male that they opened their business with intention of having very big organization while females were not willing to own very big organization because they believe that management of big organizations is tedious and consume a lot of time that can be used to care their families. Furthermore, most of the female surveyed preferred to open multiple small businesses rather than dealing with only one and big organization. Other motives like supplementing the businesses owners' normal income, security to the family and exploring business opportunities were rated almost the same when comparing females and males. These factors were seen to be common for males and females.

CONCLUSION AND IMPLICATION OF THE FINDINGS

The findings of this study revealed that female owned enterprise grow slowly compared to male owned enterprises. Although the results did not evidence statistical differences on average sales revenue between male owned enterprises and female owned enterprises, the level of assets and number of employees were different among these two groups. Different motives of owning and running businesses were also observed among the groups. In actual fact, females were observed to be risk averse compared to males. Due to risk averse it is clear that the returns of female owned enterprises were also expected to be low. The low level of growth of females owned enterprises also recount to our theoretical base which sees females in developing countries as a disadvantaged group which are not groomed for opening and running business. Here we concur with theoretical explanation that the growth which resulting from personal needs of the owner managers are socially generated, socially sustained and socially changed. In this regard, the social relationship explains growth motives of the business owners. It is from this point that the social environment where the females grown in developing countries can explain the differences in growth performance of their enterprises. Despite of the fact that both females owned enterprises and males owned enterprises experienced microfinance interventions; males owned enterprises demonstrated higher level of growth than females owned enterprises.

The above results call for special attention that can address the limited motivations that surrounding females. In particular the females who have benefited from microfinance services need to undergo special training that will build their capacity in doing business with growth prospects. Through training the females are expected to change their behavior and how they perceive business activities. Additionally, they will be endowed with motivational characteristics discussed under human motivation view. Training helps small business owners, managers and potential entrepreneurs to meet the challenges of today's business environment manage the ever-changing world and plan for future of their business. This would be achievable because it is argued that in order to effectively pursue growth strategies an entrepreneur requires business and marketing skills to improve management and marketing efficiencies (Fisher, 1998). Further skills obtained in training are an asset that can help to overcome uncertainty in decision making and open new avenues for opportunities. It is from this argument that different writers found that training has significant impact on participant characteristics and final participant outcomes (Edgcomb, 2002; Bratton and Gold, 2003 and Grizzell, 2003).

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A BRIEF REVIEW OF SELECTED LITERATURE ON SME EXPORT PERFORMANCE

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ABSTRACT

This paper is a review of selected literature on export barriers and their impact on export performance of SMEs. The review includes qualitative as well as quantitative studies that have been conducted in order to identify export barriers and determine their impact on SME export performance.

KEYWORDS

Export Barriers, Export Performance, SMEs.

1.0 EXPORT BARRIERS AND SME EXPORT PERFORMANCE

The contribution and importance of SMEs in both domestic and international markets is well established in the literature (Okpara, 2009; Ibeh, 2004) and as such has received considerable attention from researchers (Leonidou, 2004). This attention has mostly focussed on export barriers and SME export performance and most of the findings from past research seems to indicate that SMEs are much more affected by export barriers with SMEs from developing countries fairing even worse (Tesfom & Lutz, 2006; Ibeh ,2004). For instance, according to Ibeh (2004) SMEs in the Organization for Economic Cooperation and Development (OECD) account for four to six percent of exports whilst SMEs in Asian economies account for 12 percent. However, SMEs in Sub Saharan Africa, Nigeria included usually account for one percent or less of exports even though they form the vast majority of firms in these countries (Ibeh, 2004).

The literature on export barrier seems to indicate that SMEs as opposed to larger firms are particularly affected by export problems as they may not have the required resources to manage or overcome such obstacles (Karelakis et al, 2008). This is why despite regional integrations, trade liberalizations and globalizations, and the potential benefits, many SMEs still find it difficult to initiate and/or maintain exporting activities (Leonidou, 2004). The reported benefits of engaging in export activities to SMEs include, risk spreading across different markets and ventures, additional revenue generation, operational and technical improvements as well as improvements in the overall efficiency of the firm (Czinkota & Ronkainen, 2001; Terpstra & Sarathy, 2000). When SMEs try to obtain these export related benefits, they are usually faced with many difficulties or obstacles (Leonidou, 2004) that have been generally termed as export barriers. These export barriers not only lead to poor export performance of SMEs but also are the main reason why many SMEs are sceptical and thus do not engage in exporting activities (Leonidou & Katsikeas, 1996). The export barriers which are discussed in the following sections include (1) financial barriers, (2) operational barriers, 3) human resource barriers, (4) communication barriers (5) knowledge barriers (6) image barriers, (7) marketing barriers (8) export support structures and (9) exogenous barriers. In this review, each set of export barriers is discussed separately in relation to their impact on export performance, with a view to highlight some of the research that has been conducted to investigate those sets of barriers.

1.1 FINANCIAL BARRIERS

Financial barriers refer to the lack of financial resources that may be required to undertake and support exporting activities (Moini, 1997) and they include lack of capital to finance exports, lack of financial resources to cover for export related investments while waiting for payments and lack of financial resources to conduct marketing research abroad (Arteaga-Ortiz & Fernández-Ortiz, 2010; Tesfom & Lutz, 2006; Leonidou, 2004; Shoham & Albaum, 1995). This group of barriers are among the most prevalent barriers affecting SME export performance.

For instance, in a study of factors hindering SME export performance in Nigeria, Okpara and Koumbiadis (2008) reported that insufficient capital to start exports was the second most important export barrier affecting SMEs from various industries in Nigeria. Difficulty in financing sales was among the top six exporting obstacles according to the research by Shoham and Albaum (1995). Other studies have also reported that high cost of capital to finance exports, the lack of capital or the inability to self-finance exports to be a major barrier for SMEs involved in international trade. (e.g. Arteaga-Ortiz & Fernández-Ortiz, 2010; Okpara & Koumbiadis, 2009; Julian & Ahmed, 2005; Leonidou, 2000; Morgan & Katsikeas, 1997; Moini, 1997; Katsikeas & Morgan, 1994).

Another financial related obstacle to exporting is the lack of finance to undertake meaningful overseas market research (Tesfom & Lutz, 2006), which is necessary in order for exporters to understand what is required of them to be successful in their endeavour. This barrier was among the major obstacles found by Okpara and Koumbiadis (2008) to hinder export performance of Nigerian SMEs. In the same vein, lack of finances for market research was ranked second by Suárez-Ortega (2003) out of a list of 19 export barriers encountered by Spanish SMEs involved in the wine industry. Identical findings have been reported by Morgan and Katsikeas (1997) and Katsikeas and Morgan (1994).

1.2 OPERATIONAL BARRIERS

Operational barriers relates to the lack of resources that are required for the functional operation of exporting activities. The lack of operational resources that is required for exporting activities are significant obstacles to SME export performance (Julian & Ahmed, 2005; Leonidou, 2004). For instance, lack of manufacturing capacity was reported as one of the major obstacles to exporting by Okpara and Koumbiadis (2008) and Suárez-Ortega (2003); lack of capacity to continuing export supply was reported as an important barrier by Julian and Ahmed (2005) and lack of excess capacity for exports was identified as a functional barrier to exports by Leonidou (2004).

The difficulty involved with product adaptation to ensure that quality conforms to customer requirement in overseas markets is also a main export barrier that has been identified by the literature (Tesfom & Lutz, 2006, Leonidou, 2004; Leonidou, 1995a). For example, Moini (1997) found that the SMEs in their study perceived this to be a major hindrance to exporting and comparable findings were reported by Karelakis et al., (2008), Morgan and Katsikeas (1997), Kaleka and Katsikeas (1995) and Katsikeas and Morgan (1994). Other studies which have reported this barrier to be significant to the SMEs they studied include Arteaga-Ortiz and Fernández-Ortiz (2010) and Julian and Ahmed (2005). Another related problem for exporters is the difficulty in meeting packaging/labelling requirements of foreign markets (Leonidou, 2004) and this factor was found to be an important export barrier in the studies carried out by Karelakis et al., (2008), Morgan and Katsikeas (1997) and Katsikeas and Morgan (1994).

Lack of appropriate technology is one of the operational related barriers that hinder export performance particularly from developing countries (Tesfom & Lutz, 2006). Along this line, Dickle and Dickle (1992) argued that lack of new technology was a hindrance to export development of Turkish firms and Moodley and Morris (2004) reported that lacking the right technology was a factor that affects South African exporters in the garment industry.

1.3 HUMAN RESOURCE BARRIERS

A number of barriers to export performance that relate to the low quality of the human resources of the firm have been identified by the literature (Tesfom & Lutz, 2006; Ibeh, 2004). Human resource barriers are particularly relevant in SMEs as they lack sufficient number of staff to deal with exporting activities and therefore more often than not decisions relating to exporting are usually made by a single individual (Leonidou, 2004).

The lack of qualified staff to handle exporting activities is one of the human resource related barriers that has received considerable attention in the literature. For instance, Suárez-Ortega, (2003) found that lack of staff for export planning is the third most important barrier affecting firms that participated in the study. Similar findings were reported by Okpara and Koumbiadis (2008) in their study of export problems facing Nigerian SMEs. According to Leonidou (2004), many small firms lack sufficient staff to handle the extra work related to exporting activities and are therefore severely constrained when it comes to dealing with issues such as documentations, logistical arrangements and communicating with foreign customers. Along the same line, lack of export training or qualified personnel for exporting has been found to be a major obstacle to exporting in a number of other studies (Karelakis et al, 2008; Rutihinda, 2008; Julian & Ahmed, 2005; Leonidou, 2000; Morgan & Katsikeas, 1997; Kaleka & Katsikeas, 1995; Shoham & Albaum, 1995; Katsikeas & Morgan, 1994; Yang et al., 1992). Another related human resources barrier to exporting that is relevant to SMEs is the lack of a dedicated or special department that is responsible for exporting activities. A lack of dedicated export department or a poorly organized export department has been reported as an obstacle experienced by SMEs (Karelakis et al., 2008; Katsikeas & Morgan, 1994).

1.4 COMMUNICATION BARRIERS

Communication barriers refer to obstacles that arise due to the lack of communication resources or the inability of firms to connect with partners, distributors and customers abroad (Leonidou, 2004; Eshghi, 1992). This could be as a result of not having the appropriate technology (Moodley & Morris, 2004; Dickle & Dickle, 1992) to facilitate communication or due to the high cost of communication in developing countries. At other times it is simply language differences; a factor which many studies have identified as a major hindrance to export performance (e.g. Arteaga-Ortiz & Fernández-Ortiz, 2010; Okpara & Koumbiadis, 2008; Suárez-Ortega, 2003; Leonidou, 2000; Kaleka & Katsikeas, 1995).

In the same vein, difficulty in establishing contact or problematic communication with partners (overseas distributors, middlemen, insurance and banks) as well as customers has been associated with barriers to export performance (Leonidou, 2004; Moini, 1997; Morgan & Katsikeas, 1997; Kaleka & Katsikeas, 1995; Shoham & Albaum, 1995; Katsikeas & Morgan

1.5 KNOWLEDGE BARRIERS

The obstacles that have been broadly grouped under knowledge barriers in this paper have received attention in the literature under various categories. As such, lack of knowledge related resources has been linked to poor export performance in firms in general and SMEs in the developing world in particular (Tesfom & Lutz, 2006). These barriers include lack of knowledge about potential foreign markets, lack of information about exporting in general, ignorance about foreign cultures and lack of experience to deal with exporting activities (Arteaga-Ortiz & Fernández-Ortiz, 2010; Tesfom & Lutz, 2006).

The lack of knowledge about potential export market and information about business opportunities abroad has been reported to be a significant export barrier (Karelakis et al., 2008; Leonidou, 2004; Kaleka & Katsikeas, 1995; Bilkey & Tesar, 1977). For instance, in their study of 449 exporting and non-exporting SMEs in the UK Morgan and Katsikeas (1997) reported that lack of knowledge about overseas markets was one of the barriers affecting exporting performance. Several studies have also reported that SMEs in developing countries similarly perceive lack of knowledge about foreign markets to be a major obstacle to exporting (e.g. Tesfom & Lutz, 2006; Li, 2004; Weaver & Pak, 1990).

Lack of relevant experience is another factor related to knowledge resources that has been reported as a barrier to exporting in SMEs (Li, 2004). The findings of Li (2004) seem to indicate that firms with lower experience in relation to international trade or exporting activities reported lower levels of export intensity whilst firms with more experience had higher levels of export intensity. Findings from Crick, Al Obaidi & Chaudhry (1998) from a study of 99 Saudi Arabian exporters of non-oil products also seem to indicate that lack of experience in exporting was a significant barrier.

Lack of general knowledge about exporting activities has also been identified as a barrier to exporting by past research (Arteaga-Ortiz & Fernández-Ortiz, 2010). For example in an analysis of export barriers affecting 286 SMEs involved in the wine industry in Spain, Suárez-Ortega (2003) found that general lack of knowledge of how to export was among the top six export barriers encountered by the SMEs. Also, in a study of 96 SMEs from various industries in Nigeria, Okpara and Koumbiadis (2009) found that general lack of knowledge of how to export was among the top three export barriers affecting exporting SMEs in Nigeria. Comparable findings were also reported by Arteaga-Ortiz and Fernández-Ortiz (2010).

The literature has also reported that lack of knowledge about government assistance programmes is an important obstacle to export performance (Arteaga-Ortiz & Fernández-Ortiz, 2010; Suárez-Ortega, 2003) as the ignorance of such assistance means the SMEs do not avail themselves of the existing opportunities. A classic example is the existence of the United State African Growth and Opportunity Act (AGOA) designed specifically to facilitate the exporting of African products to the United States, however the export performance of SMEs in countries like Nigeria that are supposed to benefit from this assistance has not improved (UNCTAD, 2009). The lack of knowledge about such export assistance programmes could be one reason the export performance has not improved. The reported findings by Okpara and Koumbiadis (2009) put this barrier among the top four important barriers in their study of export barriers affecting Nigerian SMEs of various industries. Similarly, Suárez-Ortega (2003) found this barrier to be among the top seven important barriers to exporting in a study of 286 Spanish SMEs in the wine industry.

Differences in cultural traits and the lack of knowledge about the cultural practices of potential foreign markets have also been identified as an important hindrance to export performance (Leonidou, 2004). This is particularly significant in the context of leather products as some cultures are sensitive to using leather products from some animals or animals as a whole because of religious reasons. Hence, to be able to sell leather products to such cultures involves knowing what is allowed and what is not. The literature has reported findings which seem to suggest that this barrier is a significant predictor of poor export performance. For example, Shoham & Albaum (1995) found cultural distance to be the strongest predictor of perceived barrier importance. Other researchers have also reported findings indicating that cultural difference is a major obstacle to export performance particularly for SMEs (Arteaga-Ortiz & Fernández-Ortiz, 2010; Karelakis et al., 2008; Julian & Ahmed, 2005; Kaleka & Katsikeas, 1995; Leonidou, 1995b).

1.6 IMAGE/REPUTATION BARRIERS

Image barriers relate to intangible resources (Grant, 1991), the lack of which could hamper the positive performance of exporting activities (Tesfom & Lutz, 2006). Lack of good image will weaken a firm's ability to compete based on differentiation (Amit & Schoemaker, 1993; and this could affect its export performance in the international arena. Image related barriers can be encountered at the macro-level such as low credit worthiness which makes it difficult to access credit to support exporting activities and/or at the micro-level in the form of customer perception of the firm's products (Tesfom & Lutz, 2006; Collier & Gunning, 1999).

Image related barriers are especially important for developing nations like Nigeria because apart from the general quality issues that exporters from these countries have to contend with, they also face the issue of the poor reputation of their countries (Tesfom & Lutz, 2006), which has been termed as country of origin effect (Lall, 1991). The view that country of origin effect is an export barrier is also supported by Opara (2010) who argued that one of the problems affecting the export of Nigerian products is the low perception of made in Nigeria goods by locals and foreigners alike. Along the same line, Mohy-ud-Din, Javed and Atiq-ur-Rehman (1997) reported that yarn manufacturers in Pakistan lost their competitive position in their major markets as a result of image related problems.

Exporting firms from developing countries are especially susceptible to image related issues when they compete with established global brands. Lack of own brand or a recognizable brand name has been identified by some researchers as obstacles to exporting particularly in developing countries (Opara, 2010; Tesfom & Lutz, 2006; da Silva & da Rocha, 2001; Lall, 1991).

1.7 MARKETING BARRIERS

Marketing barriers represent the inability or lack of capacity by a firm to undertake marketing functions in foreign markets that could ensure the success of exporting activities. Marketing barriers relate to the firm's product pricing and promotional activities in overseas markets (Moini, 1997). According to Moini (1997), SMEs are more susceptible to marketing barriers as they often lack enough resources to undertake proper marketing functions as larger firms do.

Along this line, product promotion in foreign markets has been identified as a major marketing barrier for SMEs involved in international trade especially when it comes to advertising in foreign markets as it involves huge costs (Leonidou, 2004; Moini, 1997). According to Leonidou (2004), there are a number of additional problems that are associated with advertising goods in overseas markets. These issues include the risk of using inappropriate content, different audience, restrictions that may be imposed and the difficulty in knowing how effective the advertising is in a foreign country. It is not surprise therefore, that researchers have reported that adjusting promotional activities or meeting the promotional needs required in foreign markets is a hindrance to export performance of SMEs (e.g. Rutihinda, 2008; Leonidou, 2004; Moini, 1997; Morgan & Katsikeas, 1997).

The difficulty involved in offering satisfactory prices to customers is another marketing barrier that has affected the export performance of SMEs, particularly from developing countries like Nigeria (Tesfom & Lutz, 2006) and this could be as a result of fluctuating exchange rates or difficulty matching competitors' prices (Julian & Ahmed, 2005; Leonidou, 2004; Leonidou, 2000). Moini (1997) found pricing for foreign markets to be the second most difficult barrier encountered by SMEs operating in various industries in Wisconsin, USA. Comparable findings have been reported by Rutihinda (2008), Morgan and Katsikeas (1997) and Kaleka and Katsikeas (1995).

In order for firms to sustain exporting activities or even initiate exporting, they have to first identify who their potential customers are. However, identifying customers in foreign markets is another marketing obstacle to exporting and this barrier limits the ability of the firm to tap the existing potential foreign markets have to offer (Tesfom & Lutz, 2006; Leonidou, 2004). Another related marketing barrier is the identification of reliable middlemen or distributors that the firm can work with abroad. This barrier was ranked as the most important obstacle to exporting in the study by Moini (1997).

1.8 EXPORT SUPPORT STRUCTURES

Export support structures are those structures that a host country puts in place to facilitate or stimulate national export policy thereby encouraging firms to engage in exporting activities (Tesfom & Lutz, 2006). The lack of such structures which can manifest itself in the form of unfavourable home rules and regulations, lack of financial institutions with the requisite expertise in exporting activities and lack of government assistance programmes to overcome export barriers (Okpara & Koumbiadis, 2008; Leonidou, 2004; Rutihinda, 2008; Suárez-Ortega, 2003) can severely affect the export performance of SMEs.

With regards to unfavourable home rules and regulations (Rutihinda, 2008), governments have been known to impose restriction on the export of certain products for diverse reasons, which include prohibitions of exports of commodities in order to alleviate domestic shortages as well as restrictions of exports to hostile countries (Leonidou, 2004). Domestic restrictions can also be in the form of bureaucratic obstacles or complying with extensive export regulations (Okpara & Koumbiadis, 2009; Karelakis et al, 2008; Moini, 1997, Morgan & Katsikeas, 1997; Leonidou, 1995b; Yang, Leone & Alden, 1992) which increases the difficulty of the exporting process as a whole.

Lack of government assistance programmes such as tax incentives that are geared towards helping firms overcome export barriers is another export support structure related barrier to export performance for SMEs that has been identified by the literature (Opara, 2010, Leonidou, 2004). Thus, lack of government assistance as a barrier to export performance has been regularly identified in the literature as one of the major obstacles to exporting encountered by SMEs (e.g. Opara, 2010; Okpara & Koumbiadis, 2009; Rutihinda, 2008; Karelakis et at., 2008; Okpara & Koumbiadis, 2008; Julian & Ahmed, 2005; Leonidou, 2000; Morgan & Katsikeas, 1997; Shoham & Albaum, 1995; Kaleka & Katsikeas, 1995; Katsikeas & Morgan, 1994).

Lack of financial institutions such as banks and insurance companies with sufficient knowhow in dealing with exporting matters is an additional burden for exporting firms (Arteaga-Ortiz & Fernández-Ortiz, 2010; Suárez-Ortega, 2003) and this problem is much more acute in developing countries (Okpara & Koumbiadis, 2008). Other researchers who have reported this barrier as an obstacle to export performance include Da Silva (2001) and Yang et al., (1992).

1.9 EXOGENOUS BARRIERS

The set of barriers to exporting that have been labelled as exogenous barriers (Yang et al., 1992) are related to a host of domestic and foreign (Leonidou, 1995a) factors that inhibit the ability of a firm to engage in exporting activities. The common characteristics of exogenous barriers is that they are a function of prevailing circumstances and are therefore usually outside the control of the firm (Leonidou, 2004; Leonidou, 1995a). These types of barriers, which include unfavourable exchange rates, tariff and non-tariff barriers, poor infrastructure, corruption and international trade agreements, are reported to be major export obstacles in developing countries (Tesfom & Lutz, 2006).

Strong competition in overseas markets is an export barrier, which SMEs are particularly vulnerable to as they often do not have the resources to engage in strategies that could enhance their competitive advantage. As such this barrier has been found to be an important obstacle to export performance by researchers in the past (e.g. Arteaga-Ortiz & Fernández-Ortiz, 2010; Suárez-Ortega, 2003; Moini, 1997; Morgan & Katsikeas, 1997; Leonidou, 1995b; Katsikeas & Morgan 1994). Also, Okpara & Koumbiadis (2008) reported that intense foreign competition is one of the most important barrier faced by Nigerian SMEs involved in exporting activities.

Unfavourable currency exchange rates or the risks associated with currency exchange rates is also among the exogenous barriers to exporting that has been reported in the literature (Tesfom & Lutz, 2006; Julian & Ahmed, 2005; Leonidou, 2004; Morgan & Katsikeas, 1997; Leonidou 1995b; Yang et al., 1992). The fluctuating exchange rate between the Nigerian Naira and the United States dollar for instance, means that prices are always changing, hence there is an endemic risk associated with currency exchange rate fluctuation (Leonidou, 2004; Suárez-Ortega, 2003; Eshghi, 1992). This barrier was also found to be a major obstacle faced by Nigerian SMEs involved in exporting activities (Opara, 2010; Okpara & Koumbiadis, 2008).

Political and/or economic instability in the target market pose serious risks to exporters and therefore affect export performance of firms (Arteaga-Ortiz & Fernández-Ortiz, 2010, Rutihinda, 2008; Leonidou, 2004; Leonidou, 1995a). This barrier is particular relevant to Nigerian exporters as several of their potential export markets in their immediate West African neighbourhood (Opara, 2010) have been rocked by political and economic stability in recent times. Political and social issues as barriers have thus been identified by some researchers as factors affecting the export performance of firms (e.g. Da Silva, 2001; Eshghi, 1992; Mayo, 1991).

Poor or inadequate infrastructure such as lack of good roads, weak telecommunications systems and inconsistent electricity supply in the host country is a major barrier to exporting in developing countries (Tesfom & Lutz, 2006; Ibeh, 2004; Lall, 1991). Poor road systems usually leads to high transportation costs (Arteaga-Ortiz & Fernández-Ortiz, 2010; Okpara & Koumbiadis, 2008; Karelakis et al., 2008; Leonidou, 2004; Katsikeas & Morgan, 1994; Yang et al., 1992) and lack of adequate supply of power leads to disruption in production. According to Amakom (2006), inadequate infrastructure was ranked by firms as one of the most severe obstacles to business operations in Northern Nigeria. Okpara & Koumbiadis (2008) also reported that poor infrastructure was a major obstacle to Nigerian SMEs involved in the exporting business.

2.0 CONCLUSIONS

This brief review of selected literature indicates that extensive research has been conducted to study the relationship between export barriers and SME export performance and the consensus is that SMEs are particularly affected by export barriers to such an extent that many find it difficult to engage in exporting activities Tesfom & Lutz, 2006; Leonidou, 2004).

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TOURISM MARKETING: A STUDY TO OVERCOME CHALLENGES OF TOURISM IN BANGLADESH

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ABSTRACT

It is a great concern that Bangladesh despite been as a resourceful country is finding itself in difficulty to be established in tourism arena. The reasons are numerous. Thus an authentic scrutinize is needed. That is why this paper comes into live. The whole southern side of Bangladesh has extensive potentiality in promoting tourism. But no real impact is yet to make by using it into the economy. Although initiatives been taken previously, but results are not satisfying at all. The success in the Cox's bazaar district can easily make us realize how potentiality is left untouched in the similar other regions. Bangladesh has the wonder of nature Sundarban, the largest mangrove forest in the world situated at the south-eastern region. It covers at least five districts. Bangladesh got the place kuakata, a place in Patuakhali district, where both sun rise and sunset can be seen from a single place from the sea beach .Bangladesh also has beautiful hilly areas like Bandar ban, Rangamati and, Khagrachari. On the other hand districts like Bagerhat, Jhalokathi, Barishal and Bhola can provide few world heritage sites as well. These enormous natural beauty needs to be endorsed to the tourists. Tourists must be provided with all the facilities that are demanded. The more amenities Bangladesh can provide the more tourists will visit. It's the Asia which will rule the next tourism sector and Bangladesh need to grab the opportunity. Our research has focused in these points and has found few ideas which can assist the tourism sector of Bangladesh in the long run.

KEYWORDS
Bangladesh, Kuakata, Tourism, Sundarban, World Heritage Site.

1.1 INTRODUCTION
Bangladesh, a South-East Asian country, is one of the most natural resource affluent countries in the world. This country has wide range of population, culture and custom. This versatility has always kept the foreigner attractive in this nation. Historically Bengal was a foresight place for the Mughals. Later the East has ruled the nation which has added the diversity. Bangladesh has achieved its independence in 1971. And since then it is growing as a nation. It is working hard on all the potentiality it has. But one of its strength is yet to be given emphasize, its tourism sector.

Has it been given the priority in tourism then Bangladesh would have suppressed all the struggles it has done. The time has come to renovate the potentiality. And tourism is the one which is on the cards. The God gifted treasure lies in its southern part. Where sea beach seems very common, hills are adorned by the nature effortlessly and the indigenous mangrove forest is like just another bunches of trees streaming thousands of kilometer area. Adding with these the buildings having archeological evidence of the past along with oldest tribal area of the world makes Bangladesh a country which has all the element to attract the tourists.

Despite having so many positive sides for Bangladesh tourism sector, it has yet to bloom in full swing. The Government has given focus in it in the past. But this huge area demands private intervention as well. Integrated planning is needed and the execution has to be absolutely correct. As Bangladesh is about to compete in the emerging tourism sectors of Asia. The more rigid the planning the better will be the outcome.

1.2 OBJECTIVES OF THE STUDY
The objective of the paper is to address problems of the tourism sector of Bangladesh. What are the barriers that are preventing Bangladesh from being successful in this sector? Obviously, we will recommend the tentative solution as well. Few remaining points will make the readers thinking of what they would have done if in the similar thought. It is hoped that Bangladesh tourism will get new thoughts by this paper and by implementing the recommendation given in it will eradicate all the hindrance it has.

AREA OF EMPHASIZE

On the basis of the research problem, the proposed study will mainly attempt to concentrate on the following areas:
- To study the current development trends of the tourism industry in Bangladesh;
- To examine the marketing activities undertaken by the different tour operators and evaluate the role of their activities for the development of this industry;
- To identify the problems and limitations of marketing activities undertaken by the above mentioned tourism firms; and
- To prescribe necessary policies and managerial implications of the tour operating firms in Bangladesh in light of findings and current theory in the field.

1.3 RESEARCH METHODOLOGY
The challenges and solutions of tourism marketing of Bangladesh are depicted in the study. The research is based on the secondary data which are conducted from various sources such as Bangladesh Parjatan Corporation (BPC), Bangladesh Bank etc. The following sections are followed to conduct the research:

Conducting Secondary Data: Secondary data are collected from various sources.

Verifying and Finalizing the Data: Collected data are scrutinized to see if the resembles with the data of other sources.

Data Processing and Analysis: The data are processed and analyzed by MS Excel and SPSS (Statistical Program for Social Science).

1.4 THE NATURE OF THE STUDY

Marketing activities can play the significant role for the development of tourism industry. Tourism in Bangladesh is of no exception from this. Lack of marketing plans is likely to affects the development of tourism in any country as well as in Bangladesh. But the existing literature on the promotional aspects of Bangladesh tourism is very rare and even on the literature covering the marketing aspects of tourism industry in Bangladesh is very limited. As a result, the study is exploratory in nature.

It was assumed that promotion is a vital force for an effective marketing strategy of tourism products and services. But Bangladesh is far behind from the realization of the fact and due to that Bangladesh could not take advantage of the full potential of the sector and which causes not to develop the industry significantly and expectation which could be and failed to earn sufficient amount of foreign currency. The present study on the use of promotional activities in Bangladesh tourism industry is an attempt to highlight the issues related to promotion and put forward some suggestions to what actual promotional measures are best suited for attracting more tourists to Bangladesh and contribute more positively to the economy of the country. It was also attempted to identify the promotional approaches of the industry in Bangladesh. Shop in gift shops and farms stands for local and regional produce or hand-crafted gifts, and much more. Each farm generally offers a unique and memorable experience suitable for the entire family.

1.5 DIFFERENT TYPES OF TOURISM

Tourism can be classified in a number of ways based on the nature of activity, location type or duration of stay. A brief description on major types of tourism can be presented as:

1.5.1 ADVENTURE TOURISM

Adventure Tourism is a type of niche tourism involving exploration or travel to remote areas, where the traveler should expect the unexpected. It is rapidly growing in popularity as tourists seek unusual holidays, different from the typical beach vacation and typically involves traveling into remote, inaccessible and possibly hostile areas. It may include the performance of acts that require significant effort and grit and may also involve some degree of risk.

1.5.2 AGROTOURISM

A style of vacation in which hospitality is offered on firms which may include the opportunity to assist with farming tasks during the visit where the tourists have the opportunity to pick up fruits and vegetables, ride horses, taste honey, learn about wine, shop in gift shops and farms stands for local and regional produce or hand-crafted gifts, and much more. Each farm generally offers a unique and memorable experience suitable for the entire family.

1.5.3 ECOTOURISM

Ecotourism essentially means ecological tourism; where ecological has both environmental and social connotations. Ecotourism refers to tourism that is based on the natural environment but that seeks to minimize the harmful impacts and better still, seeks to promote conservation. It focuses on local cultures, wilderness adventures, volunteering, personal growth and learning new ways to live on our vulnerable planet. Responsible ecotourism includes programs that minimize the adverse effects of traditional tourism on the natural environment, and enhance the cultural integrity of local people.

1.5.4 HERITAGE TOURISM

The hottest or recent trend in today's tourism industry is heritage tourism or visiting historical sites of an area. Now a day, people want to enrich their lives through traveling not to escape rather than visiting a park or a mountain range. They want to experience unique places, traditions and history and learn about their cultural roots. Heritage tourism involves visiting historical or industrial sites that may include old canals, railways, battleground etc with the purpose of gaining an appreciation of the past. In addition to that education, fun, marriage, employment, etc can also be the purpose of heritage tourism. It can also be attributed to historical events that have been dramatized to make them more entertaining.

1.5.5 SPACE TOURISM

A recent concept in tourism is space tourism where individuals travel for the purpose of personal pleasure and is only affordable to exceptionally wealthy individuals and corporations. Among the primary attractions of space tourism is the uniqueness of the experience, the awesome and thrilling feelings of looking at the earth from the space.

1.5.6 CULTURAL TOURISM

The cultural tourism has been around for a long time and is the "oldest of the 'new' tourism phenomena". Cultural tourism is the subset of tourism concerned with a country or region's culture, especially its arts and includes tourism in urban areas, particularly historic or large cities and their cultural facilities such as museums and theatres. It can also, less often, include tourism to rural areas; for outdoor festivals, the houses of famous writers and artists, sculpture parks and landscapes made famous in literature and is generally agreed that cultural tourists spend substantially more than standard tourists do.

1.5.7 ALTERNATIVE TOURISM

Alternative tourism is a tourism that gives emphasis to the contact and understanding between the hosts and the tourist, as well as the environment. Also as a tourism that is consistent with the natural, social and community values and that allows a positive relationship among locals and tourists. Alternative tourism includes micro and small companies of local inhabitants' property. The classifications that can be included under the concept of alternative tourism can be Natural, Cultural and Events etc.

1.5.8 GEOTOURISM

Geotourism is defined as tourism that sustains or enhances the geographical character of a place, its environment, culture, aesthetics, heritage, and the well-being of its residents. Geotourism adds to sustainability principles by building on geographical character – "sense of place" – to create a type of tourism that emphasizes the distinctiveness of its locale, and that benefits visitor and resident alike.

1.5.9 BENEFIT OF TOURISM

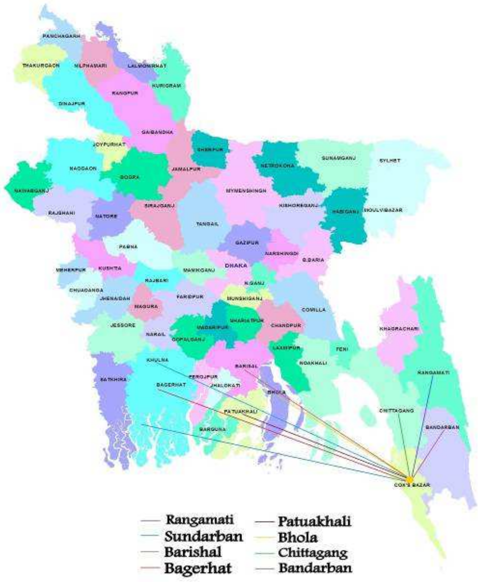
The benefit tourism is, the individuals travel from other countries to obtain free medical attention or to take advantage of the country's welfare system. Benefit tourism is the name given to the perceived threat that after May 1, 2004, huge masses of citizens from the European Union's ten new member countries would move to the previous fifteen.

1.6 TOURISM ATTRACTIONS OF BANGLADESH

Sea Beaches	Mangrove Forest	Gardens, Parks and Sanctuaries	Bishwa Iztima (Muslim Gathering)
Archaeological Sites	Museums	Mosques Tombs and Shrines and Churches3 Temples and Monastery	Rabindra and Nazrul Jayanti
Historical Places and Cultural Heritage	Monuments	Fairs and Festivals like Pahela Baishakh	Hills, Rivers, Lakes and Island

1.7 INTEGRATED TOURISM LOCATIONS FROM COX'S BAZAAR

FIG 1: MAP OF BANGLADESH



2.1 PROMOTIONAL ACTIVITIES USED FOR TOURISM MARKETING

BPC is the only National Tourism Organization (NTO) in Bangladesh and acts as the public sector tour operator and there are a few number of private tour operators. But most of the private tour operates established newly and lack the sufficient amount of funds. Instead of the lacks of sufficient amount of funds, both BPC and private tour operators are trying to conduct the promotional activities in order to attract more tourists to its destination and thus, develop the tourism industry in Bangladesh. As we know that marketing promotion includes advertising, Personal selling, sales promotion and publicity. All these tools of promotion are used in promoting Bangladesh tourism. BPC also uses a web site for disseminating the information to the potential tourists. But the fact is that the web site does not contain the complete information of Bangladesh tourism and it related facilities. As a result, it is tough for a potential tourist to have the required information from the said page.

Bangladesh Parjatan Corporation is trying at its utmost level by using the different form and techniques of promotional tools. But BPC' lacks seriously for sufficient funds and it limits the promotional activities in a very limited scale. The following table shows the year-wise foreign exchange earnings of BPC and promotion expenditure:

FIGURE 2: FOREIGN EXCHANGE EARNINGS OF BPC

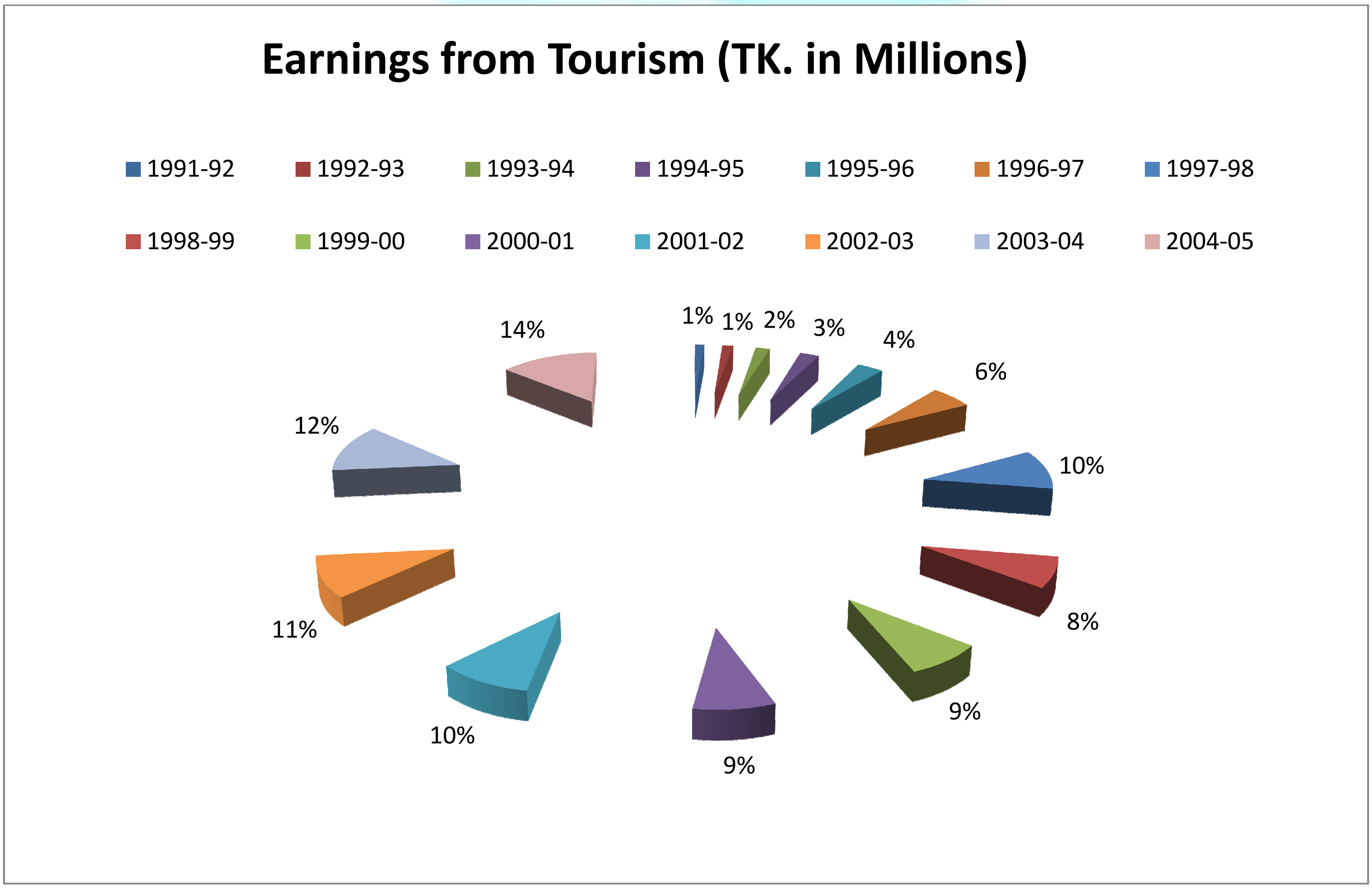


FIGURE 3: PROMOTION EXPENDITURE ON BPC

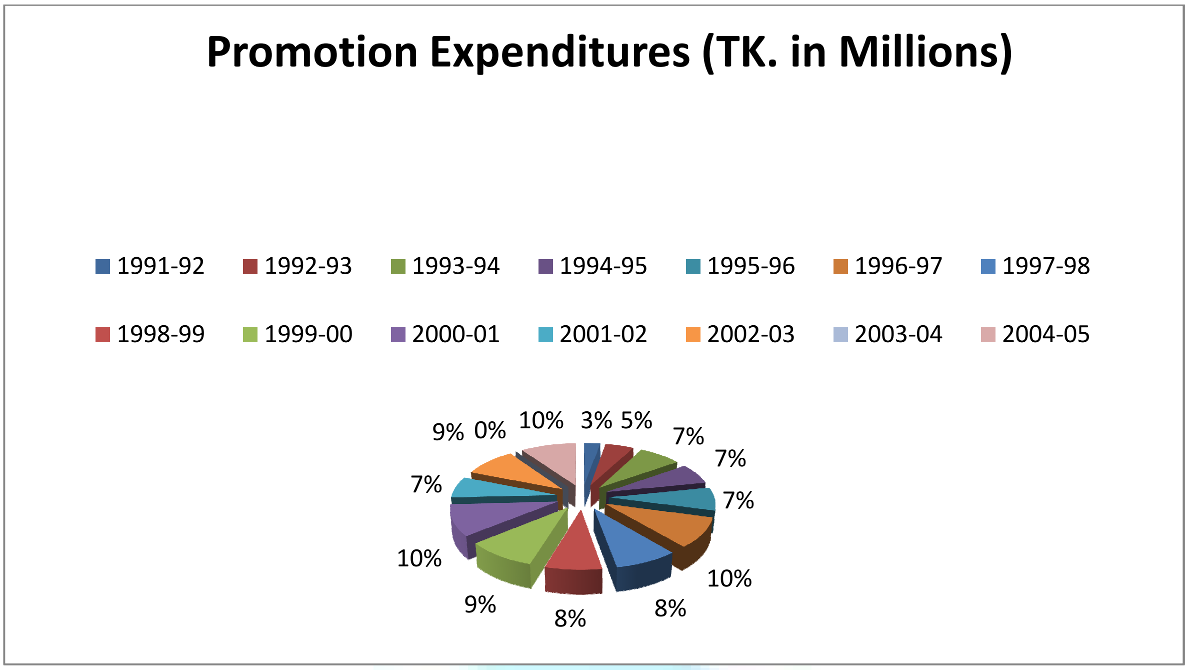
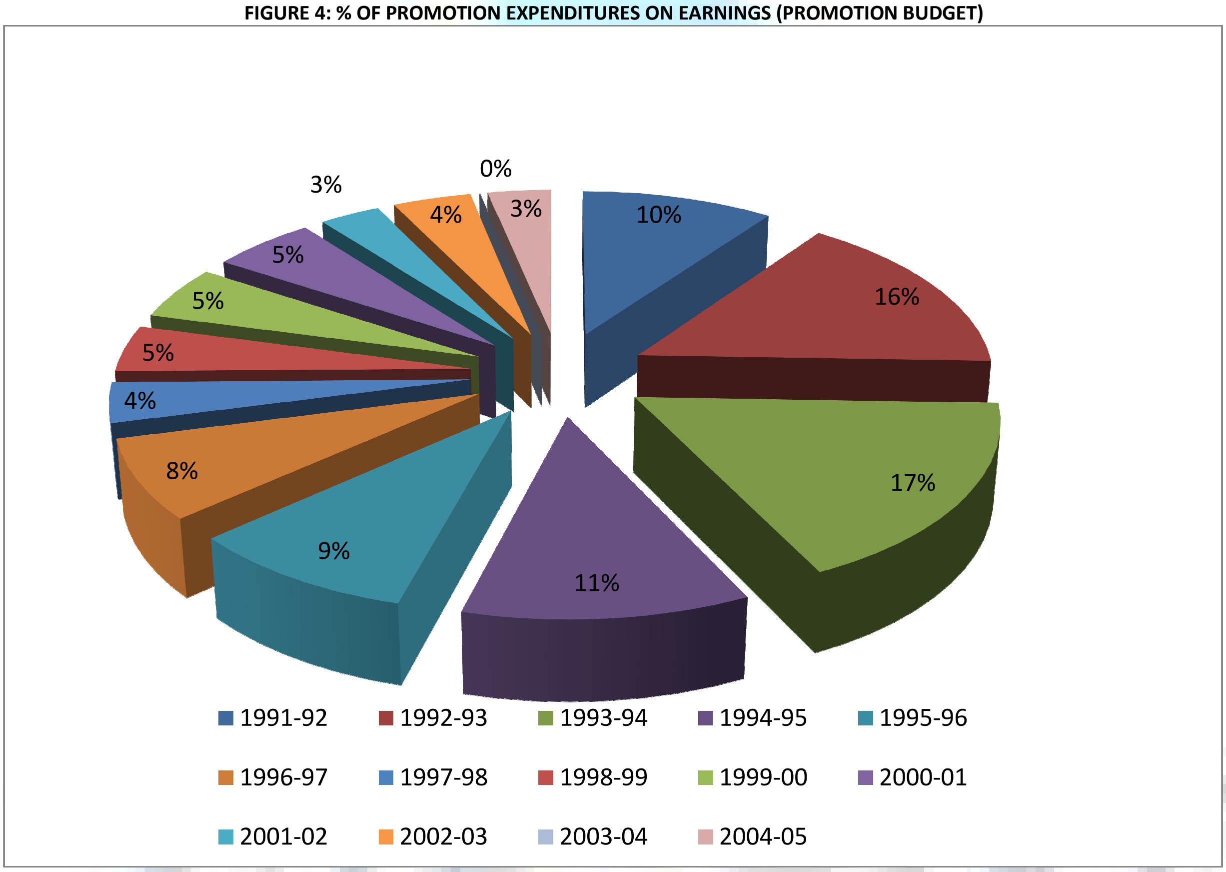


FIGURE 4: % OF PROMOTION EXPENDITURES ON EARNINGS (PROMOTION BUDGET)



Source: Bangladesh Bank and BPC Web site

FOREIGN EXCHANGE EARNINGS, PROMOTION BUDGET & PROMOTION EXPENDITURE OF BPC

It is apparent from the table 1 that BPC spend a small percentage of its total income for promotional activities. In 1991-92, BPC spent only TK. 2.965 million which in only 0.76 percent of its total earnings. The spending for the same purpose increased to Tk. 10.413 in 2004-05 but the percentage on total earnings decreased to only 0.25 percent. Tk. 10.413 million is equivalent to about US$ 158,000 only cannot meet the demand for the need of expenditure of an effective promotional measure. Because of the diverse location of the potential tourists and the increasing competition among the different competitive destination countries, tourism sector needs undertake vigorous promotional activities at the national and international levels. Again, the promotion for tourism needs to have the international coverage which requires using international media. To use the international media for promoting any product or service needs a handsome amount of money to spend. But it is clear that the amount spend by BPC is not sufficient enough to use international media covering a vast area of the potential tourist attracting regions. As a result, Bangladesh fails to highlight its tourist attractions to the potential tourists as well as to draw the attention and influence them to select Bangladesh as a tourist destination. The insufficiency of the fund for conducting promotional activities, BPC has to depend on the local media, posters, folders, brochures, tourist maps etc.

The private tour operators also use some sorts of sales promotion like off-season price discounts, free distribution of printed materials; organize live music programs for the visitors in destination's spot, extra service offers, group tour discounts for the packages offered and river cruise programs. Hardly two or three operators are using the web page for the promotion of the tourism in Bangladesh.

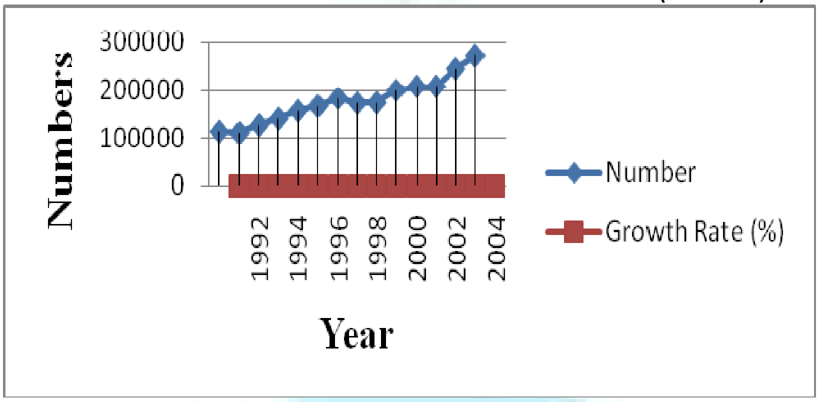
2.2 PROMOTIONAL ACTIVITIES UNDERTAKEN IN BANGLADESH

All most all the tour operators use all the tools of promotion mix in order to promote the industry. They make the advertisements in local newspapers, magazines and televisions. In addition to that they also use the printed materials like brochures, souvenirs, booklet, guides and posters, folders in disseminating information among the potential tourists in order to draw their attention and grow interest among the potential tourists. But they don't use any international medium to advertise its products or services.

BPC has the arrangements to train up their employees and contact personnel to ensure the better interactions and maintain good relationships with the prospective tourists and to motivate them in visiting Bangladesh. BPC and some of the larger private tour operators maintain contact with the foreign tour operators to influence them highlight Bangladesh tourism and its facilities to the foreign tourists.

Both the private tour operators and BPC uses the techniques of sales promotion which include quantity discount, children discount, off-season price rebate and improved service packages for it package tours, cruise programs and accommodations to persuade the local tourist as well as the foreign tourists. In addition to that BPC and some private tour operators participate at the tourism exhibition/fair arranged locally and internationally. Occasionally, BPC arranges different cultural night shows, food festivals, seminars, symposiums, audio-visual presentations etc. at the popular tourism destination of the country. BPC has a web site to provide the information of Bangladesh tourism and its facilities among the prospective tourists though the web site is not well designed.

FIGURE 5: TOURISTS ARRIVAL FROM MEMBER COUNTRIES OF SAARC (1991-2004)



Source: Special Branch, Bangladesh.

The marketing performance of any tourism organization can be evaluated based on the earnings by the organization. So, it was attempted to focus on the earnings of BPC and the growth rate of the same for the last couple of years to have a clear picture of the sector in terms of financial performance. The following table is shows the earnings and growth rate of the same of BPC, the only government owned tourism organization in Bangladesh:

FIGURE 6: EARNINGS FROM TOURISM

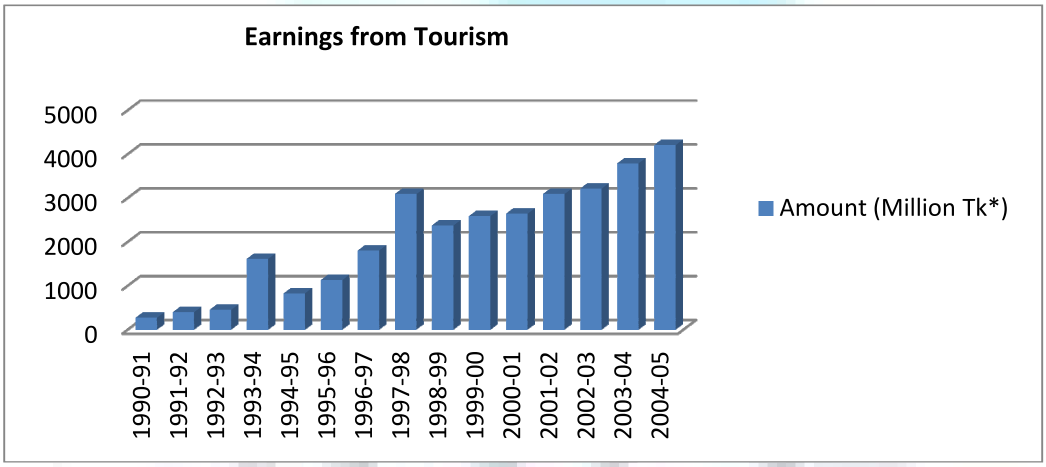
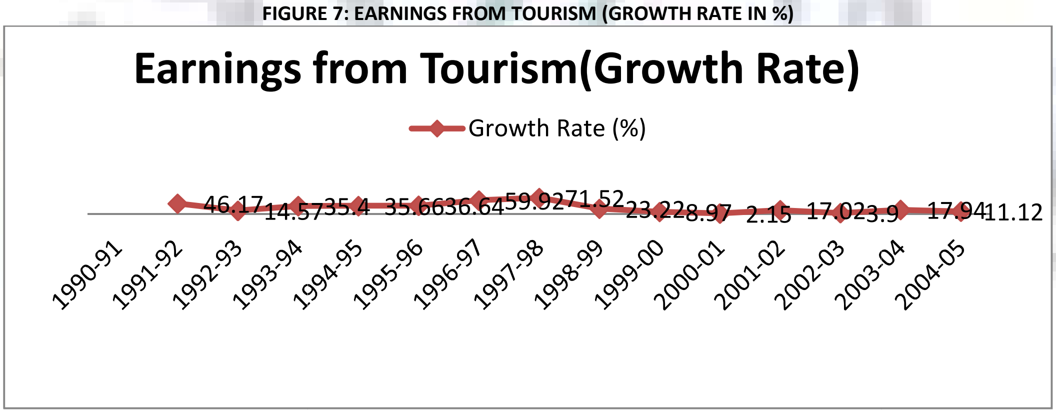


FIGURE 7: EARNINGS FROM TOURISM (GROWTH RATE IN %)



Source: Bangladesh Bank and BPC Web page

FOREIGN EXCHANGE EARNINGS FROM TOURISM AND TRAVELS IN BANGLADESH

2.3 COST OF HOTEL/ACCOMODATION IN BANGLADESH

A tourist destination country needs to provide the secured accommodation facilities to the foreign tourists as well as to the local tourists. It is vital for the success for a tourist region to provide sufficient quantity or right quality accommodations at a competitive price compare to its competitive destinations countries to fulfill the visitors' needs. The following table shows the accommodation/hotel cost in Bangladesh and its competitive neighboring countries:

TABLE 1: AVERAGE HOTELS/ ACCOMMODATION COST (IN US$) IN SOUTH ASIAN COUNTRIES

Name of the country	Hotel Ranking		
	5 Star	4 Star	3 Star
Bangladesh	1 Adult: 1772 Adults:177	1 Adult: 1142 Adults: 138	1 Adult: 902 Adults: 100
India	1 Adult: 2792 Adults:291	1 Adult: 1092 Adults: 117	1 Adult: 912 Adults: 100
Maldives	1 Adult: 3192 Adults:334	1 Adult: 1842 Adults: 223	1 Adult: 1322 Adults: 149
Nepal	1 Adult: 1512 Adults:164	1 Adult: 872 Adults: 100	1 Adult: 542 Adults: 63
Pakistan	1 Adult: 2252 Adults:241	1 Adult: 942 Adults: 109	1 Adult: 622 Adults: 75
Sri Lanka	1 Adult: 1342 Adults:138	1 Adult: 752 Adults: 84	1 Adult: 732 Adults: 82

Source: WTO

2.4 PROBLEMS OF TOURISM MARKETING IN BANGLADESH

Tourism is now a fastest growing industry in the world. The ever-increasing growth of this industry and its market has increased the competition among the tourists importing countries. As a result, the success of any destination country depends on how well it can initiate and adopt the competitive marketing strategy over its competitors. The destination country needs to take the effective marketing measures so that they can gain the positive result through attracting more tourists to its destination.

Bangladesh is trying to attract more tourists to its destination through different measures. But the country lacks far behind to conduct the appropriate and sufficient measures regarding the marketing measures. The position of Bangladesh tourism in world context is very negligible even the country's position is at the bottom line in the South Asian region. Among the seven countries of SAARC in this region, Bangladesh holds the 6th position just above the position of Bhutan. One of the reasons of not succeeding Bangladesh tourism is ineffective marketing plans undertaken for the sector. So, it is essential for the policy makers of the concern industry to consider the following issues very carefully and on the priority basis for the expected development of the industry.

2.4.1 NEGETIVE IMPACT OF SECURITY AND COUNTRY'S POOR IMAGE

Bangladesh, whose image abroad tends to revolve round its being one of the poorest countries in the world and prone to natural calamities like flood and cyclone, is not an obvious tourist destination. The tourism industry has also suffered significantly due to the bomb attacks and terrorist activities in the recent past years.

2.4.2 UNDERDEVELOPED ACCOMODATION AND OTHER FACILITIES

Accommodation is one of the most significant factors to have contributed to the development of tourism world-wide and the absence of which may put off the tourists from traveling to enjoy the attractions. Standard hotel accommodation and transport system in Bangladesh is not adequate for attracting international tourists even the local tourists. Hotels' infrastructure and other services are still underdeveloped in the country.

2.4.3 LACK OF INFRASTRUCTURE AND GOVERNMENT SUPPORT

The presence of very few international standard hotels, the low frequency of flights and the underdevelopment of tourist attractions has limited the tourism potential. With poor infrastructure, little marketing sense and direction, and a national carrier too busy serving the labor traffic, tourism potentials of Bangladesh this far remained unexploited. Another key aspect of infrastructure is the availability of monetary funds during travel. Even until recently, the ATMs outside Dhaka aren't connected to the international network, and traveler's cheques are very difficult to cash.

2.4.4 INEFFECTIVE MARKETING STRATEGIES AND POOR PROMOTIONAL ACTIVITIES

Promotional activities undertaken by Bangladesh tourism sector is not effective and is limited to traditional activities like distributing brochures, hand book, advertising in national news papers, local TV channels etc. Both the existing literature and the data collected show that the promotional measures taken by Bangladesh tourism are not effective. The existing literature shows that the promotional activities undertaken by this sector is very traditional in form and are limited to folders, posters, accommodation guide etc. and again it is not well distributed and publicized.

2.4.5 INSUFFICIENT FUND AND GOVERNMENT SUPPORT

Most of the private tour operators started their activities recently. As most of the tour operators are new in this area of marketing, they lack the experience and capital to run the business as most of them expressed their sufferings due to lack of fund for conducting the necessary promotional activities for the marketing of tourism services.

2.4.6 UNAVAILABILITY OF UPDATED INFORMATION

Both the local and potential international tourists face the problem of easy access to information related to Bangladesh tourism and its facilities. Though BPC uses its web page, but it is not capable to highlight the Bangladesh tourism attractions and the necessary related information properly.

2.5 TOURISM POTENTIAL IN BANGLADESH

Bangladesh is located conveniently on the east-west air-corridor making it a gateway to the Far East. It is endowed with resources and the potential for a tourism industry. In the south-east the country has a 120 km long beach of soft silvery sand, perhaps the world's longest, in a Riviera-like setting with crescent-shaped low hills overlooking the Bay of Bengal. The ranges of the hills clad in lush green thickets are treasured locations for eco-tourists and wildlife watchers. At the head of this terrain is Cox's Bazaar which is as romantic as its name is to the outside world. The Hill Districts to the north and north-east of Cox's Bazaar nestle the Kaptai and Rangamatilakes, a 840 sq.km body of crystal clear water lying in sylvan shadows not far from where a dozen hill tribes follow their traditional life-styles. The Tea District of Sylhet in the far north-east of the country has prospects of tourism, as does the Sundarbans, a large mangrove forest in the South which is home of the Bengal tiger; remains of palaces of old principalities and archaeological sites of Buddhist monasteries. Shrines and holy places, mosques and temples, particularly in the northern part of the country, are among the tourist treasures of Bangladesh.

2.5.1 POTENTIAL TO RECEIVE A LARGE NUMBER OF TOURISTS

Bangladesh has the potential of receiving a large number of tourists and a handsome amount of earnings from this sector. The average growth rate in tourist arrivals in Bangladesh from 1991 to 2004 is 7.19 percent and the same in earnings from 1990-91 to 2004-2005 is 24.12 percent whereas the WTO's forecast is average annual growth rate is 6.10 percent between 1995 to 2020 for South Asia.

2.5.2 A COMPETENT LAND OF TOURISM

Bangladesh as a vacation land has many facets. The country's tourist attractions include archaeological sites, historic mosques and monuments, resorts, beaches, picnic spots, forest, colorful tribal life and wildlife. Bangladesh offers opportunities for angling, water-skiing, river cruising, hiking, rowing, surfing, yachting and sea bathing as well as bringing one in close touch with Mother Nature. The country is also rich in wildlife.

2.5.3 PROSPECTIVE ECO TOURISM

As a destination for eco-tourism, Bangladesh is truly hard to beat. A country in South Asia with an area of 144,470 square kilometers, Bangladesh definitely offers a lot to see enjoy and do. The main attraction of Bangladesh could be its opportunities for eco-tourism with it's a variety of animals, birds, forests, hills and hillocks and aquatic life. The country can become popular as an eco-destination in South Asia.

2.6 SUGGESTIONS FROM THE TOUR OPERATORS

The summary of suggestions of tour operators about the steps those should be undertaken to attract more tourists are presented in the table below:

TABLE 2: REQUIRED MEASURES UNDERTAKEN TO ATTRACT MORE TOURISTS

To attract foreign tourists	To attract local tourists
Participate in international tourism fairs Uses Bangladesh mission abroad Contracting international tour operators Distributing brochures and tourist hand books Uses of well-designed website Advertises in local Newspapers and Bangladesh Television Arranges tourism fairs Distributes tourism publications to the potential tourists	

The National Tourism Organization (BPC) and the private tour operators in Bangladesh put forward some suggestions for the development of Bangladesh tourism. Their suggestions can be presented in a summarized form in the following table:

TABLE 3: SUGGESTIONS FROM THE TOUR OPERATORS

Suggestion from BPC	Suggestion from Private Tour Operators
Need to develop new attractions/ products or services in the destinations. More promotional activities should be undertaken. Should develop and update an attractive web site to provide the required information to the potential tourists. Government should priories this sector for development plan. Security of the tourists should be ensured. BPC should have full autonomy to take necessary decision timely	Infrastructural development is needed. Developing new products or services in the destinations. Well designed website is needed. Foreign mission should be involved in promotional activities. Law and order situation should be developed. Need coordinated promotion activities by NTO and other parties involved. Govt. support to the private tour operators is necessary for the development of this sector. Tax holiday for vehicles is necessary for minimizing cost of operation.

2.7 RECOMMENDATIONS TO IMPROVE THE TOURISM INDUSDRY

- Correcting the image of the country
- Ensuring the security of the tourists
- Use of Information Technology in promotional activity
- Promoting to some specific regions
- Allocation of more promotional funds
- More discounted offer for a group tour and long stay
- Use of foreign tour operators to promote Bangladesh
- Cooperation among the neighboring countries around Bangladesh
- Developing infrastructure facilities and diversified products
- Encouraging more private sector investment
- Coordination among the different related sectors

2.8 LIMITATIONS OF THE STUDY

The Research data has been taken from previous year’s statistics. Although it showed the trend of the tourism in this part of the world.
The Research lack of modern day infrastructure situation though this situation hasn’t change.
This research process stand on the secondary data collected previously by various source.

2.9 SCOPE FOR FURTHER RESEARCH

The future researcher should focus on the present infrastructure of Bangladesh Tourism.
Collecting data from tourists recently visited this region.
Recommend for the future plan in competing with tourism developed countries.

2.10 CONCLUSION

All that matters in the end that does our existing system works for the betterment of the tourism and if it doesn’t then it has to be changed. As the change is inevitably brings something new, we hope the recommendation stated above could lead to a sustainable change. The findings of the tourism of Bangladesh is quiet unique. We expect Bangladesh tourism is likely to become the most emerging tourism country in the Asia soon. The ramification of the effort will bring the execution at a higher level in the long run.

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DEVELOPMENT OF LOYALTY PROGRAMS: AN INTEGRAL TOOL IN THE MARKETING PROCESS

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ABSTRACT

We live in a business environment, where the only constant is change. In today's furiously paced environment, as customer needs are changing by the minute, his preferences no longer fixed, and where change has become a norm rather than an exception, Businesses are being made to revamp and innovate, or else watch other companies fly past them, and force them towards extinction. Marketers, especially in India, which boasts of the largest Middle-Class anywhere in the world, are gearing up to face this unprecedented demand by innovation, in a bid to capture the maximum 'Share of Wallet'. One of the efforts in this regard has been the launch and subsequent flood of 'Loyalty Programs' worldwide. Every company dealing with consumers, and even without it, is joining the Band-wagon of loyalty program offerings. The rush to retain the customer and coax him to spend more and more on their products and services, is becoming maddeningly obvious. Loyalty programs offer an incentive to the customer by rewarding him for spends at single entities. They also help in retention, research, new product launches, and a host of other activities. As marketers start focusing on utilizing the Loyalty Programs in numerous ways, there is a need to understand various other nuances of a loyalty program. In this study we would be looking at the Loyalty Programs from a number of perspectives, including the growing importance of such offerings, the strategic outlook of the companies launching these programs, the customer expectations from these programs, and find if any disconnect exists between the customer and company objectives that they wish to achieve from this program. We share our findings from the primary survey, and try to analyze them in light of previous research. Based on the study we also outline future line of research that can be adopted to make this study more relevant.

KEYWORDS

loyalty programmes, marketing process.

INTRODUCTION

As marketing evolved from being company and production oriented to benefits and then relationship based, novel tools were created and developed to increase customer satisfaction, which was fast becoming the new mantra for the marketers. As times changed and as the consumer got more spoilt for choices, and as the companies got more dependent on him for survival, retention of the customer fast became critical to the marketer. As the competition grew stronger, and the ability to survive became crucial, focus kept shifting on Innovative and novel ways of gaining competitive advantage. To survive in such a scenario, Marketers felt the need to stretch the boundaries and innovate to keep ahead of the competition. One of the most innovative and effective tools provided by Relationship marketing is that of Customer Loyalty Programs (CLP). Though there are various facets to the concept of Loyalty Programs. In this study I have addressed the issues of Customer expectations, and its implication on the future of Loyalty Programs as a powerful marketing tool. I have also looked at some other aspects including Redemption processes. However the Loyalty Program also needs to be studied in detail from the Company's point of view, including financial viability, process sustainability, and most importantly as a tool that actually delivers on its promise. Also, with hoards of Loyalty Programs flooding the market, with each company trying to outdo each other, further study needs to be carried out to find whether the Loyalty Program is actually providing the company with competitive advantage. Loyalty Programs have to be two-way win-win tools, and for it to be successful it is imperative that the Company also gains, both in terms of Profitability as well as Competitive superiority.

RESEARCH DESIGN

There have been a number of studies done on Loyalty Programs ranging from behavioral to the mechanics aspect of the programs. However as Loyalty programs evolve and grow in magnitude, the scope of loyalty program needs to be redefined. With huge investment being put in to ensure customer loyalty, and the bottom-line getting effected, we feel that loyalty programs have more to offer than what has been derived by the companies. Our ultimate objective is to define a framework that allows the widening of the scope and range of the loyalty programs.

This study has been undertaken to provide a ground for developing the above mentioned framework. Hence in this study we use Exploratory Research, which would help us not only get a thorough understanding of the mechanics, scope and behavior aspects of loyalty programs, but also help in identifying and formulating areas for further research, which would enable us to meet our final objective. The exploratory nature would also help us in isolating key variables and relationships for further examination, which I propose to do for my final thesis. The idea is to gain insights into the working of this marketing tool, and use them to further the defined cause.

METHODOLOGY

The primary survey was conducted in two phases, firstly through Focus Group Discussions, and then through a questionnaire survey.

FOCUS GROUP DISCUSSION

The focus group discussion was held to gain insights and find information that would help in the structuring of the questionnaire, which would be administered to a much larger audience. The focus group was made of 8 members, 6 of whom were members of at least one loyalty program and the other 2 were aspiring to be members of a loyalty card soon. Out of the 6 members who already owned a loyalty program membership, 3 held multiple memberships, and the other three had a single membership. All the group members were in the age-group of 23 to 28 years. All of them were Post Graduate students, and were spending in excess of 50 thousand rupees per annum. While this might not have been a fully representative sample of the target audience of loyalty programs, they had the advantage of belonging to the category which would be opinion leaders tomorrow. Hence there ideas would be insightful and help us further develop the research objectives

RESPONDENT SURVEY

The next step after the FGD was to design the questionnaire which could be administered to the selected respondents. The questions were based on the ideas that cropped up during the FGD. Some questions that were put in the questionnaire did not give us any meaningful insight, and would be dropped in the next phase. Some questions required more in-depth information, and would be included in the next phase.

SAMPLING

The questionnaire was sent by email to 150 potential respondents. It was also personally administered to 23 respondents. We got a total of 83 responses including the 23 personally administered ones. The sampling was random in nature, though it may not be a fully representative sample of the target audience. However all the respondents were in the target audience themselves, and hence it should not have a negative bearing on the final results. To avoid any ambiguity that the questionnaire may have, a list of instruction on answering the questions was enclosed.

THE FOCUS GROUP DISCUSSION

The FGD threw up some interesting observations, and helped me develop some interesting insights. It also helped develop the questionnaire which was later administered to more than 80 respondents. Some of the key points are detailed here.

- ✓ Most people want to own memberships of loyalty programs

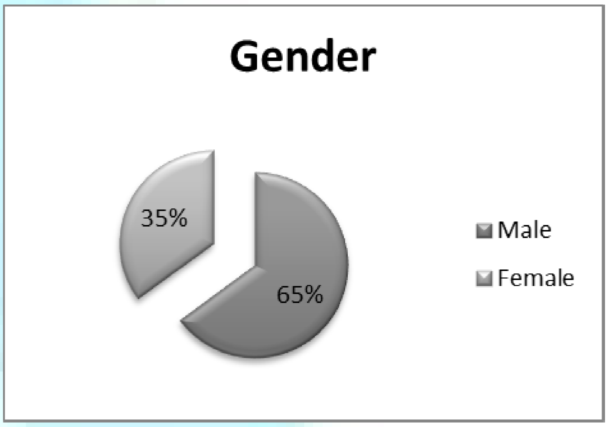
- ✓ Owning these programs gives them a sense of power, a sense of belonging
- ✓ The discounts offered help them stretch their income
- ✓ Getting special privileges gives them status symbol
- ✓ Tele-Check in and home deliveries are really convenient
- ✓ Holding multiple loyalty program is necessary, else one feels restricted for choice
- ✓ Companies take too much time to send gifts/rewards
- ✓ All redemption process must be made online for convenience
- ✓ Programs that offer exclusivity are more sought after, as compared to programs that offer discounts
- ✓ Most members were irritated with the number of calls they get from salespeople
- ✓ Sharing of databases should not be allowed
- ✓ They believe companies are contacting them for frivolous reasons
- ✓ Most members tend to throw away all written communications sent by companies, or delete them if sent by mail
- ✓ Company should only contact them in case of real worth
- ✓ Most of them felt they would never approach a company for enrolling in a program
- ✓ Inducements were not a major worry
- ✓ None of them believed in the on the spot 'Sales offers' that are provided by the retailers. They had more faith in loyalty program offerings

RESULTS (PRIMARY SURVEY)

The primary survey helped us come up with some surprising results. As expected and in keeping with today's norm, more than 90 percent of the respondents were holding a membership of at least one Loyalty Program. The gender distribution of male to female respondents suggested that loyalty programs are no longer restricted to the male population, and its acceptance is now becoming universal in nature.

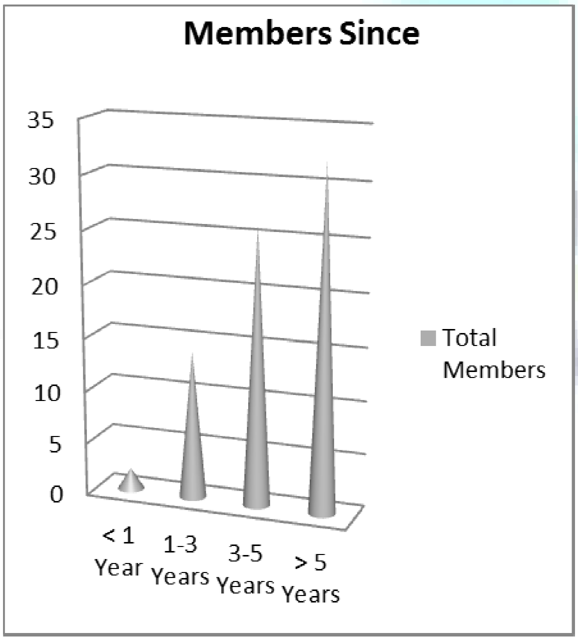
GRAPH 1

GRAPH 2

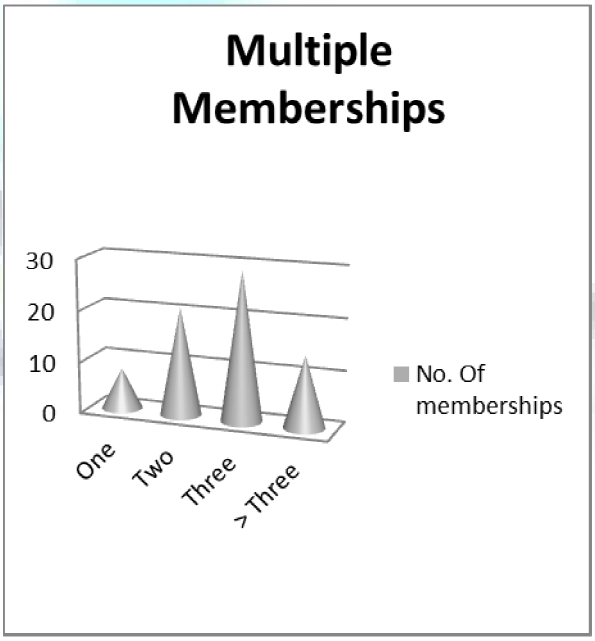


One of the questions asked pertained to the duration of the membership. Again it was not really surprising to note that most members had been part of a loyalty program for at least three years. Almost 65 percent of the respondents had been members of a loyalty program for at least 3 years and just about 3 percent had become member during the last one year. This once again proves the fact that Loyalty Programs have been on the rise and are now becoming a way of life. More importantly the second graph tells us that only about 11 percent of the respondents had been holding single memberships, and that almost 90 percent of the respondents were holding multiple memberships. This is again in agreement with our secondary research which suggested that there is an overflow of loyalty programs in the market, and an overkill of the concept is fast becoming a reality.

GRAPH 3



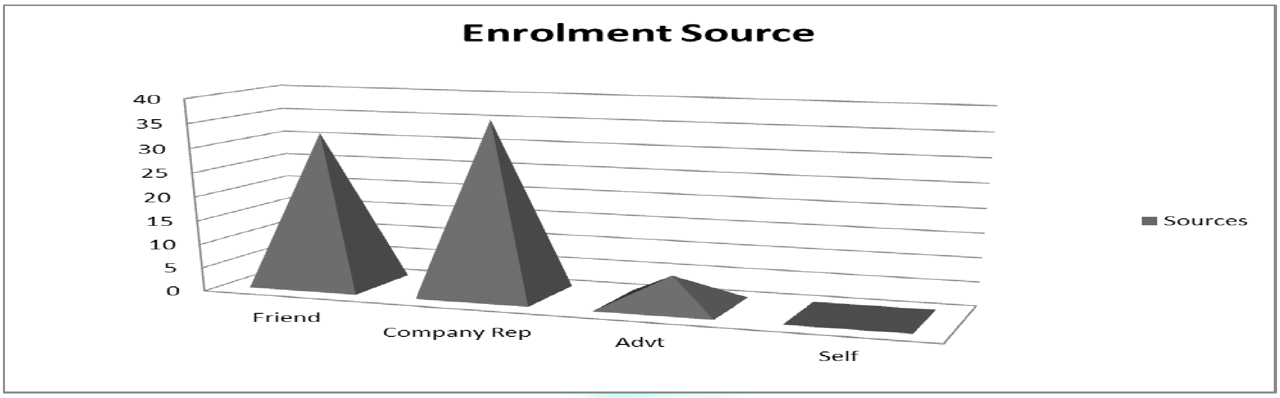
GRAPH 4



We have also been talking about the Bounded Rationality concept, and how increasingly the loyalty program industry is crossing the threshold limit of an average customer.

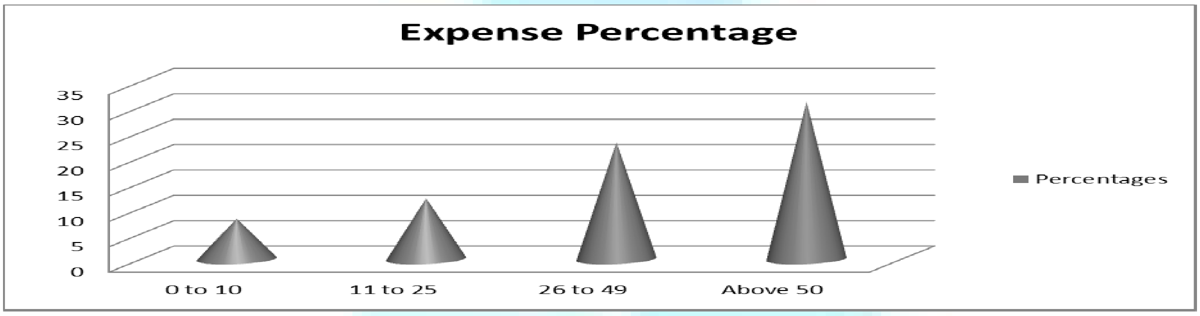
The membership enrollment process provided some interesting insights(Graph Nine). While it was normal to accept that company representatives would be the highest source of enrollment, the surprising result was that friend's references accounted for nearly 43 percent of the membership enrolments. This could be attributed to the fact that most companies have excellent referral schemes in the offing, which provide huge incentives for members in case they referred their family and friends.

GRAPH 5



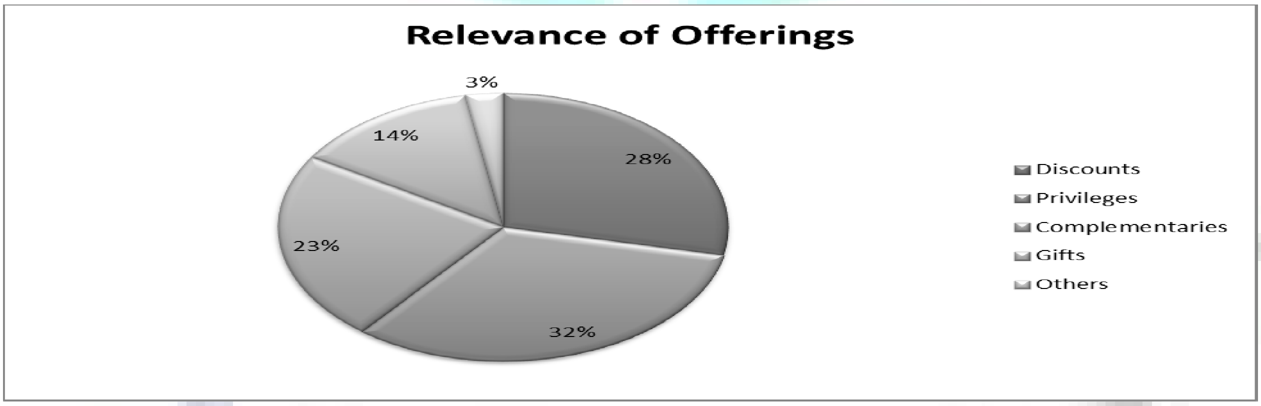
Advertisements through catalogues, magazines and other sources accounted for less than 10 percent of the total enrolment. Most of these tend to happen during in-flights or while shopping/dining when they may happen to notice a catalogue or poster or may get approached by the staff. However of all the respondents surveyed, not even one had become member of a loyalty program on his own accord, or because of self-interest. This is contrary to our finding where 100 percent of the respondents who were not a member of any loyalty program wanted to enrol in some program or other. There appears to be a disconnect between the need and the purchase process. One of the reasons could be that most of us have got desentisized due to the numerous sales calls that we receive at all times of the day. This once again is in keeping with one of the recent trends that we had earlier mentioned about customers getting put-off due to the feeling of loss of privacy. Even in our primary survey loss of privacy was the second biggest disadvantage as percieved by the respondents. There is a major lesson in this for the marketing companies. They have to ensure that the process of enrollment is as smooth as the process of maintaining loyalty programs. With loyalty programs and database marketing all set to enter a much more intense phase, maintaining customer satisfaction would be one of the biggest challenges for the companies in the future.

GRAPH 6



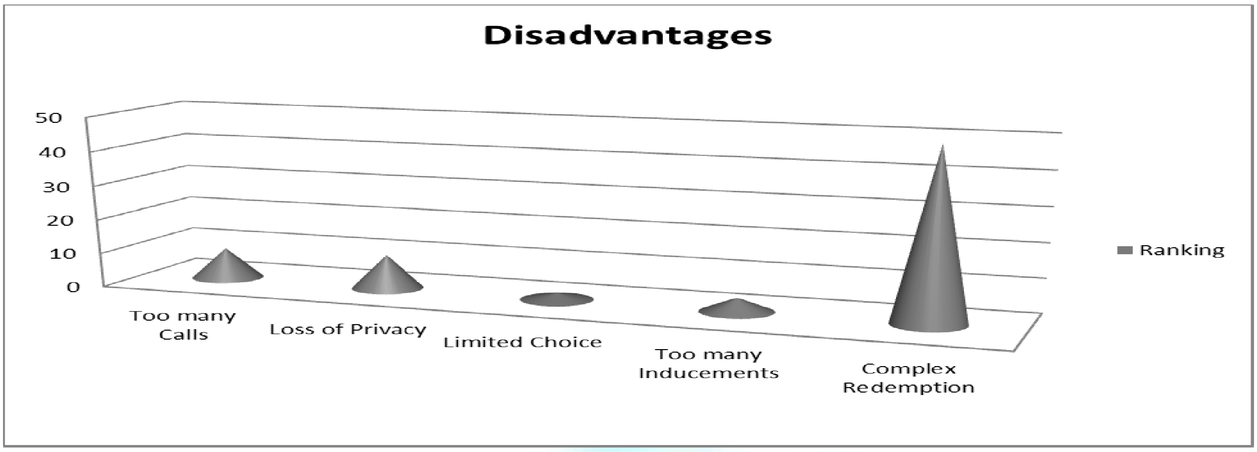
One of the important parameters of success of any loyalty program is the percentage of spend that the customer makes through the loyalty program. The objective of the marketing company is to ensure that the customer uses his loyalty program as frequently as possible, and a higher percentage would mean frequent use. More than 70 percent of the respondents used their loyalty programs for at least 26 percent of their total expenses, and almost 45 percent of the respondents used their loyalty programs for at least 50 percent of their total expenses. While these may sound good figures to the loyalty program owners, we should also remember that 65 percent of the respondents had at least three memberships and almost 90 percent of the respondents in the above 25 percent bracket were holding at least three loyalty program memberships. Even then it is clearly evident that loyalty programs are fast becoming a part and parcel of the daily life of an average customer.

GRAPH 7



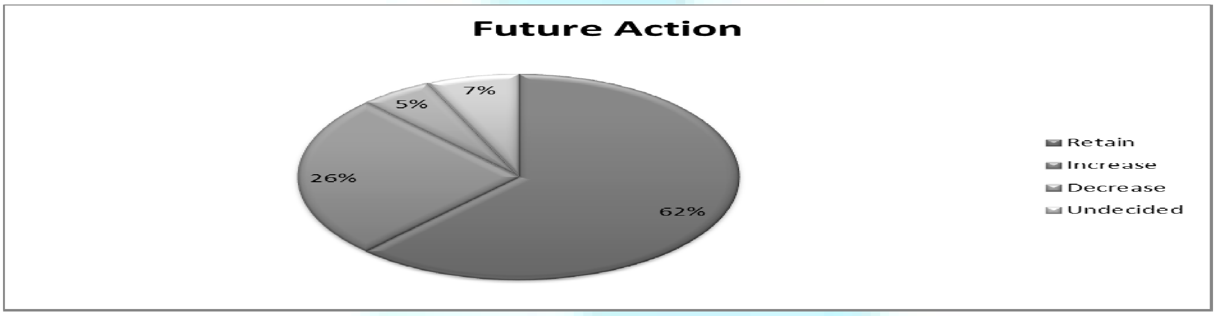
Loyalty programs today offer many more features than just plain discounts. As customer needs have evolved, companies have tried to keep pace with them and extended the nature and width of offerings through their loyalty program memberships. Monthly expense statements, expense analysis, MIS reports, tracking systems, F&F offers, and a host of other features aimed at affecting the day-to-day life of the customer. As one company started offering something different, the others had to follow suit, and we now have reached a state where an average loyalty program comes with at least 9 different features. We tried to find out in our survey as to what the customer thinks about these features, and how relevant he finds them in satisfying his daily needs. As expected the features of discounts, privileges, offers and gifts dominated the results. 97 percent of respondents perceived these offerings to be relevant. More importantly hardly anyone was enamored by the other features that accompany a loyalty program today. It is a clear message to the companies that they should concentrate on hard benefits and not unnecessary features. Another very interesting fact that the survey revealed was that more than 80 percent of the respondents who chose privileges as the most relevant offering, were actually in the bracket that spends more than 50 percent through the loyalty program. This is surprising because a good discount structure would help them save substantial amount of money, but they still get more enamored through privileges. This again is in keeping with our earlier suggestion that today's customer has an increasing propensity to spend, and status need is becoming more important to him.

GRAPH 8



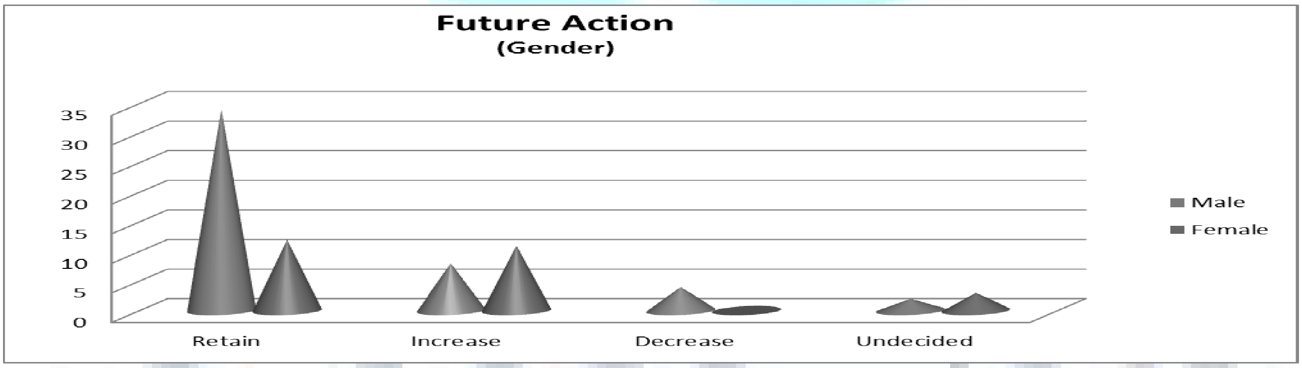
Once we have looked at the advantages, it was but natural that we also gauge customer opinion about the various negatives that come with a loyalty program. Once again the results were in keeping with our findings during the secondary survey and the literature review. Company's complex and unfriendly redemption process was one of the major sources of discontent of the customer. Two-thirds of the respondents ranked this feature as one of the biggest disadvantages of a loyalty program today. Also more than one-fourth of the respondents found numerous sales calls, and loss of privacy as the main disadvantage of loyalty programs. We have already talked about both these features in detail, and would only suggest that companies take a more serious view of these responses.

GRAPH 9

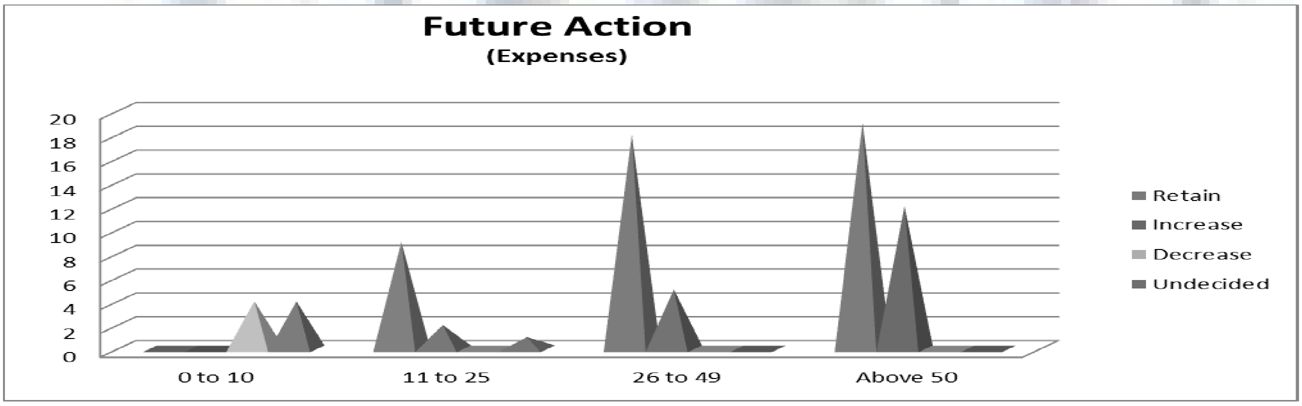


We know that because of an overflow of loyalty programs and host of other reasons that we have already outlined, customers are getting increasingly dissatisfied with loyalty programs and there is an irritation that seems to be setting in. We tried to gauge future customer responses to the loyalty programs, provided things remained the same as they are today. Despite the negatives associated with the Loyalty programs, more than 60 percent of respondents mentioned that they would be retaining their memberships and more than one-fourth of the respondents said that they would be increasing their loyalty programs memberships. This is great news for the companies owning the loyalty programs, and is in total sync with findings during the discussions with the industry experts. Just about 5 percent of the respondents wanted to decrease their memberships, and about 7 percent were undecided about the same.

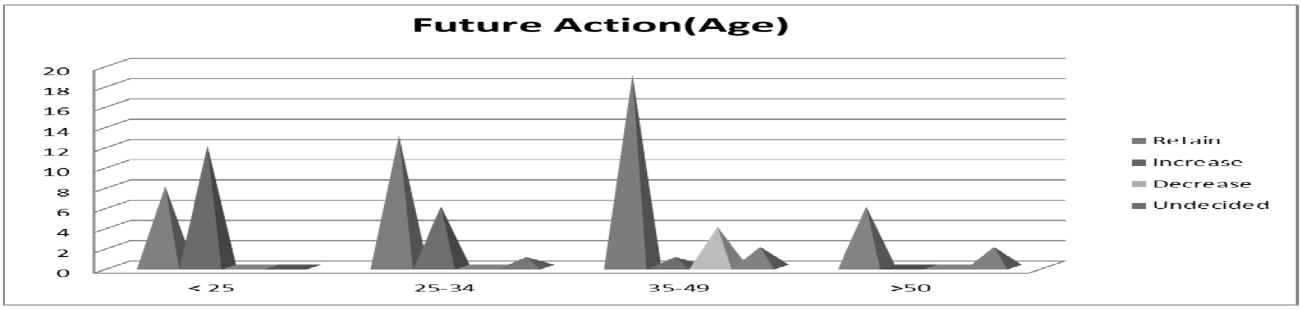
GRAPH 10



GRAPH 11



GRAPH 12



We also analyzed the results for future action further, and that gave us same interesting results. When we look at it from the gender point of view, we notice that all the respondents who wanted to decrease their memberships, and most who were undecided were male, while the Female respondents were pretty satisfied with the current state of affairs in the loyalty program industry. Looking at the future action from some other perspectives, we get some results which support our secondary survey. It is really surprising to note that more than 60 percent of the respondents who wanted to increase their memberships actually came from the category that spends more than 50 percent of their total expenses through the loyalty programs. And almost all the respondents who wanted to either decrease their memberships or were undecided, came from the category that spends less than 25 percent of their expenses through loyalty programs.

CONCLUSION

Loyal customers are the most sought after customers by the companies today. Shrinking margins, demanding shareholders and stakeholders, and increasing focus on bottom-line are making these customers crucial for a company's survival. Loyalty Programs are an integral part of the marketer's repertoire today. As competition gets tougher, and as the need for a loyal customer base increases, loyalty programs will keep gaining in relevance and importance in the company's overall marketing strategy. As a tool they not only offer competitive advantage to the company, but also opens up a host of other opportunities for the marketer. Most of those opportunities are derived from the fact that loyalty programs provide constant access to customer's habits and behavior, and companies today can build effective databases to create a comprehensive knowledge bank of the customers. These databases can help companies in improving their offerings, making them more relevant to the customer's needs, and provide further competitive advantage.

In this report we have tried to do a step by step analysis of Loyalty Programs, starting from the origins to the development and then had a critical look at the recent trends in the loyalty market. We started with a comprehensive literature review to look at the various facets of loyalty programs that helped guide this report. We did a thorough analysis of various companies' websites to understand what kind of developments are taking place in the loyalty offerings. We have talked to industry experts, to gauge an understanding of the current and future state of loyalty programs. We also conducted a primary survey to understand what the customers opine about these programs. All the research and analysis helped us arrive at the same conclusion-Loyalty programs are here to stay. Customers are finding it convenient to channel their needs through loyalty programs, and most are deriving immense advantages and benefits out of the same. There are some areas of discontent, but the companies can address them and move towards regaining customer trust. Things like respect for privacy, and over disturbance need to be looked into immediately by the companies, and they have to start looking at long term solutions now. These might be small obstacles, but they have the potential to develop into large scale calamities if not taken care of immediately. Once they can remove these seemingly small obstacles, they can derive full advantage from their customer relationships and achieve their original objectives of launching the card.

The report provides ample scope for further studies and research especially from the company's point of view. It would be important to understand the mechanics of loyalty programs from the company's financial objectives. Every tool to succeed needs to be financial viable, and a comprehensive study in that area would be really beneficial, especially from the point of view of managing customer expectations. The study could also include the mechanics of the process involved, again from the company point of view. Understanding the process, which helps design a loyalty program, would also give us an insight about the decision making authorities, and the customer understanding that the various companies possess.

Apart from the above we propose to carry this study further, wherein in-depth research could be conducted regarding the behavior of the loyalty program member. This research would focus on the behavior patterns of the customer during the buying as well the usage phase of the loyalty programs. It would help us understand the various characteristics that a customer looks for in a loyalty program, before he actually purchases it. We would also like to find out the reasons he attributes to using one loyalty program more than the other, and does that kind of behavior suggests disloyalty.

Finally our aim would be to make a comprehensive strategic and process guide for the companies. We believe that Loyalty programs could be an effective tool that can be used as part of Integrated Marketing Communication. With the amount of investment companies are putting into loyalty programs, the scope of these programs needs to be further widened in order to justify such investments. Also the programs reach out to various stakeholders of the company and have a wide audience, which would suggest that it does act as an IMC tool, even though it is not used as one. Thorough understanding of the mechanics would have far reaching consequences in achieving our objectives.

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REGRESSION RESULTS

SUMMARY OUTPUT

Regression Results for Gender against Percentage of Expenses

Regression Statistics	
Multiple R	0.142759
R Square	0.02038
Adjusted R	-0.03589
Standard E	0.485815
Observatio	74

ANOVA

	df	*SS*	*MS*	*F*	*ignificance F*
Regression	4	0.34371	0.085928	0.485432	0.746352
Residual	70	16.52115	0.236016		
Total	74	16.86486			

	Coefficients	*andard Err*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*ower 95.0%*	*Jpper 95.0%*
Intercept	1.5	0.171762	8.733032	8.17E-13	1.157432	1.842568	1.157432	1.842568
0 to 10	0	0	65535	#NUM!	0	0	0	0
11 to 25	-0.08333	0.221743	-0.37581	0.708195	-0.52559	0.35892	-0.52559	0.35892
26 to 49	-0.15217	0.199408	-0.76313	0.447952	-0.54988	0.245533	-0.54988	0.245533
Above 50	-0.20968	0.192654	-1.08836	0.280168	-0.59391	0.174559	-0.59391	0.174559

SUMMARY OUTPUT

Regression Results for Gender perception of Disadvantages

Regression Statistics	
Multiple R	0.89941
R Square	0.808938
Adjusted R	0.780184
Standard E	9.739791
Observatio	74

ANOVA

	df	*SS*	*MS*	*F*	*ignificance F*
Regression	6	27311.7794	4551.963	57.58119	1.57E-24
Residual	68	6450.720597	94.86354		
Total	74	33762.5			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*ower 95.0%*	*Jpper 95.0%*
Intercept	-5.62844	3.633160243	-1.54919	0.125979	-12.8783	1.621421	-12.8783	1.621421
Gender	27.59099	2.81541702	9.799965	1.24E-14	21.97291	33.20907	21.97291	33.20907
complex	0	0	65535	#NUM!	0	0	0	0
privacy	4.185489	0.868856556	4.817238	8.5E-06	2.451712	5.919265	2.451712	5.919265
calls	3.808777	0.837629887	4.547088	2.3E-05	2.137313	5.480241	2.137313	5.480241
induc	3.491077	0.923441899	3.780505	0.000332	1.648377	5.333776	1.648377	5.333776
choice	3.420923	1.053804598	3.246259	0.001816	1.318089	5.523757	1.318089	5.523757

MANAGEMENT OF WORKING CAPITAL

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ABSTRACT

Working capital is that part of capital which is required to meet the day to day needs in running the business. This paper concentrates on the factors such as understanding the concept of working capital correctly, analyzing the importances and need thereof and determination of its adequacy keeping the influencing factors in to consideration. Adequacy of working capital not only meets the operational need for appropriate functioning of business but also happens to be the key factor in creating the value for shareholder/investors of the company.

KEYWORDS

operating cycle, solvency, goodwill, influencing factors.

1. INTRODUCTION

Working capital is that part of capital which is required to meet the day to day needs in running the business. It is required for the purchase of raw material, payment of wages, meeting maintenance costs, meeting expenses on advertisement and selling of products, meeting transportation costs, expenditure on production during time lag between sale of products and receipt of their payment and also those expenses which are incurred during production cycle. Some capital is also required to keep the stock of partly finished products and also cash for emergent work.

Working capital generally involves the use of short terms funds in business and is regularly converted to cash. Materials are changed into finished products, products are sold out to realize cash and the cash is utilized in purchasing the material etc. Thus this work in capital is also known as revolving or calculating capital (Sharma, S.C., 1995).

At any time working capital can be calculated by deducting current liabilities from working assets as per the following equation:

Working Capital = Working/Current assets- Current liabilities

Current assets **–** circulating assets as opposed to long-term (fixed) assets; the same true with current liabilities (circulating sources of cash).

Current liabilities are appropriate source of finance for current assets. Total investment in the company then is divided into investment in operations and Investment in fixed assets (Parag Nalin Doshi, 2009).

2. OBJECTIVES OF WORKING CAPITAL MANAGEMENT

The objectives of working capital management are-

- Deciding Optimum Level of Investment in various WC Assets
- Decide Optimal Mix of Short Term and Long Term Capital
- Decide Appropriate means of Short Term Financing (Anand, M. 2001).

3. CONCEPT OF WORKING CAPITAL

Very often the point of difference in opinion of various economists comes up for discussion as to what should reasonably be understood from the term working capital .At this stage we should better understand the working capital concepts for proper appreciation the appropriate views on working capital. These concepts are balance sheet concepts and operating cycle concepts. These are briefly discussed in nutshell as under-

(i) **Balance sheet concept:** It is represented by the excess of current assets over current liabilities and is the amount normally available to finance current operations. But some time working capital is also used as synonym for gross or total current assets. In that case, the excess of current assets over current liabilities is called the net working capital or net current assets. Economists like **Mead ,Malott, Backet and Field** support the latter views of working capital. They feel that the current assets should be considered as working capital as the whole of it earns profits and the management is more concerned with the total current assets as they constitute the total funds available for operational purposes. On the other hand economists like **Lincoln** and **Salvess** uphold the former views. They argue that

(a) In the long run what matters is the surplus of current assets over current liabilities?

(b) It is this concept which helps creditors and investors to judge the financial soundness of the enterprise.

(c) What can always be relied upon to meet the contingencies, is the excess of current assets over current liabilities since this amount is not to be returned.

(d) This definition helps to find the correct financial position of companies having the same amount of current assets. Even the Institute of Chartered Accountants of India while suggesting a vertical form of balance sheet endorsed the former view of working capital when it described the net current assets as the difference between current assets and current liabilities (Mehta, D.R., 1974).

(ii) **Operating cycle concept:** A company's operating cycle typically consists of the three primary activities; purchasing resources, producing the products and distributing (selling) the product. These activities create fund flows that are both unsynchronized because cash disbursements (e.g. Payments for resource purchases) usually take place before cash receipts (e.g. collection of receivables) (Buffa, F.S., 1980).They are uncertain because future sales and costs, which generate the respective receipts and disbursements can't be forecasted with complete accuracy. The firm is to maintain a cash balance to pay the bills as they come due. In addition, the company must invest in inventories to fill customer orders promptly and finally, the company invests in accounts receivables to extend credit to its customers. Thus operating cycle of a typical firm = Inventory conversion period + receivable conversion period.

The inventory conversion period is the length of time required to produce and sell the product. This is defined as under

$$\text{Inventory Conversion Period} = \frac{\text{Average inventory}}{\text{Cost of sales/365}}$$

The payables deferral period are the length of time the firm is able to defer payment on its various resource purchases. The payable deferral period is calculated as per the following equation-

$$\text{Payable deferral period} = \frac{\text{(Accounts payable+ Salaries, Benefits and Pay roll taxes payable)}}{\dfrac{\text{(Cost of sales+ selling, general and administrative expenses)}}{365}}$$

Finally, the cash conversion cycle represents the net time interval between the collection of cash receipts from product sales and the cash payments for the company's various resource purchases (Gopala Krishan, P.et al, 1978). It is calculated as follows-

Cash conversion cycle = operating cycle –payable deferral period.

4. NEED OF WORKING CAPITAL

The basic objective of financial management is to maximize shareholders wealth. This is possible only when the company earns sufficient profit. The amount of such profits largely depends upon the magnitude of sales. However, sales do not convert in to cash instantaneously. There is always a time gap between the sale of goods and receipt of cash. Working capital is required for this period in order to sustain the sales activity. If working capital is not available for this period, the company will not be in a position to sustain the sales. Since it may not be in a position to purchase raw materials, pay wages and other expanses required for manufacturing the goods to be sold (Maheshwari, S.N., 2004).

5. IMPORTANCE OF WORKING CAPITAL

Working capital is the life blood and nerve centre of a business. Just as circulation of blood is essential in the human body for maintaining the life, working capital is very essential to maintain the smooth running of a business. No business can run successfully without an adequate amount of working capital (Bhattacharya, H., 2001). Maintaining an adequate amount of working capital provides the following advantages.
(i)*Solvency of the business*-It helps in maintaining the solvency of business by providing uninterrupted flow of production.
(ii)*Goodwill*- It enables a business concern to make prompt payment and helps in creating and maintaining goodwill.
(iii)*Easy loans*- It concern having adequate working capital, high solvency and good credit standing can arrange loans from banks on easy and favorable terms.
(iv)*Cash discounts*-It also enables a firm to avail cash discount on purchases and hence it reduces the costs.
(v)*Regular supply of raw materials*-It ensures regular supply of raw materials and continuous production.
(vi)Regular payment of salaries, wages and other day to day commitments are ensured.
(vii)Exploitation of favorable market condition can be easier.
(viii)Ability to face crisis becomes a simple tool for the firm.
(ix)Quick and regular return on investments is ensured to the investors.
(x)*High morale*-It creates an environment of security, confidence, high morale and overall efficiency in a business (Burns, R and Walker, J., 1991).

6. METHODS OF ESTIMATING WORKING CAPITAL

The methods of estimating working capital are given below-
- **Conventional Method:** Matching of Cash Inflows & Outflows. This method ignores Time Value of Money
- **Operating Cycle Method:** Debtors + Stock (RM/WIP/FG) - Creditors. This method takes into Account length of Time which is required to convert cash into resources, resources to final product, final product to Debtors and Debtors to Cash again.
- **Cash Cost Technique:** Working Capital forecast is done on Cost Basis (i.e. taking P&L items into account)
- **Balance Sheet Method:** Working Capital forecast is done on various Assets & Liabilities (i.e. taking B/S items into account) (Chittenden, F.et al, 1998).

7. TYPES OF WORKING CAPITAL

The working capitals are of following types-
(i)**Regular or permanent or fixed working capital**: Working capital invested in starting the circulation of current assets and keeping it moving is permanently locked up. For example, every manufacturing concern has to maintain a minimum stock of raw materials for work in progress, finished product, loose tools and equipments. It also requires money for payment of wages throughout the year (Deakins, D.et al, 2001).
(ii)**Seasonal variables or special working capital**: Requirement of working capital varies with the seasonal changes in many industries. Additional working capital may also be required due to certain abnormal conditions. For example, for strikes, lockout and to face cut throat competitions additional capital is required. Similarly, special advertisement campaigns or executions of special orders of the government will have to be financed by additional working capital (Gitman, L. J. 1994).

8. FACTORS INFLUENCING WORKING CAPITAL REQUIREMENT

It is very difficult to determine the amount of working capital required because there is no formula for calculating it. The working capital requirement depends upon several factors such as nature and size of business, the character of their operation, the length of production cycle, the rate of stock turnover and the state of economic situation. It is not possible to rank them because of such factors of different importance and the influence of individual factors changes for a firm (Deloof, D. 2003). However the following are important factors which should be considered while affecting the working capital requirement.
(i) *Nature and character of business*-Public utility under takings like electricity, water supply and railways need very limited working capital because they offer cash sales only and supply services, not products and as such no funds are tied up in inventories and receivables. On the other hand the financial firms require relatively very large amount where as manufacturing undertakings require sizable working capital between these two streams.
(ii) *Size of business/scale of operation*- The working capital requirement is directly influenced by the size of the business, which may be measured in terms of scale of operations.
(iii) *Production policy*-In certain industries the demand is subject to wide fluctuations due to seasonal variations and as such the requirement depends upon the production policy.
(iv) *Manufacturing process/length of production cycle*-In manufacturing business the requirement of working capital increases in direct proportion of length of manufacturing process .Longer the process period of manufacture larger is the amount of working capital required.
(v) *Seasonal variation*-In certain industries raw material is not available throughout the year. They have to buy raw materials in bulk during the season to ensure and uninterrupted flow and process then during the year.
(vi) *Rate of stock turn over*-There is a high degree of inverse co-relationship between the quantum of working capital and the velocity are speed with which the sales are affected. A firm having a high rate of stock turn over will need lower amount of working capital as compare to a firm having a low rate of turnover.
(vii) *Credit policy*-The credit policy of a concern in dealing with its debtors and creditors influence considerably the requirement of working capital. It concerns that purchase its requirement on purchases and sale its products/services on cash require lesser amount of working capital.
(viii) *Business cycle*-This refers to alternate expansion and contraction in general business activity. In a period of boom there is need of larger amount of working capital because of the increase in sales, rise in prices, and optimistic expansion of business contracts. When sales decline, difficulties are faced in collection from debtors and firms may have a large amount of working capital lying idle.
(ix) *Rate of growth of business*- The working capital of a grown business increase with the growth and expansion activities. Although it is difficult to determine the relationship between the growth in the volume of the business and the growth in the working capital, it may be concluded that of normal rate of expansion in the volume of business. We may have retained profits to provide for more working capital, but in fast growth in concern we shall require large amount of working capital.
(x) *Price level changes*- Changes in the price level also effect the working capital requirement. Generally, the rising prices will require the firm to maintain larger amount of working capital as more firms will be required to maintain the same assets (Dunn, P. and Cheatham, L. 1993).

9. WORKING CAPITAL POLICY

The goal of a company is to create value for its shareholders. In order to create this value, the company has to create a competitive advantage to exploit inconsistencies in the market in which it operates both its trading and financial environment. **Lawrence** states that a business firm can adopt any of the following working capital policies:

(i) *Conservative working capital policy*: According to this policy all requirements of funds should be met from long-term sources. The short-term sources should be used for emergency requirements. It is less risky or in other words conservative policy is “low profit-low risk”.

(ii) *Aggressive working capital policy*: According to this policy the maturity of source of funds should match the nature of assets to be financed. This policy results in high profit-high risk and more costly as compared to the conservative policy.

(iii) *Moderate working capital policy:* This policy is always maintaining required amount of current assets depending upon sales. A tradeoff between two costs namely carrying cost and shortage cost determines the optimal level of current assets (Weinraub, H. J. and Visscher, S. 1998).

10. CONCLUSION

The discussion taken place in this paper has analyzed the concept of working capital, importance of working capital, factors influencing working capital requirement independent of one another in order to understand the profitability risk tradeoffs associated with each other, assuming that all other factors are held constant. Effective working capital policy, however, requires the consideration of the joint impact of these decisions on the firm’s profitability and risk. Keeping all the factors as discussed in the paper into consideration a judicial and rationale view would need to be taken for the successful and prosperous running of a business or industry.

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GREEN MARKETING: A TOOL FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

Green revolutions, going green, environmental protection, sustainable life style, sustainable development, protecting our earth and many more have become a natural phenomenon in our everyday life. Green marketing is a tool used by many companies in various industries to follow this trend. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. This paper mainly focuses on the concept, need, importance & strategy of green marketing in India. Researcher also examines the present scenario of green marketing and reasons that organizations are adopting green marketing as a tool for sustainable development. Data has to be collected from multiple sources of evidence to understand the importance of green and sustainability management, in addition to books, journals, websites, and news papers. The paper analyses whether the manufacturers are cognizant about green products and eco-labeling, and also the difficulties in implementing green marketing. A guideline is given to the Indian manufacturers for producing green marketing products.

KEYWORDS

Green marketing, Corporate Social Responsibility (CSR), sustainability, Environmentally Safe, Competitive Advantage, Recyclable, eco-friendly products.

1. INTRODUCTION

Today's consumers become more aware about to make their surroundings safer and healthier to live in. So they become more conscious about their purchasing in respect with all the products that they are use in their day to day life. That is why they prefer that type of products that are eco-friendly and not harmful for global environment any way. There are many industries who are now become more conscious about to be environmentally safe and eco friendly with respect to their products and products utility (in case of technically sound products) and the reason for going to be green of the industries are, by doing this they are helping to make the world more Greener and safer for future and up to some extent they are delivering their CSR (Corporate Social Responsibility) by producing Green products for welfare of the environment and the for the customers as a whole.

Green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in it or produced and/or packaged in an environmentally friendly way. The term Green Marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. Marketing involves: - Manufacturing and providing products to the consumers which are of good quality and at the same time not harmful to them even in long run.

>Use the resources for development in such a manner which will enable the future generations to avail the resources to meet their needs leading to Sustainable Development.

>Framing and implementing policies which will not have any detrimental effect on the environment i.e. at present as well in future. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption an disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. Both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services.

The present paper deals that today's consumer behavior on green Marketing and this paper highlights the need, importance of green marketing, some problems with going green and also states what are the reasons that a marketer should consider for adopting green marketing for making changes in terms of product packages, modifications and production changes. A guideline is also given to the Indian manufacturers for producing green marketing products.

2. COMPLETE REVIEW OF LITERATURE

The evolution of green marketing has three phases.

1. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. **2.** Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. **3.** Third phase was "Sustainable" green marketing. It came in to prominence in the late 1990s and early 2000.

Green marketing has been an important academic research topic since it came. (Coddinton.1993; Fuller; 1999; Ottman, 1994). Attention was drawn to the subject in the late 1970's when the American Marketing Association organized the first ever workshop on -Ecological marketing in 1975 which resulted in the first book on the subject entitled -Ecological Marketing by Henion and Kinnear in 1976. Peattie and Crane (2005) claims that despite the early development, it was only in the late 1980's that the idea of Green Marketing actually made an appearance because of the consumers growing interest in green products. Green marketing was given prominence in the late 1980s and 1990s after the proceedings of the first workshop on Ecological marketing held in Austin, Texas (US), in 1975. Several books on green marketing began to be published thereafter. The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000. During 1990s, the concern for environment increased and resulted in to increasing challenges for the companies (Johri and Sahasakmontri, 1998). Dutta, B. (2009, January) in his article on Green Marketing titled Sustainable Green Marketing the New Imperative published in Marketing Mastermind states that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the quality, performance, pricing and convenience in an environment-friendly way. Barkar is of the view that, Companies need to believe first that Green Marketing can work and make diligent efforts to make necessary product improvements, which deliver performance, and are marketable and profitable. Unruh, G. And Ettenson, R. (2010) in their research article titled, *Growing Green: Three smart paths to developing sustainable products.* Published in Harvard Business Review, is for executives who believe that developing green products make sense for their organization and need to determine the best path forward. The authors have introduced and described three broad strategies that companies can use to align their green goals with their capabilities: **Accentuate**: Strategy involves playing up existing or latent green attributes in your current portfolio. **Acquire**: Strategy involves buying someone else's green brand. **Architect**: Strategy involves architecting green offerings – building them from scratch.

Green marketing mainly focuses on four issues. These issues are: **first,** importance of green marketing; **second,** impact of green marketing on firm's competitiveness and performance; **third,** improving effectiveness of green marketing. In India green Marketing is a relatively new topic introduced by few multinational companies operating in India like Philips India limited.

A recent research of the Greek market (2009) about the "green marketing", realized by the Athens Laboratory of Research in Marketing in collaboration with the Centre of Sustainability (CSE), proved among others that the overwhelming majority of the consumers (92.8%) have a positive attitude towards the enterprises that are sensitive on environmental matters. This attitude represents mainly women of bigger age, married with children, housewives and pensioners. The 96.4% declare that the enterprises are compelled to contribute in the protection of the environment, while the 56% of these avoid products made by enterprises that do not respect the environment. The same research elected that the more important reasons that enterprises strategically support the protection of the environment are their image improvement (4.54), differentiation (3.92), publicity (3.84), sales increase (3.63), favorable taxation (3.54) and finally to really contribute to the protection of environment (3.47). Pittee (1995), and Van Dam & Apeldoorn (1996) define certain characteristics able to constitute sustainability for enterprises or at least sustainable marketing, such as: a redefinition of the "product", a willingness to change markets, an emphasis an benefits from product use, marketing communication that aims to inform rather than just impress, a focus beyond current consumers needs, a willingness to manage demand and expectation downwards, an emphasis on cost instead of price and taking more responsibility. Grant (2008) points out that "sustainability changes everything", while Johri (1998) shows that the future of green marketing strategy passes through the perception that consumers like "green" messages and Yudelson (2009) claims that the green marketing space is wide enough for large retailers and developers.

In the European Union, a considerable number of organizations support enterprises to develop in a sustainable way by providing modern and practical methodologies and applying environmental and social criteria. Some of them are: the Centre for Sustainability and Excellence (CSE), Global Reporting Initiative (GRI), United Nations Global Compact, European Foundation for Quality Management (EFQM), European Business Ethics Network (EBEN), European Committee (EC) etc (Avlonas, 2008). Pride and Ferell (2008) consider that the objectives of green marketing should be: a) to eliminate waste, which should focus on the production of products without waste instead of getting rid of waste, b) to re-invent the concept of product in order to become consistent with the environmental commitment, c) to price the products portraying the real cost, which means high value for the consumer's money and d) to create profitability via the creation of operational occasions that derive from the environmental conscience in the market.

A comparative study between British and Rumanian enterprises examined how they promoted their green products in international markets. The results showed that while the British enterprises had focused their attention on the world fame of their products, in order to promote the green claims to international consumers, the Rumanian ones had rested in the sales of agents supporting their green claims in the foreigner markets (Gurau and Ranchhod, 2005).

A recent study by Alsmadi (2007) investigating the environmental behavior of Jordanian consumers reveals a high level of environmental conscience. Unfortunately however this positive tendency and preference in the 'green' products does not appear to have any effect on the final decision, obviously because these consumers have a stronger faith in the traditional products and a small confidence in the green statements. The above obstacles are further strengthened by the lack of environmental conscience by a lot of enterprises and the existence of a large scale of prices for the same product, many of which included an impetuous estimate of environmental responsibility. The same phenomenon has been presented in other researches too (Ottman, 2004; Donaldson, 2005; Cleveland et al, 2005). Naturally, all consumers are not always fervent and factual supporters of the protection of environment and certainly are not particularly influenced by the 'green' marketing. However, they constitute a target group which can prove to be particularly profitable for the enterprises which will be activated in the sectors of production and disposal of friendly to the environment products (Diamantopoulos et al., 2003; Jain and Kaur, 2006). The creation of more sustainable marketing strategies is expected to be a difficult process, since the majority of consumers still ignore what sustainability really means. They also seem rather dubious about the capability of enterprises to contribute to the protection of the environment. Becoming winners of this battle will be the key challenge for marketers of the new millennium (Davis, 1993; Peattie, 1999; Jain and Kaur, 2003; Murphy, 2005). Elkington (1994: 93) defines green consumer as one who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume ad is proportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries. Dr. Vemuri. Lakshmi Narayana, Mr. S. Dinesh Babu in their article, 'Green Marketing – New Hopes and Challenges' (2010) has been studied the meaning, history and the nature of 'Green Marketing'. They are of opinion that the 'Green Marketing' refers holistic marketing concept wherein, the production, marketing, consumption of disposable products that harms less on environment avoids wastage. Anurag, Singh, Ranjit Singh, (November 2010) in their article 'Green marketing Developments in the Indian Automobile Sector' has reviewed the recent trend of green marketing in the automobile sector. They have opined that the 'Green Marketing' is encompasses activities designed so as to generate and facilitate the human needs. The article concludes with a call to other sectors as well as to purse eco friendly initiatives to foster long term growth in the economy.

3. OBJECTIVE OF THE STUDY

One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environmental or green marketing. Therefore, in this paper, researcher tries to cover the major segments under their following objectives.

- To discuss the need & importance for Green marketing in India
- To understand the strategy needed for successful Green marketing
- To know which company implemented green marketing in India.
- To study the present scenario and potential of Green marketing in India.
- To examine some of the reason & problem that organizations are adopting a green marketing philosophy.
- To know why the manufacturers and marketers launch eco-friendly products.

4. RESEARCH METHODOLOGY

This study is based on secondary sources of information from various research publications, published newspapers, journals-online & printed, magazines, web sites, books. The information is collected from libraries and websites. The literature is cross checked and validated to gives the latest information.

5. GREEN MARKETING AND SUSTAINABLE DEVELOPMENT

American Marketing Association (AMA) defines green marketing as the marketing of products that are presumed to be environmentally safe; it incorporates several activities such as product modification, changes to production processes, and packaging, advertising strategies and also increases awareness on compliance marketing amongst industries. Business Dictionary defines green marketing as promotional activities aimed at taking advantage of changing consumer attitude towards a brand. These changes are increasingly being influenced by a firm's policies and practices that affect the quality of the environment and reflect the level of its concern for the community. It can also be seen as the promotion of environmentally safe or beneficial products.

According to the World Commission on Environmental Development (1978), Sustainable Development is "meeting the needs of the present without compromising the ability of the future generations to meet their own needs". The common theme throughout this strategy of sustainable development is the need to integrate economic and ecological considerations in decision making by making policies that conserve the quality of agricultural development and environmental protection. This is what the end product of green marketing is, environmental protection for the present and the future generation. The development of energy- efficient operations, better pollution controls, recyclable and biodegradable packaging, ecologically safe products are all part of green marketing which also leads to sustainable development. Before first international meet on environment, Stockholm, 1972, India had provided for significance of environmental protection and resources conservation in its fourth plan 1969-1974. Within 5 years of the conference, India amended its constitution to include "environment protection" as a constitutional obligation. National committee on environment planning and coordination was setup after Stockholm conference. Environmental protection act, 1986. The water act, 1974. The air act, 1981. Forest act, 1980 etc was also setup.

5.1. NEED OF GREEN MARKETING

Issues like Global warming and depletion of ozone umbrella are the main for the healthy survival. Every person rich or poor would be interested in quality life with full of health and vigor and so would the corporate class. Financial gain and economic profit is the main aim of any corporate business. But harm to environment cost by sustain business across the globe is realized now though off late. This sense is building corporate citizenship in the business class. So green marketing by the business class is still in the selfish anthological perspective of long term sustainable business and to please the consumer and obtain the license by the governing body. Industries in Asian countries are catching the need of green marketing from the developed countries but still there is a wide gap between their understanding and implementation.

5.2. IMPORTANCE OF GREEN MARKETING IN INDIA

Green marketing offers business bottom line incentives and top line growth possibilities. While modification of business or production processes may involve start-up costs, it will save money in the long term. For example the cost of installing solar energy is an investment in future energy cost savings. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives.

5.3. REASONS, WHY FIRMS EMPHASIZING ON GREEN MARKETING

When looking through the literature, there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons cited are: **1.** Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives **2.** Organizations believe they have a moral obligation to be more socially responsible **3.** Governmental bodies are forcing firms to become more responsible **4.** Competitors' environmental activities pressure firms to change their environmental marketing activities **5.** Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

5.4. PROBLEMS WITH GREEN MARKETING

1. the firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. **2.** It is found that only 5% of the marketing messages from —Green campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. **3.** Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. **4.** The investors and corporate companies need to view the environment as a major long-term investment opportunity; the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. The corporate should not expect huge benefit for implementing Green Marketing immediately. **5.** Green marketing is focusing on customer benefits i.e. the primary reason why consumers buy certain products in the first place. If the green products are priced very high then again it will lose its market acceptability. (Marketing Myopia)

5.5. CURRENT SCENARIO-INDIA

Many analysts are predicting that 2011 will be a make-or-break-it year for many green businesses as increasing competition in the green sector drives some businesses to new heights of innovation and service while other businesses lag behind. Trends may come and go, and of course, it is impossible for any green business to stay on top of all of them, or is it worthwhile to try. However, keeping track of green business trends is a great way to ensure that your business stays fresh, flexible, and creative in the face of new challenges and opportunities, the surest way to green business success in 2011 and beyond.

Eco-mark Scheme introduced by Government of India in 1981 was a major step towards the promotion of green marketing in the country. Eco-labels provide information regarding the environmental performance of products. The basic objective of eco-labeling is to provide authentication to genuine claims regarding the environmental impact of products and processes by manufacturers. The Eco-mark Scheme of India has the following stated objectives.

1. To provide incentives to manufacturers and importers to reduce adverse environmental impact of products. 2. To assist consumers to become environmentally responsible in their daily lives by providing them information to take account of environmental factors in their daily lives. 3. To encourage citizens to purchase products which have less environmental impact. 4. To reward genuine initiatives by companies to reduce adverse environmental impact of products. 5. Ultimately to improve the quality of the environment and to encourage the sustainable management of resources.

CONSUMERS - As per research, India is the only country to choose deforestation and air pollution as the most important green issue. India is the only country in which more consumers say it should be developing countries that should focus on green innovation versus developed countries. The results of the recently released 2011 edition of the Global Image Power green Brands Survey show that concern about the environment by the consumers, is translating into a willingness to pay for a premium for green products. 64% of Indian consumers indicate that they plan to spend more on green products next year. Furthermore consistent with emerging countries, Indians are willing to pay a green premium price, with 48% of Indians willing to spend 10% more on a product simply because it is green. Consumers in India are trusting of green advertising compared to other countries, with 86% of Indian consumers reporting that advertising about green products help them in making choices. In India 28% of consumers intend to purchase auto in the next year as compared to purchase of 16% in last year.

PRODUCERS – AMUL has been rated as the Top Indian Green Brand by Global Green Brands survey. The International Dairy federation has also awarded AMUL Green movement as the best Environment Initiative in the —Sustainability Category in 2010.It also has been awarded Srishti good green Governance award for four consecutive years since 2011. The 2011, there are some top Green Brands in India are: 1. AMUL, 2. Suzlon Energy, 3. ITC Limited, 4 Tata Metaliks Limited (TML), 5. Tamil Nadu Newsprint and Papers Limited (TNPL), 6. Wipro Technologies, 7. HCL Technologies, 8. Oil and Natural Gas Company (ONGC), 9. IndusInd Bank, 10. IDEA Cellular, 11. Hero Honda Motors. he findings emphasize that today situation being both green and consumer friendly is the only mantra for long term success.

GOVERNMENT- The Indian government has also done its mite in promoting green marketing and eco friendliness by way of banning plastic bags from daily use, helping its automotive industry to develop greener vehicles by supporting hybrid and electric vehicles (EVs), by investing in greener cars the Government of India is capitalizing on an underutilized segment and building an infrastructure that will generate economic growth and reduce emissions. The government took the initiative of promoting green buildings construction, usage of alternate sources of energy by companies. Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers by reducing production of harmful goods or by products, Modify consumer and industry's use and /or consumption of harmful goods; or, Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

5.6. GREEN MARKETING PRODUCTS

The customers always prefer environmental household products which must benefit them such as, safe to use around children, no toxic ingredients, no chemical residues, and no strong fumes commodities. At present most of the daily newspapers are in online and seminars, conferences, and publications as well as on-going seminars on how to become a green company or community. School kids have environmentally related projects at schools or eco-friendly programs that they are implementing at home or in their communities. Most of the companies are practicing green marketing in their products to fulfill the satisfaction level of the customers. Some of them are as follows:

1- Coca-Cola Company of the USA pumped syrup directly from tank instead of plastic which saved 68 million pound/year. **2-**In 1994, Philips launched the ***EarthLight***, a super energy-efficient compact fluorescent light (CFL) bulb designed to be an environmentally preferable substitute for the traditional energy-intensive incandescent bulb (Ottman et al. 2006). **3-**In India, Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution. **4-** Barauni refinery of IOC is taken steps for restricting air and water pollutants.

It is a common knowledge that email marketing has a minimal impact on Mother Nature, since no trees are harmed in the making and sending of an email and it save both time and costs. We can send white papers, guides, and educational materials in PDF format for online viewing or downloading (instead of sending clients and customers a hard copy paper version). Green marketing takes advantage of customers' willingness to purchase, and sometimes pay a premium for, products that provide private benefits as well as public environmental benefits.

5.7. STRATEGIES FOR SUCCESSFUL GREEN MARKETING

The manufacturer/marketer should make effective strategies for successful green marketing. Here, some good strategies are given by the researcher on the basis of collected data and experience.1. They should properly educate their Customers. 2. They should build green Products 3. It's no Surprise. 4. Be Honest. 5. Bring Products to the People. 6. Water Conservation. 7. Pollution Prevention. 8. Solid Waste Reduction and Recycling.

5.8. GUIDELINE FOR INDIAN MANUFACTURER FOR PRODUCING GREEN PRODUCTS

There some golden guidelines are given to the Indian manufacturer for producing green marketing products. 1. Know your customers 2. Educating your customers 3. Being Genuine & transparent 4. Reassure the buyer 5. Consider you're pricing 6. Giving your consumers an opportunity to participate 7. Thus leading brands should recognize that consumer's expectations have changed.

It is not enough for a manufacturer or company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.

6. DISCUSSION

There is now a real sense that environmental protection is highly necessary. Everyone believes a green life is a better and healthier life for present and future generation. Most consumers' spending pattern shows that they have a desire for brands that 'go green'. Consumers not only want to buy their products but are willing to pay more for it. Based on research, 70 percent of some 2000 people in US, UK, Germany, the Netherlands, Australia and Japan are willing to pay a premium for energy alternatives such as, wind and solar power. Consumers are motivated to buy from companies that are eco-friendly in the production. When a company display's the green logo on their product, it shows that their product or services stands out from the crowd and this gives them a competitive edge. Consequently, most customer buying decisions are influenced by green product label like the US energy star logo, Green label in Thailand, Korea Eco label and much more.

7. CONCLUSION

As the demand for green products undoubtedly exists, Green Marketing provides an opportunity to the companies to increase their market-share by introducing eco-friendly products. Stricter environmental regulations across the world, growing consumer preference for eco-friendly companies, and the inherent cost advantages in lowering toxic waste, are encouraging industries big and small to clean up. Researcher found that, consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Though it's the responsibility of the firm to produce products, which are having minimum impact on the environment, but ultimately it's the consumer who is having responsibility to use eco-friendly products. Consumers are not too much concerned about the environment but as they have become more sophisticated, they require clear information about how choosing one product over another will benefit the environment. Consumer education results in their empowerment. Empowered consumers choose environmentally preferable products when all other factors are equal.

Ultimately green marketing requires that consumers Think Green, Think clean, Think Eco-friendly i.e. they want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution.

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