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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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IMPACT OF RETAIL ATMOSPHERICS IN ATTRACTING CUSTOMERS: A STUDY OF RETAIL OUTLETS OF LUCKNOW

PARUL TOLANI
RESEARCH SCHOLAR
SCHOOL OF MANAGEMENT STUDIES
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
LUCKNOW

DR.KUSHENDRA MISHRA
HEAD
DEPARTMENT OF RURAL MANAGEMENT
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
LUCKNOW

ABSTRACT
Atmospherics plays a challenging role in creating an affirmative environment to a retail outlet. The visuals of the retail store (exterior or interior) have a pronounced influence on the modern consumer. The modern consumer is posing a demanding errand for Indian retail. The exploratory framework of this research makes it easier to comprehend the upcoming retailing trends in terms of stores layout, stores design, architectural makeover which leads to knowing buying perception among customers. The intent of this study is to check the dependency of stores atmospherics in luring customers. It emphasizes on the significance of retail atmospherics as a mechanism for increasing sales. The study may be helpful for managers to create and implement customer value strategies in retail setup. The study fortifies that stores atmospherics has considerable role in attracting customers and is dominant factor for creating the brand image of the store.

KEYWORDS
Brand image, Customer value, Retail Atmospherics.

INTRODUCTION
The term atmospherics was coined by Philip Kotler in the year 1973 in the journal named “Journal of Retailing”. Retail atmospherics refers to an array of anything inside a retail store that is intended to affect the consumer’s attitude and perception towards buying. This comprises the use of colors, designs, decors, lighting or music. The point of all of this is to engage all of the customers’ senses to entice them into making a purchase. Retail atmospherics are based upon the psychology of the consumers in terms of using triggers to tell people to make a purchase or to stay in the store. The appearance of the stores holds a considerable importance in tempting customers through the doors. It can be said that atmospherics is an effort to create a positive brand image of the store which leads to the purchases by customers. Atmospherics implies on the physical characteristics of the store that projects on the buying behavior of the consumer.

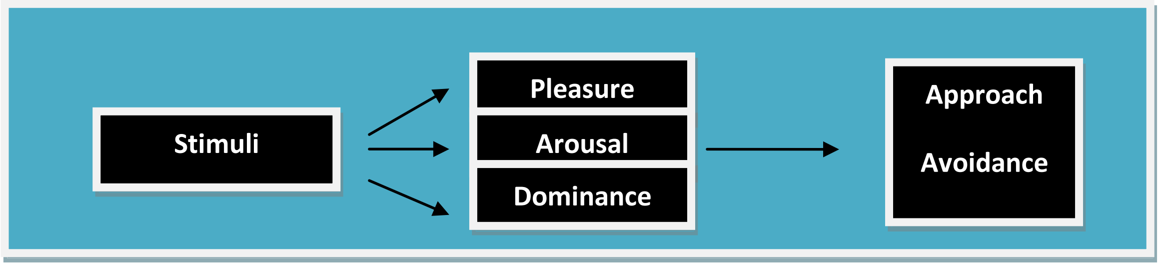
The atmosphere of the stores includes brand design which continuously throws brand messages that the consumer entails throughout the shopping period. The retail environment is projected in order to create a positive image of the store. The other perceptions related to stores atmospherics communicate that it is not only an attempt to create a positive image or purchases but also makes it differentiated from its competitors and create a n adaptive brand value.

OBJECTIVES OF RETAIL ATMOSPHERICS
- To provide customers a positive and easy environment with proper lighting, music and decors.
- To design store in such a way that customers enjoy shopping.
- To maximize the space of the store through proper layout so that it does not lead to overcrowding.

TYPES OF RETAIL ATMOSPHERICS
Retail atmospherics is classified as:
1) Exterior Atmospherics: Exterior atmospherics involves all those things which are at the outer side of the store and attracts the customers to enter the doors like marquee, entrance of the store, display windows and parking facilities
2) Interior Atmospherics: On the other hand interior atmospherics include the internal elements like decorations, lightning, music, ambience, flooring, internal displays, flooring etc.

The Mehrabian Russel is a classic model which is used as a reference by various researchers. The model studies about Stimuli (S) – Organism (O) – Response (R). In Stimuli (S)- Organism (O)- Response (R), it is assumed that stimuli is the combination of various elements of stores which are external to the person (Bagozzi, 1986). Organism refers to the state of internal processes which lies between the stimuli and the responses (Bagozzi, 1986). This concludes that consumer’s emotional state can be known by the effect of atmospherics on consumer.

FIGURE 1: MEHRABIAN AND RUSSEL MODEL (1974)



Source: Mehrabian and Russel Model 1974

The three basic domains of this model are: pleasure arousal and dominance. Dominance is considered to have the non significant role on the behavior of the consumer (Donovan and Rossiter, 1982; Donovan et al., 1994; Russell and Pratt, 1980). Response can be studied on the basis of the approach and avoidance behavior. Approach consists of communication with others, to stay in the store for longer period of time and explore the environment. On the other hand avoidance is the opposite of all this factors (Mehrabian and Russel, 1974). There is a very little distinction between the studies concluded by Mehrabian and russel and the studies carried out by Donovan and Rossiter (1982). In the latter model, the facor of dominance is neglected.

After the Mehrabian and Russel Model, Turley and Miliman presented S-O-R model in the year 2004 which constituted five variables in Atmospheric Stimuli (Stimulus). These five variables include exteriors, interiors, store layout, interior display and human variables which affects the emotional state (Organism) of the employees and the customers resulting in the resposive behavior of the customers (Response).

LITERATURE REVIEW

Martinean (1958) has studied the Store Image way back in the 1950s. He was the first to link store image to the image that a shopper has of oneself. He called Store image 'as personality of the store or its image. According to him, the store is defined in the shoppers 'mind, partly by its functional qualities and partly by the quality of its psychological attributes. He lists functional attributes such as location, price ranges, and merchandise selection. He illustrates the psychological attributes leading to the creation of store image as: layout and architecture of the store, symbols (emblems) and colors, advertising, and sales personnel of the stores.

The influence of environmental cues on consumer behaviour has been widely discussed in the scientific literature, since Donovan and Rossiter (1982) introduced the concept of environmental psychology to marketing research. Their basic model assumes a Stimulus-Organism-Response taxonomy, where the environment (stimulus) has an impact on the emotional states of consumers along three dimensions, pleasure, arousal or dominance (organism). These act as mediators on the response, which is a behavior characterized as avoiding or approaching (Mehrabian & Russell 1974, Woodworth 1928).

Grossbart, Hampton, Rammohan, and Lapidus (1990) researched about the customer behavior, predominantly among those with higher stimulus looking for affinity or pleasure-seeking, is reliant on the atmospheric distinctiveness of a shopping area.

Subhashini Kaul, (2006) has examined the various measures of store patronage and its antecedents; store loyalty. On patronage the author concludes that consumers would display greater patronage behavior for furniture as compared to garments, more for garments as compared to grocery etc. In any case, exclusive shopping at a single store is rare. Loyalty is the prime attitudinal objective that every marketer / retailer aims for with his marketing/retail mix elements.

The buying process in a retail environment is triggered when consumers recognize that they have an unsatisfied need. Especially when shopping for fun, the decision to enter a particular store, how much time to spend inside, and to buy or not to buy is heavily influenced by the shopping environment and its effect on customers' emotions. Consequently, a retailer's design their shops so that customers are attracted, locate merchandise easily, motivate unplanned purchases, and offer a satisfying shopping experience (Levy & Weitz 2009).

OBJECTIVES OF THE STUDY

- To study the significance of atmospherics that affects the consumer's attitude and perception towards buying.
- To study the impact of the stores atmospherics on brand image of the retail outlets.
- To identify the behavior of the consumer in retail outlets.
- To study the relationship between the stores atmospherics and positive image of the retail outlet.

RESEARCH METHODOLOGY

Exploratory Research is carried on for the purpose of knowing the trends in retailing and changes in consumer's perceptions due to exteriors and interiors of the store. Survey method is employed for collection of the data. Survey is conducted in the retail outlets of Lucknow city. A well defined questionnaire was prepared which contained 10 questions including open ended and closed ended questions. The scope of the study is restricted to few selected apparel retail outlets in the city of Lucknow. They are: Globus, Max, Pantaloons and Shoppers Stop.

SAMPLE SIZE

The sample of study is 200 respondents.

PERIOD OF STUDY

The study was carried out during the period Oct 2014 to Dec 2014.

TOOLS USED

The method of correlation is applied to calculate the dependability among variables. Further t-test is applied to check the hypothesis statistically.

RESEARCH FINDINGS

Marketers comprehend that atmospherics of a store is a chief attribute of the shopping experience that can easily effect consumers decision to visit the store (Kotler 1973-1974). The cues of the stores atmosphere such as color, music, lighting, smell, crowding, windows display and storefront reflects an essential role in shoppers' perception and evaluation of the store. Stores with pleasant and moderately arousing atmospheres are likely to contribute to the overall favorableness of the store and effect buyer behavior in a positive way. (Chebat and Sirgy, 2010)

In this study, interior environment has been found to have a remarkable impact on the consumer's attitude. As seen in a number of previous studies, including those of Kotler (1973-1974), Yalch and Spangenberg (1990), Crawley (1993) and Babin and Darden (1996), store atmospherics has become an important tool to uplift the mood of the shoppers urging them to purchase more. These studies have spotted various factors that can contribute to store ambience like decorations, lighting, color, music etc.

Decorations: Decorations create a beauty and communicate the image of the store. Decorations of a store should be such that it can attract customers and give a pleasant environment to the buyers. It can give uniqueness to the store and thus communicates the value of the store.

TABLE 1: DECORATIONS IN THE STORE		
Response	Number of Respondents	%
Very Important	79	39.5
Important	91	45.5
Less important	30	15
Total	200	100

Interpretation: 39.5% of the people admit that decorations in the store are as important as other things while 15% agree that it is not a considerable factor. Without proper decoration and arrangement, a customer cannot be lured towards the stores.

Lightning: Lightning is an effective component to enhance the design of the store. Proper lightning of a store propels the consumer to buy more as it highlights the products and makes them noticeable. On the other hand, it creates a positive store image leading customers inside the store. Customers feel proper lightning can lead to more enjoyable experiences in shopping.

TABLE 2: LIGHTNING IN THE STORE		
Response	Number of Respondents	%
Very Important	65	32.5
Important	98	49
Less Important	37	18.5
Total	200	100

Interpretation: Among 200 people surveyed across 4 retail outlets, 32.5% respondents feel proper lightning in the store compels them to purchase more and create a positive brand image of the store while 18.5% of the customers did not appreciate the lighting as a significant component.

Color: According to a color marketing group, the reason for customers to buy one product after another is based on the attractiveness that a color can create. A customer does not confine himself only to the color of the merchandise but also by the colors of the surroundings which highly affect the consumer's mood while purchasing.

TABLE 3: COLOR IN THE STORE		
Response	Number of Respondents	%
Very Important	89	44.5
Important	76	38
Less Important	35	17.5
Total	200	100

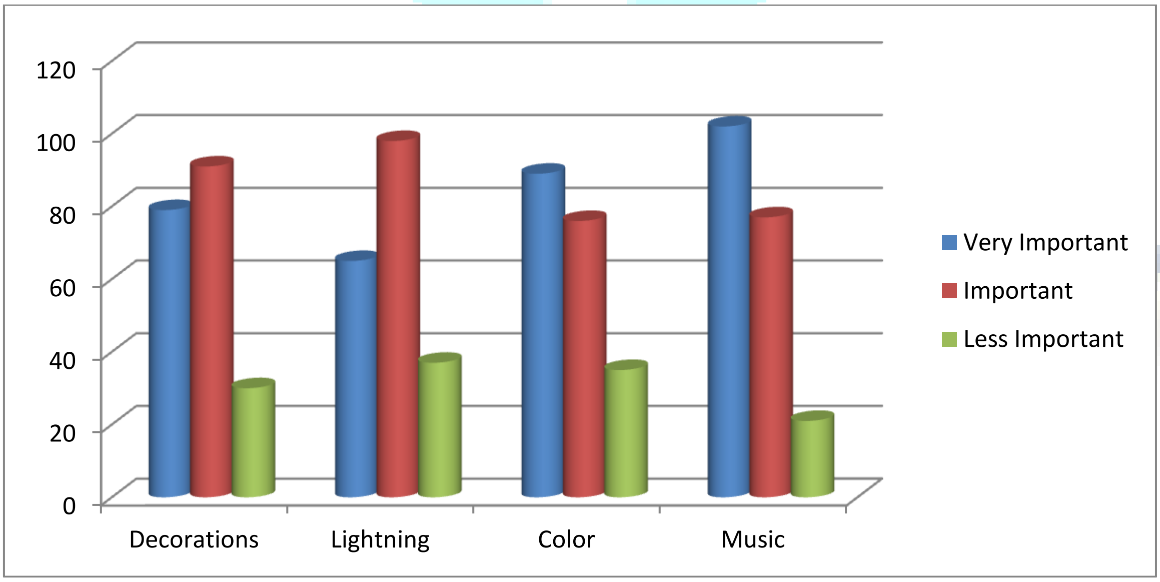
Interpretation: Previous studies have inferred that combination of lightning and color can create eagerness among the customers to purchase more. From the above table it is deduced that only 17.5% of the customers did not consider the color of the outlet and rest 82.5% appreciates it. Attractive interior atmospherics can entice the customer to purchase.

Music: Music is not only a mood enhancer but has the power to influence the behavior of the consumer. Previous researchers have concluded that background music in a retail store makes the shoppers stay for long and purchase more. The important thing is that the music should be appropriate and according to the needs of the customers.

TABLE 4: MUSIC IN THE STORE		
Response	Number of Respondents	%
Very Important	102	51
Important	77	38.5
Less Important	21	10.5
Total	200	100

Interpretation: From the above table, it is interpreted that 51%of the people consider music as the essential attribute of the atmospherics which motivates the customers to purchase while 21% of respondents feel that music cannot inculcate them to make purchases.

FIGURE 2: IMPORTANCE OF ATMOSPHERICS IN THE STORES



The above figure shows the percentage of decorations, lightning color and music in the terms of importance It can be inferred that music in the store has a great impact on customers while purchasing. Decorations are the other important factor which is considerable in attracting customers. Thirdly, lightning has got the lesser percentage in terms of significance.

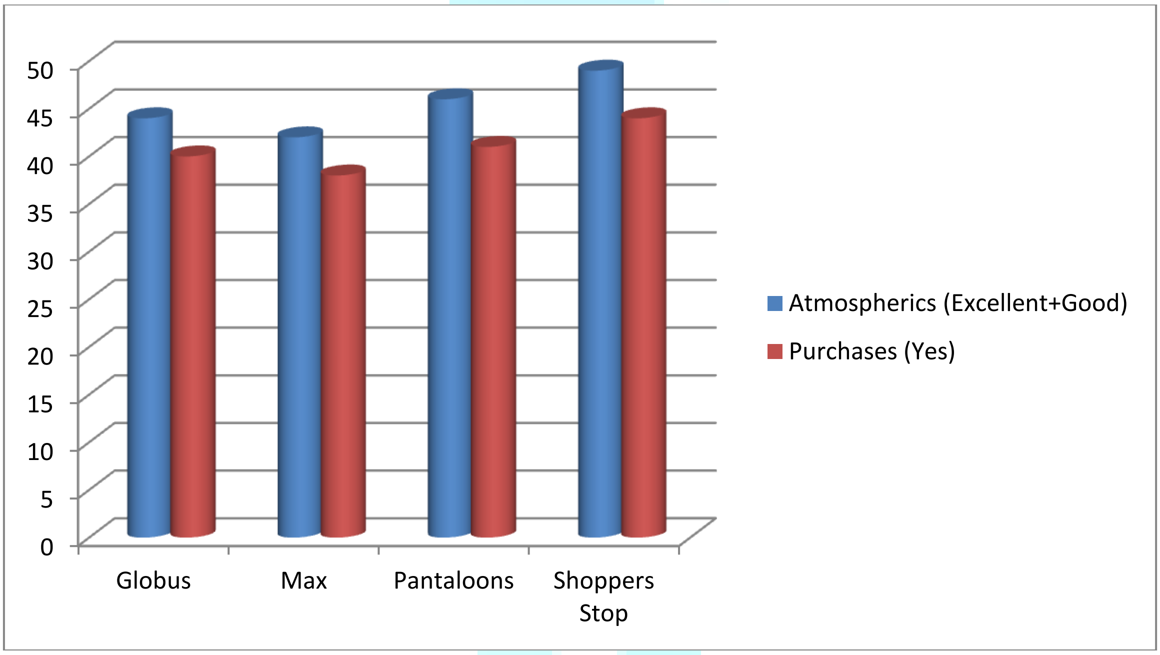
TABLE 5: COMPARISON OF ATMOSPHERICS ACROSS SIX RETAILERS								
Stores/Response	Excellent		Good		Poor		Total	
	No of Respondents	%	No of Respondents	%	No of Respondents	%	No of Respondents	%
Globus	32	64	12	24	6	12	50	100
Max	14	28	28	56	8	16	50	100
Pantaloons	36	72	10	20	4	8	50	100
Shoppers Stop	31	62	18	36	1	2	50	100

The above table shows the comparison among the retail outlets in terms of atmospherics. It is inferred from the table that Pantaloons gains the highest percentage (72) among all whereas people are less attracted by atmospherics in the retail outlet of max. On the other hand it is also noticed that max has the highest percentage (8) in terms of poor atmospherics and shoppers top with the lower percentage. After Pantaloons, Globus is considered to have the excellent atmospherics.

TABLE 6: PURCHASES MADE BY CUSTOMERS						
Stores/Response	Yes		No		Total	
	No of Respondents	%	No of Respondents	%	No of Respondents	%
Globus	40	80	10	20	50	100
Max	38	76	12	24	50	100
Pantaloons	41	82	9	18	50	100
Shoppers Stop	44	88	6	12	50	100

Table 6 shows the actual purchases made by customers due to the proper atmospherics. Many of the customers do agree that atmospherics of the store are very much liable for the customer to purchase from a particular outlet. It is not only the brand image of the store but the interior and exterior environment do play a major role.

FIGURE 3: EFFECT OF ATMOSPHERICS ON CONSUMER PURCHASES



The above figure shows a consolidated data of atmospherics (Excellent + Good) and purchases made by consumers (Yes). It is concluded that the better the atmospherics of a store, the more will be the purchases. Shoppers Stop is considered to have the best atmospherics and so the purchases made by the customers are all high. On the other hand Max lacks behind and son the purchases made are also less.

FORMULATION OF HYPOTHESIS

H_0: Atmospherics does not affect the consumer purchases.
H_1: Atmospherics affect the consumer purchases.
Through above research it is inferred, the customers purchasing in retail outlets acknowledge that atmospherics do play a dominant role in attracting customers. From the above hypotheses, two variables are obtained: Atmospherics and Consumer Purchases. The responses for this parameter are taken in terms of ―Good‖ for Atmospherics (The sum of response Excellent and good is taken) and yes for Consumer Purchases (Table: 6). The Karl Pearson's coefficient of correlation at + 0.993 establishes an almost perfectly positive correlation between atmospherics and Consumer Purchases of the store. It can be answered that the more attractive the atmospherics in a store the more purchases made by consumers. Further t-test is applied to test the hypothesis. The calculated t-value at 14.03 is greater than the table value at 95% confidence level i.e., 12.706. Therefore, the hypothesis: Atmospherics affects the consumer purchases of the store is accepted.

CONCLUSION

Globalization ad Westernization is the success of key for any retailer. The research paper concludes that proper environment of a store leads to increase in sales. The outer or the inner atmosphere of the store is the only way to target customers. The needs an the style of the consumers are increasing day by day so the retailers need to emphasize on the atmospherics of the store to meet the challenging roles of a competitors and even customers. It is clearly understood by the research conducted in Lucknow city that atmospherics do have a valued role in influencing customers. Atmospherics of the store should be consistently improved at all the levels so that it may give a defined structure to the retail outlets. In turn it will lead to the satisfaction of the customer.

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REFLECTIVE PRACTICE AND PROFESSIONAL DEVELOPMENT AT ELEMENTARY TEACHER EDUCATION LEVEL

DR. M.S.R. SARMA
PROFESSOR (RETD)
GOVERNEMNT I.A.S.E.
VIZIANAGARAM

ABSTRACT

Research on effective teaching over the past two decades has shown that effective practice is linked to inquiry, reflection, and continuous professional growth (Harris 1998). Reflective practice can be a beneficial form of professional development at both the pre-service and in-service levels of teaching. By gaining a better understanding of their own individual teaching styles through reflective practice, teachers can improve their effectiveness in the classroom.

KEYWORDS

Reflective practice, professional development of teachers.

INTRODUCTION

Teacher education progrmmes are the programmes for the professional preparation of teachers. They are not of general, academic study. Accordingly, they provide for a comprehensive coverage of professional knowledge, understanding, attitudes, interests, values and skills along with functional orientation.

The challenges before the teacher education are to be responsible to academic and social demands of society. Therefore, the steps are to be taken to make the process of teacher education more meaningful and effective. The quality concerns are tangible. Quality is not a destination is a process therefore; teacher education programmes are to be developed to ascertain its quality, in terms of its customer delight i.e., learners' satisfaction.

Professional success of every profession depends on the up-to-date professional knowledge, devotion and dedication along with efficiency and effectiveness. Advancement in technology and communication has brought about a lot of changes in the field of Education. Teaching occupies an important role in the society; therefore, there should be a sound programme of Professional Education of teachers in the country.

TEACHING OF SCHOOL SUBJECTS

Content and teaching strategies are closely inter - connected with each other. Even the best content will remain ineffective, unless, it is translated by suitable teaching strategy. A curricular programme is brought into action only through appropriate method of instruction. The use of an appropriate or particular instructional strategy may increase the effectiveness of teaching.

Learning is a process through which knowledge, skills, concepts and attitudes are to be acquired and achieved, applied and executed by the students. Hence, the teachers must possess the competent skills and also must have effective performance skills in the teaching of school subjects, where there is a mismatch in between teaching style and learning style, the learning may become adversely affected (Entwistle,1981). Hence, every teacher or teacher trainee must reflect upon their own teaching, and take up remedial steps for the betterment of teaching then only the teaching performance would improve.

REFLECTIVE PRACTICE

Reflection is widely accepted as a tool for learning in the field of education. It is considered essential to professional practice. Reflection gives meaning to experience and promotes a deep approach to learning because it encourages to frame problems, question on their own assumptions and look at situations from multiple perspectives as they analyze their live experiences. Reflective process is particularly important in the field of education. It enables the student teachers to recognize their own assumptions basing on the analysis and how those assumptions and plans might influence for the enhancement of professional development. Reflection also helps the trainees to improve their skills needed to update their knowledge.

DEFINITION OF REFLECTION

Reflective practice involves thoughtfully considering one's own experiences in applying knowledge to practice while being coached by professionals in the discipline (Schon, 1996). Reflective practice has also been defined in terms of action research. Action research, in turn, is defined as a tool of curriculum development, consisting of continuous feedback that targets specific problems in a particular school setting (Hopkins&Antes,1990). The teacher educator as a researcher and role model encourages students to put theories they have learned into practice in their class rooms. The students bring reports of their field experiences to class and analyse their teaching strategies with their mentors and colleagues. This collaborative model of reflective practice enriches students personal reflection on their work and provide students with suggestions from peers on how to refine their teaching practices (Syrjala,1996).Kolb defined reflection as an element of the learning cycle.

LEVELS OF REFLECTIVE PRACTICE

Reflective practice is used at both the pre-service and in-service levels of teaching. Coaching and peer involvement are two aspects of reflective practice seen most often at the pre-service level. In a 1993 study of how student teachers develop the skills necessary for reflective teaching during their field experiences, Ojanen explores the role of the teacher educator as coach. Teacher educators can most effectively coach student teachers in reflective practice by using students' personal histories, dialogue journals, and small and large-group discussions about their experiences to help students reflect upon and improve their practices.

Kettle and Sellars (1996) studied the development of third- year teaching students. They analyzed the students' reflective writings and interviewed them extensively about their reflective practices. They found that the use of peer reflective groups encouraged student teachers to challenge existing theories and their own preconceived views of teaching while modeling for them a collaborative style of professional development that would be useful throughout their teaching careers.

Serving as a coach or mentor to peers is another form of reflective practice for in-service teachers. Uzat (1998) presents coaching as a realistic and systematic approach to ongoing teacher improvement through focused reflection on teaching methods. Uzat also relates the concept of coaching to self-efficacy: Teachers' beliefs that they affect students' lives as well as the school motivate them intrinsically to grow.

INCORPORATING REFLECTION INTO PRACTICE

There are many successful techniques for investing teaching practice with reflection. Some of these have been mentioned above, including action research. Action research conducted in teacher education programs can be designed to engage the reflective participation of both pre-service and in-service teachers. Rearick (1997) describes the benefits of this activity for both groups, as well as for the teacher educator, as used in a professional development project at the University of Hartford. In this project, experienced teachers identified knowledge, thinking, and problem-solving techniques and decision-making processes they used in designing instruction for language arts curricula. Based on these discussions, a pre-service course agenda for teaching reading and writing was developed. Students taking the course developed portfolios, conducting their own action research in the process. These students also formed a critical learning community, developed modes of inquiry, and shared their diverse ways of valuing, knowing, and experiencing.

A review of current research indicates that portfolio development has become a favorite tool used in pre-service teacher education (Antonek, et al, 1997; Hurst et al, 1998). Portfolios encourage beginning teachers to gather in one place significant artifacts representing their professional development. They assemble materials that document their competencies. Portfolios include a reflective component, for when the teacher decides which materials to include, he or she must reflect on which teaching practices worked well and why (Hurst et al, 1998). The portfolios are modified at points throughout a teacher's career, as the teacher continues to apply learning to practice.

Participation in some professional development institutes can also be a way to incorporate reflection into practice. Professional development programs need not always focus on specific teaching methods and strategies; they can also focus on teacher attitudes that affect practice. Wilhelm et al (1996) describe the curriculum of a professional development institute that offers teacher interns an opportunity to explore attitudes, develop management skills, and reflect on the ethical implications of practice in classrooms with cultural compositions vastly different from their previous experiences. By its nature, this kind of professional development institute causes teachers to step back and critically reflect not only on how they teach, but also on why they teach in a particular way.

Reflection is particularly important in the field of education. Self analysis enables the trainees to recognize the limits of their own knowledge, which facilitates additional exploration. It is this ongoing critique that leads to continuous improvement in practice and encourages a quest for life long learning. By engaging in the reflective process the student trainees may achieve many of the competencies.

Suryanarayana and Sarma (2011) conducted a study on the "Effect of Reflective process in Enhancing Instructional competency of Student teachers at Elementary Teacher Education Level". They undertook this research study basing on the Kemmis action research cyclical moments to improve the performance of the student trainees or teachers. The action research distinct moments are – Plan, Act, Observe and Reflect. The study was conducted on the Student teachers of DIET, Bheemunipatnam, Visakhapatnam. This study exclusively aimed on the planning, and execution of the lesson. The researcher collected data on the reflective process and discussed with student trainees on the observations and also collected data on the perceptions of student teachers towards instructional competencies at primary level were also analyzed and presented.

This study is crucial and important for the practitioner to understand his/her own effectiveness in the teaching dimensions. The researcher guided the trainees to record their reflections after completion of the lesson.

The student teachers were recorded their points on the days teaching, the researcher discussed and guided them for next practicing lessons. Initially the trainee teachers could not complete the task, and could not have the pace of teaching as desired. After maintaining the reflective journal and recording of points and the discussions on the issues the student teachers were recorded that -- **the planning competency, the classroom management skill, skill in communicating the items , competency in pace of teaching , participatory level of the students in the learning process, competency in improving the classroom situations, skill in observing the whole situation, and skill in observing the effectiveness in teaching-** were improved.

This process of data collections encouraged the teacher trainees to step beyond their own teaching and observed the way how children received their lessons. Through this reflective practice a unique support system emerged in between the teacher educator and the teacher trainee. The respondents revealed that this reflective process is very effective and helpful in developing their professional skills.

With regard to satisfactory level of the respondents on the reflective process 92 per cent of the trainees having high perception. The average score for this was **HIGH.

** With regard to Usefulness of reflective process at pre-service level ,92 per cent of the trainees having high perception. The average score for this was **HIGH.**

With regard to Reflective process helps the trainee in enhancing the Skill in analyzing content aspects and process aspects, 76 per cent of the trainees having high perception. The average score for this was MODERATE.**

**With regard to Adoption of reflective process enhances the professional development of teacher trainees, 84 per cent of the trainees having high perception. The average score for this was HIGH.

It was noticed that, the student teachers perceived **High** on the following in practicing the reflective process --

motivational aspects, skill in achieving the objectives , skill in developing the lesson, skill in the presentation of subject matter with activities , skill in the use of teaching learning material, giving more explanations comparatively than that of previous experiences , ability in maintaining interest in teaching , skill in observing the student participatory level in group activities and other activities, observing the timings while teaching, skill in observing more appropriate and relevant evaluative Techniques when dealing the class , skill in identifying the students who are passive and Backward in participation in activities, skill in class room management, Maintenance of reflective journal in identifying the strengths and Weaknesses in the teaching and learning process/when dealing the class, skill in improving teaching efficiency.

- It was noticed that, the student teachers perceived **Moderate** on the following in practicing the reflective process---

usage of Language, competency in the preparation of lesson plans with appropriate proposed activities , skill in the execution of activities , skill in the execution of activities , skill in the formation of groups , skill in observance of interaction among groups , maintenance of student Teacher rapport, skill in acquiring knowledge, skill in applying the proposed and suitable activities, skill in questioning.

It was noticed that, the student teachers perceived **Average** on the following in practicing the reflective process- maintenance **of student Teacher rapport**

The perceptual values of student teachers towards reflective practice in instructional aspects:

1. Planning	**16.6**	**High**
2. Execution	**43.3**	**Average**
3. Observation	**24.3**	**High**
4. Skill in achieving the targets	**4,3**	**High**
5. Skill in using the previous experiences	**4.3**	**High**
6. Skill in identifying the strengths and weaknesses in maintaining the Journal	**4.0**	**High**
7. Skill in teaching efficiency	**4.7**	**High**

The above data revealed that all the areas in this scale are very useful. All the above areas fallen in the category of HIGH as per the perceptions of the student teachers, except the area execution of activities. It shows that the reflective practice helps a lot to the trainees in acquiring the instructional competencies. The trainees must be Informed about the importance of reflective practice and also in conduct of action researches on the analysis.

BENEFITS OF REFLECTION IN PRACTICE

The primary benefit of reflective practice for teachers is a deeper understanding of their own teaching style and ultimately, greater effectiveness as a teacher. One of significant qualities of reflective practice puts the teacher trainees in the position of accepting more responsible for the improvement of their professional growth.

Although experience is at the core of learning in teacher education, reflection is integral to deeper learning from experience. Reflection is not mere stopping and thinking on the issue it is to view situations from many of the perspectives. The skill of the reflections not innate, it is learned over time with practice. Incorporating the reflection practice may enable the teacher trainee to more effectively attain the requisite competencies in teaching. However, reflection is an analytic skill that must be mastered as well. The teaching faculty must understand the issues which are relevant for reflection, and teach these issues effectively in making the trainees competent.

A major educational implication is that, conduct of action researches using this reflective process both at pre-service and in-service levels would enhance the competency of the teachers. Action research could be incorporated in the schools exclusively for the professional development of the staff. The teachers, HMs and other administrators must involve in the action research or reflective process when analyzing. Incorporating action research at both pre-service and In-service levels will reinforce the valued quality of life long reflection and change in the teaching professional. The better the role of the teacher with all his/ her competencies in the class room the better will be the effectiveness of the climate of the school.

CONCLUSION

Research on effective teaching over the past two decades has shown that effective practice is linked to inquiry, reflection, and continuous professional growth (Harris 1998). Reflective practice can be a beneficial form of professional development at both the pre-service and in-service levels of teaching. By gaining a better understanding of their own individual teaching styles through reflective practice, teachers can improve their effectiveness in the classroom.

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CHALLENGES TO BIGGEST STEP IN FINANCIAL INCLUSION BY INDIA

KIRANKUMAR R. BANNIGOL
ASST. PROFESSOR
P.G. DEPARTMENT OF STUDIES IN COMMERCE
KARNATAK UNIVERSITY P.G. CENTRE
KARWAR

DR. S.G.HUNDEKAR
PROFESSOR & HEAD
DEPARTMENT OF STUDIES IN COMMERCE
KARNATAK UNIVERSITY
DHARWAD

ABSTRACT

The India's biggest financial inclusion plan by government of India finally stepped into the ground! After the nationalization of commercial banks in 1969 and subsequent developments led to financial inclusion by the banks. Despite the big expansion, the statistics on financial exclusion in India provides a very depressing picture. Out of over 600,000 rural habitations in the country, only about 30,000 or just 5% have a commercial bank branch. Just about 40 per cent of the population across the country has bank accounts and this ratio is much lower in the north-eastern part of the country. The proportion of people having any kind of life insurance cover is as low as 10 percent, and the proportion having non-life insurance is an abysmally low 0.6 per cent. Basic objective of the notion of financial inclusion is to ensure formal banking facilities to the rural and unbanked households of the society and to see that they are self confident and empowered. Pradhana Mantri Jan Dhan Yojana (PMJDY), the government's biggest financial inclusion plan is a new hope in that regard. The paper is significant attempt to understand and emphasize the importance of the topic.

KEYWORDS

GoI, Financial inclusion, FIP, PMJDY.

INTRODUCTION

The Economic resources of the country should be utilized for the well being of the poor. The change will commence from this point.

- Sri Narendra Modi, Hon'ble Prime minister of India about Jan Dhan Yojana

Financial Inclusion is the delivery of financial services at an affordable cost to vast sections of the disadvantaged and low income groups. The purpose of financial inclusion is to provide equitable opportunities to every individual to avail the facility of formal financial channels for better life, better living and better income. It is crucial to innovate and provide means to include the financially excluded by way of ensuring access to financial services, and timely and adequate credit. World Bank reports that "Financial inclusion, or broad access to financial services, is defined as an absence of price or non price barriers in the use of financial services." The term Financial Inclusion needs to be interpreted in a relative dimension. Depending on the stage of development, the degree of Financial Inclusion differs among countries. It's been a surprising fact that India ranks second in the world in terms of financially excluded households after china .For the inclusive growth process of economy the central bank has also provided high importance to the financial inclusion.

The Indian growth story started unfolding with the IT Sector in late 90's. For the first time, global companies realized the importance of Indian IT because of the Y2K phenomenon. Since then the Indian Economy has been going from strength to strength. Today India is the second fastest growing economy in the world. The crossing of Indian GDP to over a trillion dollar mark in 2007 is considered an important milestone. Today India's economy is the 3rd largest in the world by purchasing power parity.

Census 2011 estimated that out of 24.67crore households in the country, 14.48 crore (58.7%) households had access to banking services. Of the 16.78 crore rural households, 9.14 crore (54.46%) were availing banking services. Of the 7.89 crore urban households, 5.34 crore (67.68%) households were availing banking services.

As of now, India ranks 2nd in the world in terms of financially excluded households after China. But this position is in absolute numbers. The situation is not so bad in percentage terms. In percentage terms the majority of the African countries are behind India. India's regulator started focusing on financial inclusion only in last five years. That way, the progress made is remarkable by every standard. In 2010, the regulator chalked out a detailed plan to cover every habitat with a population of at least 2000 by the end of March, 2012. But the fact is that India still needs to do a lot progress in financial inclusion. Recent data from the World Bank also suggests that India ranks lower when compared with the OECD countries with regard to financial penetration. When compared with select Asian peer group countries, the difference in financial access is less as far as access to bank branches is concerned; more prominent with regard to access to ATM's; highly prominent while comparing in terms of private credit to GDP ratio. These trends underline the need for strengthening the financial inclusion process in India in the years to come.

OBJECTIVES OF THE STUDY

1. To comprehend the present scenario of financial inclusion in India.
2. To study PMJDY and analyzing it considering different factors those are utterly in relation to the scheme.
3. To study the prime factors influencing access to financial services.
4. To anticipate the problems and challenges associated with this PMJDY and trying to suggest the best possible solutions to make financial inclusion a grand success.

RESEARCH METHODOLOGY

Paper's study is descriptive in nature. The data used for the study is secondary in nature and has been collected from RBI bulletin, annual reports of Government of India (GoI) and Ministry of Finance, Report on trend and progress of banking in India, various reputed journals, newspapers and websites of RBI, Ministry of Finance, and Brochure of PMJDY.

PRESENT POSITION OF FINANCIAL INCLUSION IN INDIA

- **World Bank Survey Report -** A Financial Inclusion survey was conducted by World Bank in India between April-June, 2011 which included face to face interviews of 3,518 respondents. The sample excluded the north-eastern states and remote islands representing approximately 10 per cent of the total adult population. The results of the survey suggest that India lags behind developing countries in opening bank accounts, but is much closer to the global average when it comes to borrowing from formal institutions. In India, 35 per cent of people had formal accounts versus the global average of 50 per cent and the average of 41 per cent in developing economies. The survey also points to the slow growth of mobile money in India, where only 4 per cent of adults in the Global Findex sample report having used a mobile phone in the past 12 months to pay bills or sends or receive money."

- In sync with the objective of inclusive growth, RBI has given priority to the agenda of financial inclusion over the past few years. Steps were taken by RBI in very recent years to expand banking services to remote areas of the country. Despite all the attempts made by the Reserve Bank, the extent of financial exclusion continued to be significant in India, when compared with some of the advanced as well as developing countries.

TABLE 1.1 KEY STATISTICS ON FINANCIAL INCLUSION IN INDIA: A SURVEY (%age)

	Share with an account at a formal institution			Adult saving in past year		Adults originating a new loan in the past year		Adults with a credit card	Adults with an outstanding mortgae	Adults paying personally for health insurance	Adults using mobile money in the past
	All adults	Poorest Income Quintile	Women	Using a formal account	Using a community based method	From a formal financial Institution	From family of friends				
India	35	21	26	12	3	8	20	2	2	7	4
World	50	38	47	22	5	9	23	15	7	17	7

(Source: RBI Report 2013)

TABLE 1.2: RECENT KEY STATISTICS ON FINANCIAL INCLUSION IN INDIA: A SURVEY

	Year ended Mar 2014	Added between Apr 2013 and Mar 2014
Banking Outlets in villages	3,83,804	1,15,350
Basic saving bank accounts through branches (in mln.)	126	25.2
Basic saving bank accounts through banking correspondents (in mln.)	116.9	35.7

(Source: RBI Report 2014)

- **Old Financial Inclusion Plan (FIP) of Govt. –** To strengthen the financial inclusion drive, all public and private sector banks were advised to put in place Board approved three - year financial inclusion plans (FIPs) from April 2010 onwards.

The FIP should broadly contain self-set targets with respect to:

(i) Opening rural brick and mortar branches;

(ii) Deployment of BCs; and Coverage of villages with population of more than 2000 as also other un-banked villages with population below 2,000 through branches/BCs/other modes; (iv)opening no-frills accounts including through BC-ICT;

(iii) Issuing Kisan Credit Cards (KCCs) and General Credit Cards (GCCs), and other people specific products designed by them to cater to the financially excluded segments. The progress, so far, by banks in achieving FIP during the last two years has been impressive. A brief analysis of the progress shows that penetration of banking has increased multi-fold in rural areas. As at end- March 2012.villages covered through BCs constituted more than 80 per cent of the total villages covered under the FIP. These indicators move towards the widespread acceptance of BC model of financial inclusion by banks as well as consumers in rural India.

- **Opening of New Bank Branches -** Scheduled Commercial Banks have opened 6,503 branches during 2012-13, out of which 2,051 are in rural areas, 2,479 in semi-urban areas, 1,065 in urban areas and 908 branches in metropolitan areas (Annual Report 2012-13, Ministry of Finance, GoI). In accordance with the efforts put forward by the Reserve Bank for opening new bank branches in rural areas, more than two-thirds of total new branches opened during 2011-12 were in rural or semi-urban areas. Expansion of banking network is done through the opening of new bank branches in various regions. The distribution of new branches Region-wise and Population Group-wise is shown in Table I.3.Among the regions southern region accounted for almost 30 per cent of total new bank branches opened. As at end-March 2012, 99 per cent of the identified villages have been provided with banking outlets. Four States, viz., Uttar Pradesh, Bihar, West Bengal and Andhra Pradesh accounted for more than 50 per cent of these newly opened banking outlets. On a positive note, all identified villages in the north-eastern have been provided with banking outlets. Region-wise analysis of the progress made in banking penetration indicated that significant progress has been made in eastern as well as north-eastern region on this front. The details of Progress in Roadmap for providing Banking Outlets in Villages with Population of more than 2000.
- **"Swabhimaan program"- the Financial Inclusion-** Under "Swabhimaan"- the Financial Inclusion Campaign launched in February 2011, banking facilities to over 74,000 habitations having a population of 2,000 and above have been provided by engaging over 62,000 business correspondent agents (BCAs) and opening branches. About 3.16 crore Financial Inclusion accounts have been opened till March, 2012. Further, Public Sector Banks and Regional Rural Banks (RRBs) have operationalized over 43,000 Ultra Small Branches so far. In pursuance to the announcement made by Finance Minister in Budget speech 2012-13, this campaign is being extended to about 45,000 Habitations with population of more than 1,000 in North-Eastern and hilly States and with 1600-2000 population in other states.
- **SHG-Bank Linkage Programme and Micro-Finance-**The self-help group (SHG)-bank linkage programme started in 1992 as a pilot project initiated by NABARD and involving three agencies, viz., the SHGs, banks and NGOs. Though progress under the SHG-bank linkage programme was slow during the initial years, it started expanding rapidly after 1999.As at end-March 2012; about 103 million rural households had access to regular savings through 7.96 million SHGs linked to different banks. Though the number of SHGs maintaining savings accounts with banks increased during 2011-12, compared with previous year, total amount of SHG savings outstanding in banks declined. In recent years, micro-finance institutions (MFIs) have emerged as an important means of channelling credit to the rural parts of the country due to their widespread reach in these areas as well as the ability to offer customised financial products, suited to the needs of average rural customers
- **Setting up of New ATMs.-**Off-site ATMs has more significance than on-site ATMs for banking penetration. Off-site ATMs play an important role by providing the basic banking services like cash withdrawal, transfer of funds even without the presence of full-fledged brick-and-mortar branches. During 2011-12, there was an addition of 14,365 new off-site ATMs. However, metropolitan areas accounted for the maximum number of newly Opened ATMs. Southern region had maximum number of newly opened ATMs, followed by northern region. However, the share of rural areas in the total number of ATMs continued to remain small.

WHAT IS PM JAN DHAN YOJANA? (NEW FINANCIAL INCLUSION SCHEME)

The name "Jan Dhan" was chosen through an online competition on the MyGov Platform and received more than 6000 suggestion from Indian citizens. After evaluation the jury shortlisted "Jan Dhan" which was suggested by 7 individuals. The slogan for the Pradhanmantri Jan Dhan Yojana is " Mera Khata – Bhagya Vidhaata" which when translated into English means " My Bank Account – The Creator of the Good Fortune". And the primary aim of PMJDY is to bring poor financially excluded people into the banking system by providing them bank accounts and debit cards. The scheme will cover both urban and rural areas of India and all bank accounts opened will be linked to a debit card which would be issued under the Ru-Pay scheme. (Rupay is India's own unique domestic card network owned by National Payments Corporation of India and has been created as an alternative to Visa and Mastercard.) Every individual who opens a bank account becomes eligible to receive an accident insurance cover of up-to Rs 1 Lakh for his entire family.The Pradhan Mantri Jan Dhan Yojana has set an ambitious target of bringing in more than 7.5 crore un-banked families into India's banking system by opening more than 15 Crore bank accounts at the rate of two bank accounts per household. Once the bank account has been active for 6 months and has been linked to account holders Aadhar identity , they would become eligible for an overdraft of up to Rs 2,500 , which would further be enhanced by the bank to Rs 5000 over time. The Jan Dhan Yojana also seeks to provide incentives to business and banking correspondents who serve as link for the last mile between savings account holders and the bank by fixing a minimum monthly remuneration of Rs 5000. The long term vision of the Jan Dhan Yojana is to lay the foundation of a cashless economy and is complementary to the Digital India Scheme.

TWO PHASES OF THE SCHEME

The first phase of the mission, starting August month (2014), would end in August next year.

• Phase-1 of PMJDY begins on the August 28, 2014 and will last until August 14, 2015. The first phase will be focused on opening a bank account and providing credit facilities to those who are outside the banking system in urban and rural India.

• The second phase will start from 2015 till 2018.It will cover aspects such as micro insurance and pension schemes like 'Swavalamban'.

COMPARATIVE STATEMENT SHOWING OLD AND NEW FI PROGRAMS

Old Financial Inclusion Program	**New Financial Inclusion Program**
Village based approach for villages where population greater than 2000 (Limited Geography)	Households in all villages
Only Rural	Both Rural and Urban
Mobile BC	Fixed Point BC in each SSA comprising of 3 to 4 villages. This visit other villages in the SSA on fixed days.
Focus on opening of Basic Savings Bank Deposit Accounts (BSBDA)	Focus on Financial Literacy, opening of BSBDA Account, Convergence with other subsidy schemes& Micro Insurance/Pension, RuPay Debit Card, USSD Scheme, Kisan Credit Card
Monitoring by banks	Monitoring Mechanism at Centre, State, District level. Active participation of state and district emphasized.
Operation of Accounts offline; separate server.	Accounts on line 'on CBS of banks. Provision of RuPay Card to each account holder giving him freedom to operate anywhere

LIKELY CHALLENGES AHEAD!

The immediate challenge for the government will be to figure out the financial viability of maintaining the accounts and the linked insurance schemes. The RBI-promoted National Payments Corporation of India (NPCI) which offers the RuPay card, had already given the contract for accident insurance to HDFC Ergo for a period of three years. But this insurance was linked to the transaction history of the accountholder. The industry was led to believe there would be an insurance top-up by the government on this of Rs 1 lakh, costing NPCI Rs 1 per customer every year. NPCI plans the insurance cost from the income generated out of transaction on the RuPay platform.For every ATM transaction the issuing bank pays NPCI 40 paise. For every point of sale or ecommerce transaction NPCI gets 60 paise from the issuing bank and 30 paise from the accepting bank. All existing RuPay debit card holders would be able to avail of this facility, sources told Business Standard but not those holding saving accounts without the RuPay card. The card itself will cost about Rs 50 each roughly, though the scale could bring down costs marginally, sources said. A former banker also noted that the financial viability of running these millions of accounts would depend on the minimum balances maintained and the number of transactions carried out in a year. A source in the government said earlier assessments suggested that out of the 180 million bank accounts opened under the financial inclusion scheme so far, a vast majority sat dormant or unused once they were opened. The RBI also noted that even as the volume of accounts had increased substantially keeping the transactions flowing remained a challenge. In other words, the banking inclusion system generated empty accounts to meet set targets. Back-of-the envelope calculations suggest that for public sector banks an average monthly balance of Rs 50,000 is essential to meet the costs of operating an account. But another expert who has worked on the banking correspondent model economics said a much lower average balance of Rs 15,000-12,000 could help banks meet costs. But for millions of poor who could finally have an account number, this is likely to be only a dream.

The overdraft facility that the Jan Dhan scheme commits could be valuable for the poor but clarity has still not emerged on where the funds would be diverted from to finance it. Some news reports suggest that the overdraft facility will be guaranteed by an Rs 1,000 crore fund from NABARD. But this may not be sufficient if the overdraft facility really takes off. Assuming one account each for 75 million households, an overdraft facility of Rs 5,000 each amounts to Rs 37,500 crore. Even if one is to assume a risk proportion of 20-25 per cent, it would imply a minimum of Rs 7,000 crore loss to the banking sector.

A more fundamental question that the scheme has not yet resolved is the last-mile connectivity essential for financial inclusion. The government says it would be based on banking correspondents, which are not brick and mortar banks but private companies. It's cheaper than running branches but still requiring a substantial flow of money to and from the accounts to generate commission for the agents involved. The last government was unable to ensure that flow in the absence of the fertiliser, food and kerosene subsidy being turned into cash-based ones. The previous government had assessed in its internal discussions that a robust and competitive banking correspondent model required at least 200,000 working sub-agents. If one was to expect these individuals to earn even Rs 1,000 a month from acting as the last-mile connector, the previous government had assessed it would require moving the entire social sector subsidy bill through the banking correspondent funnel, including MNREGA, food, fertiliser and kerosene subsidies. This has not happened and while India already has 248,000 sub-agents most of them do not really work. Hiring an additional 50,000 sub-agents that get paid Rs 5,000 a month is bound to not be productive either. The costs of running this banking correspondent model will be tested even more as the financial inclusion scheme reaches deeper into rural India, sources admit. "If one wants these accounts to be functional and not remain dormant then the density of banking correspondent has to be increased. But that also increases the cost of delivery," explained an official who had worked on this scheme in the previous government. Additionally, the economics of the cash transfer schemes for the banks would be dependent on what kind of float period is allowed by the government and not just the volume of funds involved.

SOME OF THE CHALLENGES THAT ARE IDENTIFIED BY THE GOVERNMENT IN ITS PMJDY BROCHURE

Right now, most Indian households rely on usurious money-lenders for credit and on the Saradhas and Saharas for their savings needs. Bank accounts for all may solve this problem. If bank accounts become the norm, it will also be easier for the Government to directly pay all subsidies into the accounts of the poor, instead of dispensing them through the vast, leaky network of government agencies. But who's going to foot the bill, sceptics ask. The premium on accident insurance will be borne by the National Payments Corporation of India. But it cannot also pay the life insurance benefit tacked on at the last minute. In that case, the government's go-to pawn, the Life Insurance Corporation, may be roped in. There is also the question of how banks will service these accounts once they're operational. Will banks be interested in providing good service if the account is zero-balance? While the Centre has promised to 'reimburse' the costs, the quantum and mechanics of compensation are unclear at the moment. Lenders were asked to design self-set targets in respect of opening rural brick-and-mortar branches, hiring business correspondents, covering un-banked villages and offering financial products such as basic savings bank deposit accounts, kisan credit cards and general credit cards. Yet, more than 40 per cent of the country's 1.2 billion people continue to remain financially excluded. A senior banker with a public sector bank, said, requesting anonymity: “It is not that banks have not made any progress in financial inclusion. “But due to lack of awareness, low financial education and procedural hassles, many still prefer to borrow money from informal sources like money lenders. “Also, despite the rapid expansion, the number of bank branches in the country is still inadequate.” He added that creating a bank account will not necessarily ensure financial inclusion as many of these accounts turn dormant within months after being opened. A survey on financial access in 2011 revealed that India had 10.6 branches and 8.9 automated teller machines per 0.1 million population. Compared to this, China had 23.8 branches and 49.6 ATMs, while Brazil had 46.2 branches and 119.6 ATMs per 0.1 million people. To address the proverbial last-mile problem, banks have turned to information and communication technologies and engaging business correspondents to expand their reach. But it has not been smooth sailing so far, with reports surfacing of devices like hand-held machines -- crucial to the success of this model -- not properly functioning in many areas of the country.

PROBLEM OF TELECOM CONNECTIVITY
The feedback from the Banks is that in tribal and hilly areas of the country, the telecom network is not reliable and therefore setting up Bank Mitr (Business Correspondent) in these areas and ensuring opening of bank accounts is going to be difficult. A meeting was held with representatives of the Department of Telecom (DoT) and BSNL in this regard and it was assured that the ongoing telecom connectivity problems would be resolved by mutual consultation. It was also informed that DoT is separately seeking the Government approval to cover all villages in the North East and difficult areas with telecom connectivity. Banks would also work to utilize the National Optical Fibre Network (NOFN) when it reaches the Panchayat level.

PROBLEM OF KEEPING THE ACCOUNTS "LIVE"
It is essential that all Government benefits - Central, State or local should flow to these accounts as it has been observed that a lot of duplicacy exists in this area and sometimes States have not followed the service area approach and allocated areas to some banks other than service area banks creating avoidable confusion. The DBT schemes especially MNREGA need to be pushed and DBT in LPG needs to be restarted.

PROBLEM OF BRAND AWARENESS AND SENSITIZATION
In order to achieve a "demand" side pull effect, it would be essential that there is Branding and awareness on Bank Mitr (Business Correspondent) model for providing basic banking services, Banking Products available at Bank Mitr (Business Correspondent) outlets and RuPay Cards. Customers to be made aware that overdraft of up to ` 5,000/- to be provided in their account is a credit facility which needs to be repaid in order to get fresh limits and is not a grant.

COMMISSION TO BANK ON DIRECT BENEFIT TRANSFER (DBT)
A task force on Aadhaar Enabled Unified Payment infrastructure headed by Shri. Nandan Nilekani in its report Feb, 2012 recommended that last mile transaction cost of 3.14 % with a cap of Rs.20/- per transaction be budgeted for various EBT,DTS and last mile payments through Micro-ATMs and ATMs. The commission applicable for DBT should also cover DBTL (DBT of LPG). MGNREGA may also be included in Direct Benefit Transfer.Coverage of difficult areas: Parts of North East, Himachal Pradesh, Uttarakhand, J&K and 82 Left Wing Extremism (LWE) districts face challenges of infrastructure besides Telecom connectivity. All households in such areas may not be fully covered under the campaign. Coverage of some of the areas might, therefore, spill over to Phase-II.

TOO MANY BANK JAN DHAN ACCOUNTS OF SAME PERSON
As there is a clumsiness in case of no. of accounts one could open and who is eligible to open Jan Dhan account ,people are blindly opening the bank accounts without understanding the intention of the government. And on the other hand there is no proper guidelines on part of govt. towards banks and they are just informed to open Jan Dhan accounts with least KYC norms. So proper steps need to be taken in that regard by the government and need to provide clear picture about the program.

CONCLUSION
Though it is difficult to decide over the success or failure of the scheme because it is still under progress and that too in an elementary stage yet considering many factors like the initiation taken by the banks, the Government’s interest towards the scheme, the response of the general public, the new features and benefits added by the Government to present financial scheme we may predict that yes there is a hope for considering the Pradhan Mantri Jan Dhan Yojana (PMJDY) as a successful one and may result into fulfillment of objectives set by the Government behind PMJDY subject to same level of interest towards the scheme and the proper measures in overcoming drawbacks and confusions about the scheme.

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COMMUNITY ORGANISATION PRACTICES FOR COMMUNITY DEVELOPMENT AT TVS SST: AN ANALYTICAL STUDY WITH REFERENCE TO ROTHMAN'S MODELS OF COMMUNITY ORGANISATION

R. SANKARA NARAYANAN
ASST. PROFESSOR
DEPARTMENT OF SOCIAL WORK
MADRAS CHRISTIAN COLLEGE
CHENNAI.

DR. BABU THIAGARAJAN
PROFESSOR
MINDS BUSINESS SCHOOL
BANGALORE

ABSTRACT
With the recent amendments to the companies act 2013, we do witness a lot of business houses jumping the CSR bandwagon. Most of these companies do not either seem to possess the necessary social perspective or the expertise to bring about development of the larger community.But Corporate like the TVS Motors, which have their own dedicated trust for csr like SST, are in the field of CSR for a long time, and have proper organization structure and team of professionals with expertise in Professional Social Work, to plan, execute, monitor and evaluate the progress of their community work. This professional approach has also shown results in the development of the target communities in sectors of Economic growth, Agricultural development, capacity building and skill development, Women Empowerment, environment Preservation, Promotion of Health and Hygiene. This paper attempts to study the Community organization practiced at TVS SST through interviews with key personnel of the organization, and through Secondary data in the form of annual reports, websites of the organization. This paper also tries to put the Community organization into one of the typologies proposed by Rothman, a leading proponent on the models of Community Organisation. This paper intends to showcase the model for practitioners in CSR involved in Community development work for bringing about better socio economic transformations in the communities they work.

KEYWORDS
Community organization, Community development, models of community organization.

INTRODUCTION
Community organization as one of the primary methods of Professional Social Work intends to enhance the capacities of individuals, groups and institutions with in a community thereby facilitating the community to handle its own needs or problems. Community Organisation is a "process by which a community identifies its needs or objectives, gives priority to them, develops the confidence and will to work at them, finds resources (internal and external) to deal with them, and in doing so, extends and develops co-cooperative and collaborative attitudes and practices in the community"(Ross, 1967). The process of community's betterment from lesser desirable socioeconomic conditions to optimal conditions is facilitated by a social agent, who brings about dissatisfaction about the present circumstances and instills the idea of growth and development among the community members. With the inclusion of amendments regarding CSR in sec. 135 of the companies bill we do witness more and more corporate jumping the bandwagon of CSR. The recent Mercer Survey on CSR has quoted Community based developmental activities as being preferred by 64% of the domestic companies in India, the top being education(81%). Though many of the domestic companies in India, are beginning to engage in CSR, it is highly questionable whether all these companies possess the necessary professional expertise to carry on developmental work or in various social sectors. But Organisations like that of TVS, do have their own social arms like Srinivasan Services Trust or SST, which are dedicated to carry on development work. This study intends to study the Community Organisation practices followed by TVS SST and assess them with the models of Community organization propounded by Rothman.

REVIEW OF LITERATURE
Kramer and Specht (1975) define Community organisation as " various methods of intervention whereby a professional change agent helps a community action system composed of individuals, groups or organisations to engage in planned collective action in order to deal with special problems within the democratic system of values."
Ross (1967) propounded 12 principles of Community organization such as 1) Discontent with the existing conditions in the community must initiate and/or nourish development of association. 2) Discontent must be focussed and channeled into organisation, planning, and action in respect to specific problems.3) Discontent which initiates or sustains community organization must be widely shared in the community4) The association must involve leaders (both formal and informal) identified with, and accepted by,major sub-groups in the community. 5) The association must have goals and methods and procedures of high acceptability.6) The programmes of the association should include
Some activities with an emotional content.7) The association should seek to utilize the manifest and latent goodwill which exist in the community.8) The association must develop active and effective lines of communication both within the association and between the association and the community.9)The association should seek to support and strengthen groups which it brings together in
cooperat ive work.10) The association should develop a pace of work in line with existing conditions in the community. 11) The association should seek to develop effective leaders. 12) The association must develop strength, stability and prestige in the community.
Dunham proposed 28 principles of community organization grouped under seven headings:
Democracy and Social Welfare, Community roots for community Programmes, Citizen understanding, support and participation and professional service, Co-opertion, Social Welfare Programmes, Adequacy, distribution and organization of social welfare services and Prevention.*Checkoway* (1995) identifies six distinct strategies of community change like Mass Mobilization,Social Action,Citizen Participation,Public Advocacy,Popular Education and Local Service Development.
Community Development national occupational standards as quoted by FCDL says that " Community Development is a long–term value based process which aims to address imbalances in power and bring about change founded on social justice, equality and inclusion"The process enables people to organise and work together to identify their own needs and aspirations, take action to exert influence on the decisions which affect their lives, improve the quality of their own lives, the communities in which they live, and societies of which they are a part. It also indicates the following community development values
Equality and Anti-discrimination
- Social Justice
- Collective Action
- Community Empowerment

- Working and Learning Together

Rothman has proposed three models to describe community organization.

1. Locatity Development Model: This model is based on the assumption that participation of a sizable section and a wide variety of community people in bringing about development of the locality or the neigbourhood. People should be involved in planning, implementation and evaluation of program aimed at addressing their unmet needs. Use of democratic procedures, Voluntary Co operation, self help, development of local leadership and educational objectives are key features of this model.
2. Social planning Model: A rational, deliberately planned, technical process of problem solving with regard to substantive community problems basically initiated, guided by experts is a key feature of this model. This model is Top- down in its approach. Not all the community members are involved in this model and the community participation varies according to the needs of the situation demanding it. It does not intend to build capacity in the community or foster radical or fundamental social change.
3. Social Action Model: According to this model, disadvantaged segment of the population needs to get organized to make demands on the larger community for increased resources or improved treatment. Key themes are Social Justice, Democracy and the redistribution of power, resources and decision making.

STATEMENT OF THE PROBLEM

Rothman, one of the leading theorist and proponents of Community Development has proposed three models of Community Organisation, like the Locality Development Model, Social Planning Model and the Social Action Model, which is one of the most valued and referred models in Social Work practice. This study is about understanding the Community Organisation model followed at TVS SST and analysing the same in terms of the above models.

OBJECTIVES OF THE STUDY

1. To observe the Community Organisation practices towards Community Development practiced by T.V.S. SST.
2. To undertake an analysis of the same with reference to the Models proposed by Rothman.

RESEARCH METHODOLOGY

This research paper in based on primary data like In- depth interviews with the CSR Staff of the Organisation and observations carried out by the researcher in the communities concerned. Secondary data like the Annual Reports, Websites, Literature, Documents are also analysed for the purpose of the study.

CSR AT TVS SST

TVS SST is the social arm of T.V.S. Motor Company and Sundaram Clayton which was founded in the year 1996. It has been engaged in rural development programmes in villages across Tamil Nadu, Karnataka, Maharashtra, Andhra Pradesh and Himachal Pradesh.

TABLE 1: SHOWING THE COVERAGE OF CSR OF TVS SST

Coverage	Units on Measurement	Performance upto Dec 2014
Villages Covered	Nos.	2501
Population Covered	Nos.	1609115
Families Covered	Nos.	349506

TABLE 2: SHOWING VILLAGES COVERED IN VARIOUS STATES OF INDIA BY TVS SST

State	Districts	Locations	No. of Villages upto March 2014
Tamil Nadu	Thiruvanamalai, Krishnagiri, Tirunelveli, Thoothukudi, Tiruvallur, Nagapattinam, Kanyakumari, Dharmapuri, Ramanathapuram	Padavedu, Hosur, Thirukurrungudi, Navathirupati, Padi, Melakondayar, Thenampattinam, Keelamanakudi, Alikal pillaithopu, Sitheri and Thirupullani	1095
Karnataka	Mysore	Sinduvalli, Hosakote	129
Maharashtra	Pune	Shirur	188
Himachal Pradesh	Solan	Bhatian	29
AndhraPradesh	Nellore	Venkatagiri	25

TVS SST follows a holistic model of development to render it sustainable in the longer run and it has emphasis on areas like Economic Development, Education, Health, Infrastructure and Environment.

DISCUSSION

COMMUNITY ORGANISATION AT TVS SST

It is a vital prerequisite for the external agent who seeks to practice in a community, to gain confidence of the community members and to do dispel the inbuil skepticism that prevails in any community on the intentions of the external agent. It is not a very easy task to gain foothold in a community, particularly in a country like India, where the rural communities though looking simple cohesive and homogenous, are dominated by rigid and divisive caste hierarchies, which hampers development work to a great extent. Working for the development of underprivileged people in a community may create fears and jealousy in the minds of the upper caste people and hence even taking them along in any community work as wiling partners is a major challenge to the external change agent. Women getting empowered through involvement in income generation activities has the potential to disturb the gender disequilibrium, which has so for favoured men alone. Hence the development practitioner has to understand the social dynamics that prevail in a village community before setting his agenda of work.

DEMOCRATIC PROCEDURES AND SEEKING VOLUNTARY CO-OPERATION: VILLAGE COMMUNITY FESTIVAL

TVS SST, before undertaking work in a community, tries to gain an entry into the community and build rapport with the community members. Celebrating the village community festival is one of the innovative practices, through which the community members are mobilized and gets to identify the organization as a potential benefactor which can bring about change and betterment in their livelihoods. This celebration of village community festival is not a very easy task and a lot of ground work by the field staff under the planning and guidance of the higher officials of TVS SST goes behind to make the celebration possible. This involves understanding the nature of the community, demographic composition, predominant problems, challenges and needs of the community along with a thorough reading of the caste and other social dynamics of the village. The case of Esavankulam in the Navathirupathi site located in southern Tamil Nadu can be taken up to understand this. This village which falls in the padmanabhamanglam panchayat, is an underdeveloped village predominated by Schedule Castes in population, where a few rich upper caste members own and control a large part of land and other resources of the community required for livelihood of the people. The village had also some notorious distinction of violence, murders and clash conflicts occurring now and then. In April 2012, the organization planned to conduct a village community festival in this village to mobilize people and also make them aware that it is going to involve in development work in the village. Such a mobilization is essential because it will ease the efforts of the Field staff of the organization during their interaction with the community people for the purpose of carrying out their CSR Activities. In course of its work,the organization came to know that the Panchayat Middle School, had not conducted any annual day celebrations for more than 10 years due to the fear of clashes between the parents belonging to the different caste groups. The CSR Personnel of TVS SST interacted with the Teachers and Parents and convinced leaders and members of the different caste groups and convinced them to celebrate the Annual Day of the School. Community Organisation is all about mobilizing people for common causes and by doing so addressing needs of the community with the resources available with it and for doing this the initial entry is very critical to the success of any community work . Hence, TVS SST has rightly adopted the village community festival of gaining entry into the community. This village community festival requires hearing the voices of major sections of the community and a lot of negotiation goes on to bring opposing parties to an agreement on common grounds. Social Cohesion is one of the prerequisites for social development to be achieved, as lack of the same may pose hindrance to community work at different times.

NURTURING SELF HELP: FORMATION OF SELF HELP GROUPS

TABLE 3: DEPICTING SHGS FORMED BY TVS SST

Activities	Units	Target	Mar 2013	%
SHGs formed	Nos.	4465	3923	88%
Families enrolled in SHGs.	Nos.	69720	61175	88%
SHGs Graded	Nos.	4420	3483	79%
SHG members involved in income generation activities	Nos.	69720	58169	83%
Results	Units	Target	Mar 2013	%
Number of SHG members earning a minimum income of Rs. 2500/ a month	Nos.	69720	44790	64%

Development work to be sustainable, requires voluntary co operation of the community members and reliance on their own capacities and resources rather than one which is constanly planned, executed and monitored by an external agent. The self help groups formed through the facilitation of TVS SST, have enabled women to become income earners in their families. The SHG's have trained over 61,175 women in various skills like Tailoring, Bee Keeping and Honey production, production of cattle feed and compost, manufacturing candles, Soaps, handicrafts, baskets and furnitures, Dairy farming etc., The SHG members have started earning a minimum earning of Rs. 2,500/- per month. The SHG group members have a collective savings of Rs. 17.46 crores and 117,035 Bank Accounts have been opened.

As the women have got earning potential they do have a better say in choices affecting their own lives. The women have got better recognition and respect in their families and are in a position to voice their opinion in major decisions of their children and family. The women of self Help groups are better aware of their social, legal and political rights because of their travelling to nearby cities and in their interaction with Bank and Governmental Authorities. The Women of the SHGs have joined together for demanding and bringing about common facilities of the Community like better drinking water, raods, construction of Community Toilets, etc., The complete eradication of open defecation at Nattathi village through proper community maintenance of Community Toilet brought about by women of SHG, at Nattathi village in navathirupathi site, stands testimony to this. The empowerment of women have lead to improved socio economic conditions of the families, better education and Medical facilities of the children and on the whole contributing to the development of the village.

CAPACITY BUILDING AND OPTIMIZING LOCAL RESOURCES: FARMER'S CLUB

TABLE 4 DEPICTING SST'S INTERVENTION IN THE AREA OF AGRICULTURE

Areas covered under drip irrigation	7923
Supply of Quality seed Ha	151461
Agriculture related awareness programs	80301
Area increased by yield above state average	120982
Farmers increased by yield above state average	102663.

The formation of Farmer's club for the dissemination of knowledge regarding scientific agricultural practices, organic farming, soil and water conservation methods and the use of modern agricultural implements is one of the innovative and unique methods of community work done by TVS SST.

These farmer's club develop the skill, knowledge and capacities of the farmers by facilitating interaction with agricultural experts through Training Programs and workshops. Filed visits to demonstration farms, visits to agricultural universities, Research centres of agriculture are also organized so that farmers could have a first hand experience of observing the right and optimal agricultural techniques practiced else where. The watershed programs brought about by SST have boosted irrigation in arid areas and have also enabled dry land horticulture. As a result, about 10, 766 hectares of waste land has been brought under cultivation and has helped farmers grow a variety of crops all round the year. The regions covered by SST have shown yield above the state average which is a good indicator that the CSR initiatives have increased the capacities of the local community and the resources have been optimally employed.

DEVELOPMENT OF LOCAL LEADERSHIP: IDENTIFYING AND ENLISTING THE SUPPORT OF COMMUNITY LEADERS

SST believes in identifying and developing the leadership available within the community as a means of bringing about sustainable development of the community. With the scope and coverage of its CSR initiatives increasing by leap and bounds, it is not possible for the organization to always provide an externally imposed leadership to guide and motivate community members towards development.

Hence, local leaders both formal and informal are identified during the earlier phases of interaction of the agency and the community. These leaders are people who always exhibit a degree of voluntariness and willingness to work for community causes than others. These are the ones who come and speak up first on community issues because of which they have earned the respect of the other community members. These leaders do wield a certain influence in the community. The agency involved in community work always need to take these leaders into confidence for undertaking any work in the community. The support of these leaders is a vital ingredient of mobilizing the community for any developmental work. These leaders constantly motivate the local people to work for attaining the program objectives. Development of Local Leadership one of the key features of the locality developmental model is practiced in the community organization of SST.

EDUCATIONAL ASPECTS

TABLE 5: DEPICTING THE CSR INITIATIVES OF TVS SST IN THE EDUCATIONAL SECTOR

Nature of activity	Performance levels
Involvement of mother volunteers in Balwadis	87%
No. of Balwadi toilets constructed	793
Improving Balwadi Infrastructure	873
Training to workers	1363
Enrolment	100%
Attendance	99%
Drinking water facilities in schools in nos.	953
PTA meetings in nos.	18550
InterSchool Competition	3350
Enrolment	100%
Attendance	99%
Students securing pass mark in public exams	94%
Students securing above 60% in public exams	89%
No. of youth trained in vocational skill	33516
Adult education for women	71981
Women made literate up to class 2 level Nos	53309
Literacy rate among SHG Women	92%

TVS SST believes that education can bring about the socio economic development of the community in the longer run and has taken initiatives in areas like the Balwadis, Government Schools of the community, Adult literacy and Skill Development of the youth towards gaining `employment. The support offered by TVS SST to the Local Balwadis have ensured 100% enrolment of the local children and 87% participation of mother volunteers in them. Improvement of the Balwadi infrastructure and construction of Toilets in the Balwadi have attracted the attention of women in the local communities to enroll their children in them.

Basic literacy along with skills Training has liberated women from being mired in local, unskilled, tedious jobs to seeking better quality of jobs, with more earning potential. SST seeks the collaboration of parents, teachers and women SHG members in their educational programs, which has resulted in 100% enrolment in schools with nil drop out rates. The continued motivation of SST to the teachers in Local Government Schools has resulted in their putting more sustained attention to provide a better educational atmosphere and a good quality of education to the students. This is evident from 94% students securing pass mark in public exams from the Government Schools in its area of operation which is no mean achievement. Youth have been trained in various vocational skills and have found gainful employment.

CONCLUSION
This study has shown how deliberately planned, sustained application of professional social work method like that of Community Organisation by a Corporate for its CSR Interventions can bring about visible changes and development in the community. The Locality Development Model adopted by TVS SST has contributed

Having a proper organizational structure, with a committed team of Professionals with Social Expertise and perspective, motivated field workers, lead by compassionate, dedicated and experienced officials in the top rung of the hierarchy are factors responsible for the success of the CSR Initiatives. Enlisting Community Participation, adopting democratic procedures, developing local leadership, educating children and youth, capacity building among women and farmers have all contributed to the achievement of the objectives of Community development by TVS SST. Observing these initiatives as a model and adapting these CSR activities according to the local circumstances by other corporate can be highly useful in their interventions in their target Communities.

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FINANCIAL DISTRESS PREDICTION OF PHARMACEUTICAL INDUSTRY THROUGH Z-SCORE MODEL

DR. JAY KRUSHNA PANDA
PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
UTKAL UNIVERSITY
BHUBANESWAR

PRITISH BEHERA
ASST. PROFESSOR
DEPARTMENT OF MBA
GANDHI INSTITUTE FOR TECHNOLOGY
BHUBANESWAR

ABSTRACT

Bankruptcy prediction is of immense importance to the ever dynamic business environment for an investment decision by investors. The present study is under taken to analyze level of financial distress of selected companies of pharmaceutical industry (n=5) through Altman's Z score model for a period of 11 years i.e. 2001-02 to 2011-12. The Z score model indicate that Ranbaxy Lab Ltd. is in the threshold of bankruptcy and Glaxo SmithKline Pharmaceuticals Ltd is financially healthy and rest three companies is in the grey zone which necessitates more focus on improvement of their financial performance mostly total asset utilization and more sales revenue creation in future. A paired sample t-test analysis among financially distressed company and non-distressed companies reveal that there is a significant difference between mean of all variables used in Altman's Z Score model over the period of study at 5% significance level.

KEYWORDS

Bankruptcy, Financial distress, Altman's Z Score model, Paired sample t-test.

INTRODUCTION

Investment is a commitment of financial resources with the expectation for some positive rate of return. Professional investment decision ensures safety and liquidity and high rate of return from the investment. Financial analysis requires both internal and external comparison of financial and non-financial information to measure financial and operational efficiency as well as to determine the strengths and weaknesses of the organization. Kahl (2002) has argued that investment decisions are affected by the degree of uncertainty on a firm's performance. Thus any prudent investor would require an array of tools to predict the volatility of a company's performance.

One of the best-known models for predicting corporate financial distress is the Altman's Z score model (Altman, 1968, 1983, 1993). The application of this model is important to predict future corporate distress and bankruptcies particularly in Indian market in the aftermath of Asian crisis.

REVIEW OF LITERATURE

Review of literature of this study largely consists of research based on the published work available in India as well as abroad. Altman (1968) in his work studied the financial position within the help of multiple discriminant analysis (MDA) through which discriminant coefficients were determined. The model was formulated to determine the bankruptcy of any company. In his work he determined that, for manufacturing companies, if the Z score is less than 1.8, the company becomes bankrupt but if the score is more than 2.99, the company if financially sound. The companies with Z score between 1.8 to 2.99 are in a grey zone in which the financial distress may or may not be impending. For private non-manufacturing firms, a score of 2.6 or higher indicates good financial health, score of less than 1.1 indicates bankruptcy but score within 1.1 to 2.6 indicates grey zone for possibility of bankruptcy. The model crafted by him was 95% accurate. Johan(2006) used Z score analysis to measure the financial performance of small business firm in Kenya and predicted the distress level of Kenyian firms during cyclical period. Krishna(2005) using Altman's Z score model measured the financial distress of IDBI and predicted that company is not in the healthy zone and likely to be insolvent in the near future. Lalith P. Samarakoon (1999) has analyzed 13 companies of Sri Lanka which were delisted due to liquidation, litigation or loss as well as those with a negative. The result revealed that, Altman's Z score model has a remarkable degree of accuracy in predicting distress. The overall success of prediction was 81%. Nilanjana Kumari (2013) has studied the financial health of MMTC through Z-score model for five years i.e. from 2007-12. The study revealed MMTC has a Z score of 4.24 to 6.30 during the period of study indicating a good financial health. Ben Mcvclure (2004) through his work has advised the investors to check the Z-score of companies from time to time to avoid bankruptcy condition. Selvam (2004) made a study to predict the financial health and viability of Indian Cement Ltd. He concluded that the cement company was in a verge of collapse. Another study by Bhatt (2012) have investigated the ability of three versions of the Z Score models for distress prediction. The study was conducted to predict four selected companies of different industries. The result proved that the model have remarkable degree of accuracy in distress prediction.

AN OVERVIEW TO INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical market is valued at 72069 crore INR in 2013 as against 65654 crore INR in 2012. It has experienced a slowdown with its growth going down to 9.8% in 2013 from 16.6% in 2012. There has been a slowdown in the growth of the top Indian as well as multinational companies (MNCs). In 2012, the top five MNCs had grown at the rate of 16% which dropped down to 7% in 2013.

The implementation of the National Pharmaceutical Pricing Policy 2012 by the government of India has resulted in margins erosion from 20% and 10% to 16% and 8% for retailers and stockists respectively. This decrease in the stockist margins led to a significant uncertainty among many stockists regarding the feasibility of staying in business due to lower profitability. In addition to the growth challenges, the pharmaceutical industry is currently grappling with a number of issues like delays in clinical trial approvals, the new pharmaceutical pricing policy, a uniform code for sales and marketing practices and compulsory licensing, etc. The industry is also facing stricter regulations on manufacturing and quality practices in the domestic as well as the international markets.

OBJECTIVES OF THE STUDY

The main objective of the study was to

1) To predict the level of financial distress of selected five Indian pharmaceutical companies by applying Altman's Z-Score model.
2) To compare between means of two samples (distressed and non-distressed companies) for each financial ratios used in Z score model through paired sample t-test.

METHODOLOGY OF THE STUDY

The data used for the study are secondary data collected from annual reports of the selected companies. The period of study is 11 years i.e.2002-2012. Ratios have been computed from secondary data to analyze in a suitable form through Altman's Z score model. Paired t- test is used to analyze the significant difference between means of distressed and non-distressed companies. Total five pharmaceutical companies are taken for the study i.e. CIPLA Ltd, Dr. Reddy's Lab. Ltd, Glaxo SmithKline Pharmaceuticals Ltd, Ranbaxy Lab. Ltd, and Sun Pharmaceuticals Industries Ltd.

Z-SCORE MODEL

Z score model was developed by Edward I. Altman(1968), professor of Finance, Stern School of Business, New York University to predict likelihood to bankruptcy of the company. Employing multiple discriminant analysis (MDA), Altman evaluated 22 different financial ratios of 66 manufacturing companies in USA. The research concluded that the financial distress of the company can be predicted with only five financial ratios, weighted by established coefficients in a linear multivariate model.

Z = 0.012 X1 + 0.014 X2 +0.033 X3+ 0.006 X4 + 0.999 X5

Where:

X1= Working capital/ total assets.

X2= Retained Earnings /Total Assets.

X3=Earnings before interest and taxes/total assets.

X4= Market Value of equity/ book value of total liabilities.

X5= Sales/ total assets.

The computed Z score is compared with a pre-determined cut-off score to evaluate the level of distress of the companies i.e. likelihood of a company to become bankrupt.

Zones of discrimination

Z > 2.99 - Safety zone

1.80 < Z < 2.99 - Grey zone

Z < 1.80 - Distress zone

Z score offers an excellent measure for evaluating the financial health of the firm. The model uses financial ratios of the company which are mutually exclusive in nature. Z score provides an calculated measure on the basis of past financial data indicating level of difficulty in maintaining the operations of the company. The empirical studies carried out by Altman 2003 using financial ratios predicted 94% correctly for one year before bankruptcy occurred and 72% two years before occurrence of bankruptcy. The importance of the Z score model has been highlighted by number of studies. In a study, Pongsatat, Ramage and Lawrence (2004) found the predicting ability of Z score model of 90.48% for year one for large asset sized companies and 100% accuracy rate for succeeding two years. For small asset bankrupt firms, for year one was 94.87% . Odipo & Sitati (2011) opined that the model is a powerful technique for diagnosing the financial performance of company and forecasts the company entering bankruptcy with in next two years. In all these studies, Z score was found to be a accurate

ANALYSIS AND FINDINGS

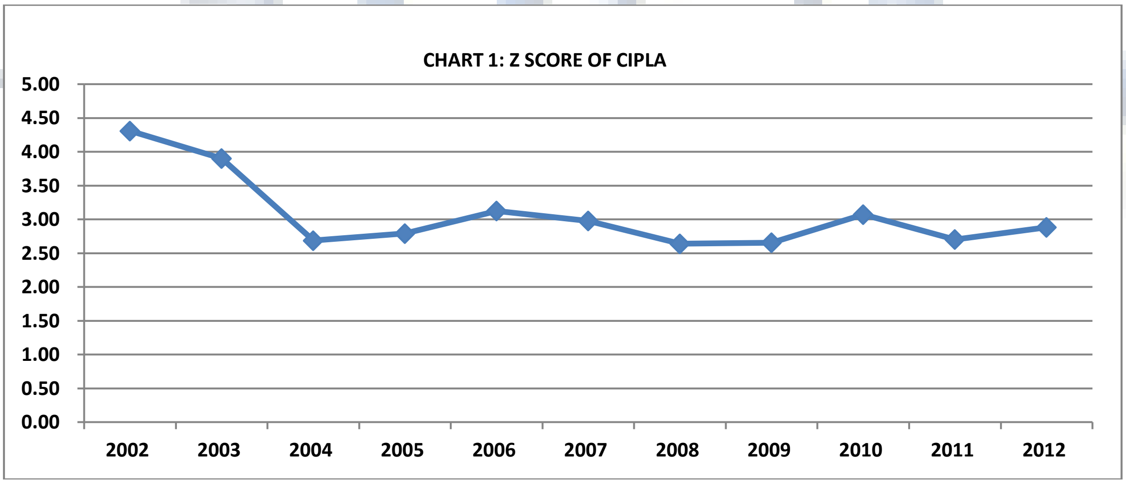
The analysis and interpretation part of the study is carried out on five selected pharmaceutical companies (Cipla, Dr. Reddy's lab, GSK, Ranbaxy Lab, Sun pharma) using Altman's Z score model. Year wise Z scores are calculated separately for all companies for 11 years i.e. 2001-02 to 2011-12 and by using paired t-test, each variables of Z score model are analyzed for significant difference between the means of distressed company and non-distressed companies.

1. CIPLA LTD.

TABLE 1: Z SCORE OF CIPLA

year	X1	X2	X3	X4	X5	Z SCORE
2002	54.00	86.14	32.10	12.66	1.32	4.31
2003	56.88	82.73	25.59	6.29	1.18	3.90
2004	34.08	54.23	18.20	1.48	0.83	2.61
2005	37.25	57.10	19.67	11.13	0.83	2.79
2006	43.82	60.90	22.48	14.46	0.92	3.13
2007	42.90	69.80	18.31	17.25	0.78	2.98
2008	43.54	62.80	14.62	9.37	0.70	2.64
2009	45.23	62.93	13.52	7.96	0.74	2.66
2010	42.91	78.68	18.12	21.42	0.73	3.07
2011	34.87	76.38	13.63	2.92	0.75	2.70
2012	40.25	82.16	13.80	2.63	0.78	2.88

Source : computed.



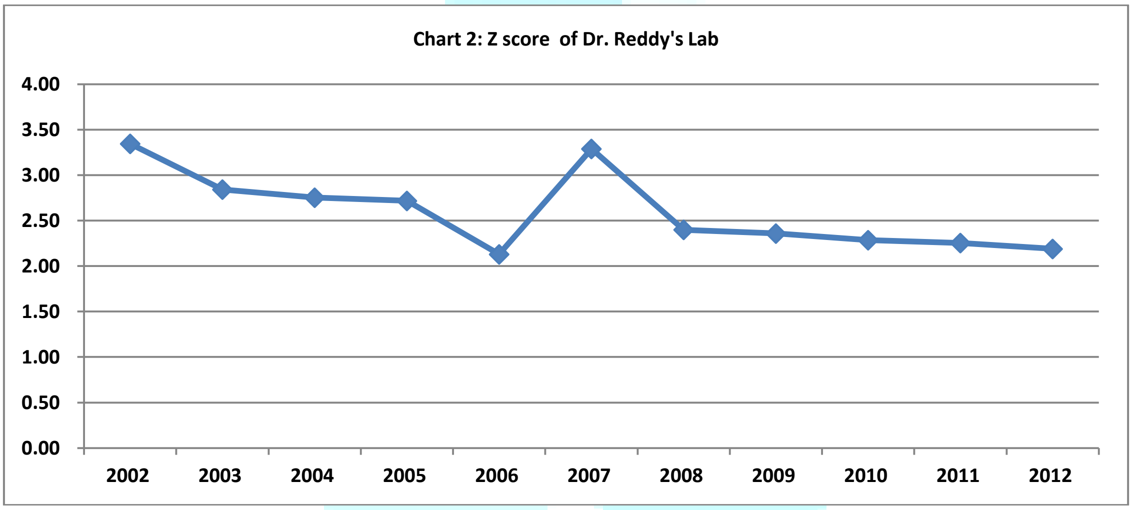
From table 1, z score of Cipla Ltd for 2002, 2003, 2006 and 2010 are above 2.99 and for rest years of study, it is in grey zone of 1.8 to 2.99. For the last two years z score is also in the grey zone where the company may or may not fall into the financial distress. X5 (sales/ total assets) of Cipla during the period of study are in a decreasing trend which reveals that Cipla's total assets turnover is not adequate. Last two year's data of X4 (=Market Value of equity/ book value of total liabilities) indicate that there is a significant drop in the market price of share in comparison to total liabilities which has decreased z score from healthy zone to grey zone. Performance of the company in maintaining liquidity, retained earnings and EBIT is satisfactory.

2. DR. REDDY'S LAB

TABLE 2: Z SCORE OF DR. REDDY'S LAB.

year	X1	X2	X3	X4	X5	Z SCORE
2002	12.00	84.89	28.15	32.59	0.89	3.35
2003	12.97	83.85	20.44	19.97	0.72	2.84
2004	38.93	80.45	12.15	14.99	0.67	2.75
2005	49.38	72.46	15.79	6.78	0.55	2.72
2006	45.27	57.77	6.85	5.47	0.52	2.13
2007	53.99	78.03	24.85	8.41	0.68	3.29
2008	35.82	77.10	9.53	6.17	0.54	2.40
2009	37.14	72.14	10.17	1.42	0.56	2.36
2010	23.50	70.74	13.16	8.33	0.53	2.29
2011	30.68	64.08	11.36	9.24	0.56	2.26
2012	18.00	64.15	12.18	5.79	0.64	2.19

Source : computed.



The data in Table 2 reveals that, Z scores varied between 3.35(2002) to 2.13 (2006) across the years of study. From 2007 onwards, there is a decreasing trend of z score from 3.29 to 2.19 indicating increasing pressure of financial non-performance in the company though it is in the grey zone from 2008-12. There is a significant drop in liquidity from X1=30.68(2011) to X1=18.00 (2012). The retained earnings and liquidity to total assets of the company are found to be satisfactory over the period of study. EBIT results are average due to poor sales performance during the period of study. Company's X5 (total sales/total assets) has varied from 0.89(2002) to 0.52(2006) revealing that total sales revenue is not high in comparison to total assets. The company is facing problem of poor sales in comparison to total assets employed. From 2008 onwards, company's Z scores are in grey zone.

3. GLAXO SMITHKLINE

TABLE 3: Z SCORES OF GSK

year	X1	X2	X3	X4	X5	Z SCORE
2002	44.02	82.14	31.94	9.11	1.87	4.66
2003	18.82	84.67	40.63	7.12	1.70	4.49
2004	1.07	59.88	29.92	11.19	0.98	2.88
2005	-5.75	57.53	31.83	11.03	0.99	2.84
2006	3.30	62.85	31.48	21.51	0.88	2.97
2007	3.98	63.68	30.50	14.71	0.79	2.82
2008	29.25	64.08	29.91	12.10	0.73	3.04
2009	57.41	67.95	30.78	13.07	0.76	3.49
2010	57.55	66.34	31.17	17.68	0.76	3.51
2011	51.91	60.34	30.30	15.81	0.77	3.33
2012	57.50	62.31	27.40	22.00	0.84	3.44

Source : computed.

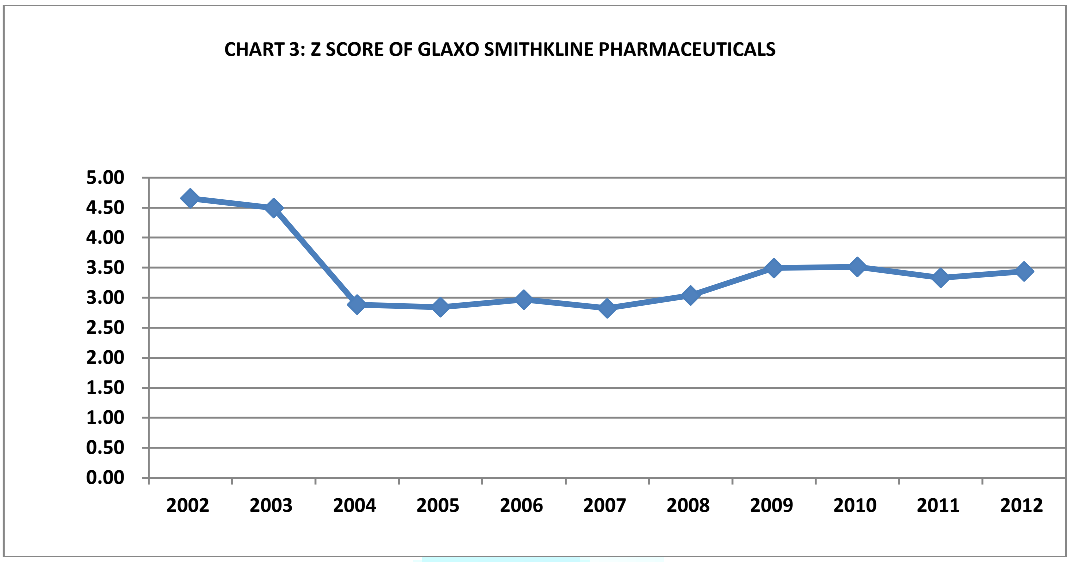


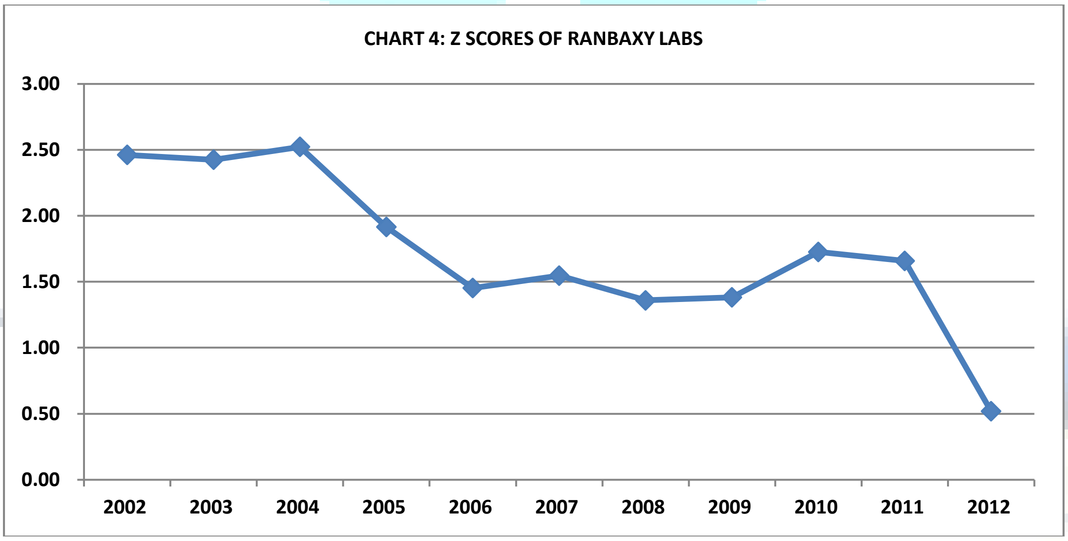
Table 3 reveals that Z scores varied between 2.82 (2007) to 4.66 (2002) during the years of study. Most of the years the company has stayed in very healthy zone of financial performance. During early four years i.e. 2004 to 2007, Z scores were upper levels of grey zone (Z<2.99), which may be due to insufficient liquidity. After 2007, the company has a very good financial health which is reflected by its Z scores (>2.99). Company's retained earnings were high which a good sign of healthy financial performance. GSK's X3 (EBIT/TA) is satisfactory over the years of study. The company is financially sound and there is no chance of bankruptcy in near future.

4. RANBAXY LAB

TABLE 4: Z SCORES OF RANBAXY LAB

year	X1	X2	X3	X4	X5	Z SCORE
2002	34.49	60.86	0.52	20.08	1.06	2.46
2003	37.56	59.76	0.84	10.28	1.05	2.43
2004	23.48	56.21	15.22	8.87	0.90	2.52
2005	24.10	47.00	4.08	10.81	0.77	1.92
2006	17.99	31.23	6.40	3.24	0.57	1.45
2007	19.98	29.89	9.85	2.34	0.55	1.55
2008	7.36	28.88	14.04	2.23	0.39	1.36
2009	11.20	34.38	9.74	0.94	0.44	1.38
2010	27.68	38.36	12.22	2.38	0.44	1.73
2011	5.26	24.65	21.29	1.34	0.54	1.66
2012	(8.67)	13.18	(1.27)	1.80	0.47	0.52

Source : computed.



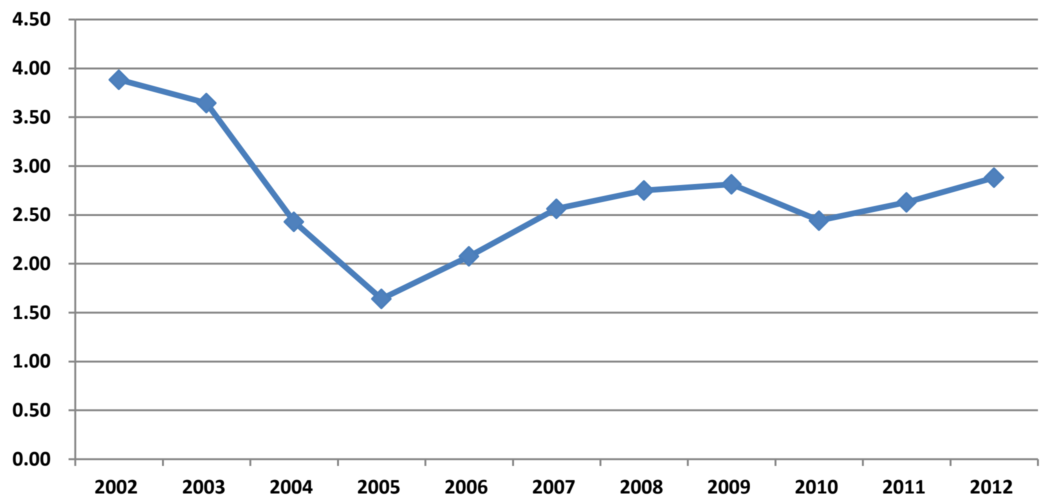
Calculated Altman's Z-scores in table 4 varies between 2.46 (2002) to 0.52 (2012). And it is in a decreasing trend across the period of study. From 2002 to 2005, the z score value were in grey zone but after 2006 onwards, the Z score values were below 1.8. Hence the company is in bankruptcy zone. During 2012, company has negative current asst and negative EBIT indicating that the company has severe liquidity problem which has led the company to the bankruptcy position. The total asset turnover of the company is also decreasing continuously. The poor z score of the company can be attributed to declining total asset turnover, , declining market value of shares, inadequate proportion of EBIT to total assets and insufficient liquid assets (negative working capital) during the period of study. It can be predicted from the declining z scores that the company in going to be bankrupt in near future.

5. SUN PHARMACEUTICALS

TABLE 5: Z SCORES OF SUN PHARMACEUTICALS						
year	**X1**	**X2**	**X3**	**X4**	**X5**	**Z SCORE**
2002	36.53	77.46	29.67	32.34	1.19	3.88
2003	40.43	75.25	30.01	14.70	1.03	3.65
2004	20.50	55.68	20.52	11.51	0.66	2.43
2005	47.51	31.34	6.93	4.21	0.38	1.64
2006	54.63	40.65	13.56	7.67	0.36	2.08
2007	50.39	63.36	16.57	16.02	0.43	2.56
2008	33.56	75.83	19.44	34.46	0.44	2.75
2009	29.36	81.32	20.87	30.98	0.45	2.81
2010	15.13	86.80	14.67	47.06	0.28	2.44
2011	29.39	86.46	19.12	31.06	0.25	2.63
2012	34.42	85.43	21.62	21.79	0.43	2.88

Source : computed.

CHART 5: Z SCORES OF SUN PHARMACEUTICALS



From table 5, the analysis reveals that z scores varied between 3.88 (2002) to 1.64 (2005). For 2002 and 2003 the company was in safety zone (Z>2.99) and since 2004 onwards, the company is in grey zone (Z<2.99) except in 2005, where the company has entered in bankruptcy zone.(Z<1.8). Since 2006 onwards the company has recovered from the bankruptcy zone and maintained financial performance in grey zone. The poor Z score level is due to more proportionate assets in comparison to its sales during periods of study. The financial performance of the company is satisfactory except poor total asset turnover.

TABLE 6: PAIRED COMPARISON OF MEANS OF VARIABLES OF ALTMAN'S Z SCORE MODEL OF RAXBAXY WITH OTHER FOUR COMPANIES				
	Distressed company (Ranbaxy Labs)	**Nondistressed company (rest all companies)**	**t**	**p**
X1	35.10	18.22	3.492	.006
X2	69.79	38.58	6.273	.000
X3	21.22	8.45	4.213	.002
X4	14.71	5.85	4.265	.002
X5	0.76	0.65	3.035	.013

Source: computed

$t_{(10,5\%)}$ =1.812

Level of significance: 5%

In Table 6, the difference between mean of variables of distressed company (Ranbaxy) and rest all other companies (Cipla,Dr. Reddy,GSK,Sun pharma) over the years of study were calculated using paired t-test at 5% significance level. The test reveals that the mean difference of all variables is found to be significant. For all the variables, the p values are below 2%. The overall result gives convincing evidence that the specified variables are able to discriminate between the distressed and non distressed companies during the period of study.

SUGGESTIONS

- A company with strong financial health will always have good financial ratios and a Altman's Z score above 2.99. In case of CIPLA, it has Z score is in grey zone for four years from last five years. The company should improve its sales revenue .which will improve its EBIT in future to improve its z score. Cipla should also take care to improve its market price of share to increase its Z score.
- Latest Z scores of |Dr. Reddy's Lab is in grey zone which is a point of cocern for the company. The company must focus on poor sale performance which has dipped its EBIT/sales to 12.18% in 2011 to avoid further slipping deep into grey zone.
- GSK has very strong financial health and there is no chance of financial distress on coming future. However in 2004-07 ,WC/TA was very poor which improved significantly in succeeding years. Thus the company should take focus for a consistent WC policy.
- GSK has very strong financial health and there is no chance of financial distress on coming future. However in 2004-07 ,WC/TA was very poor which improved significantly in succeeding years. Thus the company should take focus for a consistent WC policy.
- Z score analysis of sun pharmaceuticals reveals that it is slightly in grey zone in last nine years of study where it may or may not fall into financial distress. Looking into different variable of study, company's sales performance is not good. The company must focus more on improving its sales results which will lift its z score.
- The overall analysis of selected pharmaceutical companies reveals that, total sales performance is not satisfactory in comparison to huge employed assets. All the company's under study have poor total assets turn over (X5=sales/TA). Hence they should improve sales conditions through new drugs development.

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ASSESSMENT OF SERVICE QUALITY IN PUBLIC AND PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO BAREILLY CITY

GULSHAN KUMAR
RESEARCH SCHOLAR
KUMAUN UNIVERSITY
NAINITAL

DR. MANOJ UPRETI
ASSOCIATE PROFESSOR
RADHE HARI GOVERNMENT POST GRADUATE COLLEGE
KASHIPUR

ABSTRACT

Banking sector of India is running in a dynamic challenging period concerning both customer base and service performance. Service quality is only a strategy by which the banks can retain their customer base. Service quality plays a very important role in getting the customer satisfaction. Banks are trying to maintain their customer satisfaction by providing better quality services to the customer. This study compares customers' perceptions of service quality of both public and private sector banks in India. The service quality of both public and private sector banks has been measured through SERVQUAL scale. Data was collected from 390 respondents of Bareilly of both public and private sector banks by using preframed questionnaire. The results show the dimensions of service quality such as tangibility, reliability, responsiveness, empathy and assurance significantly predict customer trust and commitment. Private sector banks customers are more satisfied and committed as they received better quality services from banks. This study implies that public sector banks also should come forward and try their best to provide quality services to win their customers back.

KEYWORDS
Private Sector Banks, Public Sector Banks, Service Quality, Customer Satisfaction.

INTRODUCTION
At the time of independence banking sector of India was not very sound. The strengthening of banking sector of India took place after the establishment of Reserve Bank of India in 1935 as it was empowered to regulate the banking by issue of directive, inspections, mergers, amalgamation etc. Two important steps were taken in 1949 which was very important from the point of view of structural reforms in banking sector. First Banking Regulation Act was passed in 1949. It empowered the Reserve Bank of India to regulate commercial banks of India. Fourteen Commercial Banks were nationalized on 19th July 1969 and six more banks were nationalized on 15th April 1980. After nationalization these banks rendered various types of banking services by assuming social responsibilities. The Government tried to implement various welfare schemes through these banks. The Banks occupy a very important place in Indian Banking System. There were very little competition in banking sector before 1991.The public sector bank dominates the banking sector in terms of size of asset. Now the government recognized to make the banking industry more competitive. Moreover banking sector has been opened for private sector banks. As a result, new private banks has been set up, old private sector bank expand their operations and new foreign banks also entered in Indian Banking Industry. It has promoted competition in the Indian Banking Industry and helped in increasing efficiency. This paper endeavours customer satisfaction. In the present era of cut throat competition the survival of banks depend on customer satisfaction. Customer satisfaction is the state of mind that consumers have about a bank when their expectations have been met or exceeded over the life time of the service different people may have different expectations based on their prior experience, personal needs and what other people told them. As perceptions are always considered relative to expectations and expectations are dynamic, perceptions may also shift over time from person to person. What is considered quality service or the things that satisfy customer today may be different tomorrow, same in the banking industry. Understanding of the customer's expectations and their perceptions about a particular bank can be the game changer.

LITERATURE REVIEW
Review of literature has vital relevance with any research work due to literature review the possibility of repetition of study can be eliminated and another dimension can be selected for the study. The literature review helps researcher to remove limitations of existing work or may assist to extend prevailing study. Several studies have been conducted to analyze the different dimension of service quality of commercial banks in India and abroad. According **to K. Rama Mohana Rao,** Quality means the degree of excellence in service performance. Consumers perceive the quality of a service by experiencing the consumption process and comparing the experience with their expectations. The best service quality firms cannot blame for poor quality .The service firm need to formulate strategies for quality performance. Service quality management is the most critical task of service companies Quality may be perceived in many dimensions. It may relate to cost, profitability, customer satisfaction, customer relations or positive word of mouth, customer asses service quality with their own criteria. **Buzell and Gale's** empirical research shows the positive relationship between service quality and organizational performance. According to **Parasuraman, Zeithmal and Berry** Service quality is the degree and direction of discrepancy between consumer's perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behaviour. **Douglas et al** define service quality as an attitude formed by long term, overall evaluation of performance. **Lovelock et al (2006)** opined that if a firm wants to retain customer they are required to provide better services to their customers by quality improvement programs and should continuously enhance benefits desired by customers. At the same time, productivity improvement efforts decrease the cost. The customers are satisfied with the organization if the services deliver by firm are better than their competitors. According to **Zeithamal et al (2008)** customer have two different types of service expectations: 1) Meaning and types of expected service 2) Current issues in customer service expectations. In a Perception of the service, service quality may be the most critical determinant of satisfaction. They mentioned the service encounters or "moments of truth" as the building blocks for both satisfaction and quality. Service encounter is an opportunity to build perceptions of quality and satisfaction. **Johnston (1995)** identified 18 dimensions of service quality to measure the performance of service industries: aesthetic, availability, attentiveness, access, care, cleanliness, comfort, commitment, communication, competence, courtesy, friendliness, flexibility, functionality, integrity, reliability, responsiveness and security.

OBJECTIVES OF THE STUDY
- To measure and analyze the quality of services provided by public and private sector banks in Bareilly.
- To ascertain service quality variations across selected banks by demographic variations.
- To measure the customer satisfaction in selected public and private sector banks by analyzing the gap between expectations and their perceptions of banking services.

RESEARCH METHODOLOGY

This study is based on a survey conducted in Bareilly City. Primary as well as secondary data were collected. The theoretical foundation of the study is based on various secondary resources such as text books on service quality, articles, magazines and published papers. For the purpose of the study a questionnaire was designed on point Likert Scale, where '1' represents SD (Strongly Disagree) and '5' represents SA (Strongly Agree) and the total 390 respondents were asked to respond the statements in the SERVQUAL scale. Questionnaire consists of 18 questions related to five dimensions of service quality in which the customer of banks responded against their expectations and perceptions. Questionnaire was personally delivered by hand at workplaces and homes, which was used as a method for data collection. The respondents (190 of public sector banks and 200 of private sector banks) were required to record their perceptions and expectations of the service of the respective public and private sector banks in Bareilly City. Two public sector banks- PNB and OBC and two private sector banks- ICICI and HDFC were selected for the study. The study is based on the assumption that all banks belong to the same category. The categorization was based on the responses of the customers.

DATA ANALYSIS

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

TABLE 1: GENDER WISE DISTRIBUTION TO THE RESPONDENTS

Gender	Number & % of respondents			
	Public Sector Banks		Private Sector Banks	
	No.	%	No.	%
Male	128	67.36	142	71
Female	62	32.64	58	29

TABLE 2: AGE WISE DISTRIBUTION TO THE RESPONDENTS

Age	Number & % of respondents			
	Public Sector Banks		Private Sector Banks	
	No.	%	No.	%
<25 years	24	12.63	29	14.5
25-35	37	19.47	64	32
35-45	40	21.05	56	28
45-55	43	22.63	33	16.5
>55	46	24.22	18	9

TABLE 3: EDUCATION WISE DISTRIBUTION TO THE RESPONDENTS

Education	Number & % of respondents			
	Public Sector Banks		Private Sector Banks	
	No.	%	No.	%
Graduate	76	40	46	23
Post Grad.	43	22.63	57	28.5
Professional	34	17.89	79	39.5
Others	37	19.48	18	09

TABLE 4: OCCUPATION WISE DISTRIBUTION TO THE RESPONDENTS

Occupation	Number & % of respondents			
	Public Sector Banks		Private Sector Banks	
	No.	%	No.	%
Government	48	25.26	24	12
Private	51	26.84	63	31.5
Professional	23	12.10	41	20.5
Business	21	11.05	44	22
Student	27	14.21	13	6.5
Others	20	10.54	15	7.5

TABLE 5: INCOME WISE DISTRIBUTION TO THE RESPONDENTS

Income/Rs.	Number & % of respondents			
	Public Sector Banks		Private Sector Banks	
	No.	%	No.	%
<10000	23	12.10	11	5.5
10000-15000	35	18.42	26	13
15000-25000	47	24.74	47	23.5
25000-40000	58	30.52	53	26.5
>40000	27	14.22	63	31.5

ANALYSIS OF CHI SQUARE TEST OF INDEPENDENCE

Chi square test of independence

Hypothesis

H0: Preference towards public/private sector banks and age group is independent of each other.

H1: Preference towards public/private sector banks and age group is dependent of each other.

$X^2 = \sum (Fo-Fe/Fe)^2$

Where Fo=observed frequency and Fe=expected frequency for each cell

Fe=(frequency of the column) (frequency of the row)/n

TABLE 6

Observed Frequency						
	Age Group					
Preference towards Banks	<25years	25-35	35-45	45-55	>55	Total of row
Public Sector Banks	24	37	40	43	46	**190**
Private Sector Banks	29	64	56	33	18	**200**
Total of Column	**53**	**101**	**96**	**76**	**64**	**390**

TABLE 7

Expected Frequency					
	Age Group				
Preference towards Banks	<25years	25-35	35-45	45-55	>55
Public Sector Banks	25.820	49.205	46.769	37.025	31.179
Private Sector Banks	27.179	51.794	49.230	38.974	32.820

TABLE 8: CALCULATION OF X^2

Fo	Fe	Fo-Fe	(Fo-Fe)²	(Fo-Fe)²/Fe
24	25.820	-1.82	3.3124	0.128288149
37	49.205	-12.205	148.962025	3.027375775
40	46.769	-6.769	45.819361	0.979695119
43	37.025	5.975	35.700625	0.96423025
46	31.179	14.821	219.662041	7.045191988
29	27.179	1.821	3.316041	0.122007469
64	51.794	12.206	148.986436	2.876519211
56	49.230	6.77	45.8329	0.930995328
33	38.974	-5.974	35.688676	0.915704726
18	32.820	-14.82	219.6324	6.69202925
X^2= 23.68203726				

Degree of freedom=(R-1)*(C-1)
=(2-1)*(5-1)
=4
Confidence level=95%
Therefore X^2=9.488
So in this case ***X^2 cal> X^2tab*** hence null hypothesis is rejected and alternative hypothesis is accepted.

SERVQUAL ANALYSIS

TABLE 9: GAP MODEL FOR PUBLIC SECTOR BANKS

TANGIBILITY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.13	3.21	-0.92	-0.858	1.000
2	4.18	3.79	-0.39		
3	4.18	3.52	-0.66		
4	4.10	2.90	-1.20		
5	4.13	3.01	-1.12		

RELIABILITY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.23	3.30	-0.93	-1.195	1.435
2	4.26	3.03	-1.23		
3	3.89	2.48	-1.41		
4	4.01	2.80	-1.21		

RESPONSIVENESS					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	3.97	2.86	-1.11	-1.263	1.242
2	3.81	2.57	-1.24		
3	3.92	2.48	-1.44		

ASSURANCE					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	3.94	2.83	-1.11	-1.246	1.208
2	3.79	2.44	-1.35		
3	3.95	2.67	-1.28		

EMPATHY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	3.71	2.45	-1.26	-1.133	1.001
2	4.02	2.86	-1.16		
3	4.02	3.04	-0.98		

TABLE 10: GAP MODEL FOR PRIVATE SECTOR BANKS

TANGIBILITY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.40	3.93	-0.47	-0.712	0.607
2	4.53	3.91	-0.62		
3	4.61	4.00	-0.61		
4	4.51	3.43	-1.08		
5	4.57	3.79	-0.78		

RELIABILITY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.65	3.88	-0.77	-0.737	0.495
2	4.58	3.73	-0.85		
3	4.57	3.71	-0.86		
4	4.61	4.14	-0.47		

RESPONSIVENESS					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.65	3.64	-1.01	-0.703	0.348
2	4.70	4.17	-0.53		
3	4.66	4.09	-0.57		

ASSURANCE					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.61	3.77	-0.84	-0.746	0.369
2	4.66	4.06	-0.6		
3	4.60	3.80	-0.8		

EMPATHY					
Statement	E-score	P-score	SERVQUAL Score	Average Dimension	Chi-square
1	4.51	3.45	-1.06	-1.023	0.693
2	4.65	3.51	-1.14		
3	4.59	3.72	-0.87		

DATA INTERPRETATION

The major findings of the study are given below on the basis of analysis and interpretation:-

- The result of the study reveals that majority of the respondents of public and private sector banks are male (69.23%) and belonging to the age group of 25-35 years (25.90%).
- Major of the respondents for this study are graduates (31.28%), private employees (29.23%) are having income in the range of Rs. 25000-40000 (28.46%).
- A Chi-Square analysis was performed to determine the impact of SERVQUAL with banking services. The results are summarized in Table 6, 7, 8, 9 and 10.
- It is evident from the above Tables 6, 7and 8 that X^2 calculated value at 5% level of significance is 23.682 while the X^2 tab is 9.488.
- Since in this case X^2 cal> X^2 tab hence null hypothesis is rejected and alternative hypothesis is accepted i.e. Preference towards public/private sector banks and age group is dependent on each other.
- From the tables 9 and 10 SERVQUAL dimension, Tangibility (Modern looking equipment, physical facilities appearance communication material) has X^2 cal 1.000 for public sector banks and X^2 cal 0.607 for private sector banks respectively. Both the values are much lower than X^2 tabulated value 12.592 which shows that for tangibility dimension at the expected and perceived scores are nearly same at 5% level of significance. And the same trends are observed for other dimensions like reliability (Timely service, error free records, ability to perform the promised service dependably and accurately), Responsiveness (Willingness to help and provide prompt service), Assurance (Knowledge and courtesy of employees and their ability to convey trust and confidence) and Empathy (The firm provides individual attention, care, understanding specific needs and maintain long term relationships).
- SERVQUAL score of tangibility suggests that public sector banks required to improve their infrastructure in comparison with private sector banks.
- SERVQUAL score of responsiveness and empathy training on stress management and better public dealing should be imparted to the employees of public sector banks.
- The overall attitude of customer towards bank services is that they are satisfied with their services provided by the banks. But still they require and expect more and better services to be provided

CONCLUSIONS

In the present time customer satisfaction is of great importance in modern marketing. This study on service quality in selected banks is measured in five dimensions by using SERVQUAL scale developed by Parsuraman et al (1988). In this research it reveals that there is a small perceptual difference between regarding overall quality services in the respective banks. The respondents of both the banks concentrate on the staff of the banks while banks itself concentrate on tangible factor like computerization, physical facilities etc to improve the customer services. All the dimensions reliability, responsiveness and assurance are found to be most vital and main strategic elements of service quality for both public and private sector banks. If banks want to retain the customer on long-term basis, banks should work with their 100% efforts towards customer satisfaction.

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SPOUSAL ROLE AND DETERMINANTS OF THEIR INVOLVEMENT IN DECISION MAKING

DR. ATUL DHYANI
ASSOCIATE PROFESSOR
SCHOOL OF COMMERCE H.N.B.GARHWAL (CENTRAL) UNIVERSITY
SRINAGAR GARHWAL

ANANT AGARWAL
RESEARCH SCHOLAR
UTTARAKHAND TECHNICAL UNIVERSITY
DEHRADUN

SHIVENDRA SINGH
RESEARCH SCHOLAR
SCHOOL OF COMMERCE H.N.B.GARHWAL (CENTRAL) UNIVERSITY
SRINAGAR GARHWAL

ABSTRACT

The process of decision making is known as concluding or making a judgment about some issues or making a unique choice between alternatives. Marketers treated spouses as an important decision making unit with regards to joint purchases. The study revolves around measuring the intensity of influencing factors which affects the joint purchase decision of spouses. To achieve the objectives of the study, Multiple Regression Technique was used. The study revealed that marital duration of spouses is the most significant factor influencing the purchase decision, however, education seems to be affecting but not so significantly, followed by occupation, social class and type of family.

KEYWORDS

Spousal Decision Making Model (SDMM), Spousal role, Decision Making, Marital Duration, Education.

INTRODUCTION

Decision making is known as the process of concluding or making a judgment about some issues or making a unique choice between two or more alternatives. Marketers treated family or household as the basic decision making unit as regards to purchases. A household comprises the individual who lives solely or together with others in a residential unit and on the other hand a family can be define as a combination of people spending their life with each other by the connection of blood or marriage. A family is therefore a category of a household. Member's role and number of their role like initiator, influencer, decider, buyer & user within family vary from a product or service category to other product and service category. There is always some possibility when single member of a family will play all the roles or single role will be played by two or more members of a family unit.

Traditionally on the basis of dominancy in decision making process, family decision would be classified as *wife dominant, husband dominant, joint or autonomous* (either husband or wife or is equally likely to make an individual decision) (Herbest,1954). That was the old days when husbands were bread-earner in a family. Now wives are going out for a job and have sufficient amount of money to spend on household product as well as personal product. This income coming from the employed wife has made it possible for the family to buy a variety of products. In fact, the boom in household products that we see today has been caused jointly by the change in lifestyle and the increased affordability of the family. Thus it is now more complex for marketer to ascertain that who perform what role.

As the primary consumer decision-making unit, the family has been always a subject of intense examination for a number of years (Davis and Rigaux 1974, Park 1982, Gransbois 1983, Rao 1992). The fundamental question of who makes what purchase decisions in the family generally resides with the husband and the wife (Howard, 1989). It was established early that relative roles of the husband and wife in the decision-making process vary not only with the product category but with the stage of the decision-making process (Jaffe and Senft, 1966). The majority of research into family purchase decision making has centered on the family resides in US. Relatively little work has focused on the salient dimensions of family decision making in the increasingly important global marketplace. A commonly held perception existed that it was a universal cultural expectation that females were to be subordinated to men (Ortner, 1974). Recently research begun to examine more in-depth aspects of family (i.e. husband-wife) purchase decision making belonging to developing nations (Callan and Gallois, 1985, Ford *et al.*, 1995, Green *et al.*, 1983). At the forefront among these efforts is the work of Pujari, D. and Carbonell, P (1996). The typology of international societal sex role development refined by Sullivan and O'Connor (1998) utilizes societal development as a predictor variable on family decision making. This typology ranges from a patriarchal (or, to a lesser extent, matriarchal) orientation typical of many developing nations (e.g. Indonesia) to an orientation more fully characterized by egalitarianism or the joint sharing of decision responsibilities. Typically found in more developed nations (e.g. the USA). The Sullivan- O'Connor (1988) typology has previously been utilized in marketing studies dealing with the growth (or lack thereof) of feminist values impinging on female roles in societies (Ford *et al.*, 1994).

In this research paper researcher wants to explore from five of decision making influencing factors i.e. qualification, type of family, occupation, income and marital duration among which has more influence on purchase decision making process between spouses.

REVIEW OF LITERATURE

To understand more the complexity of family purchasing decision making for products and services, it has been stated that influence of the husband and the wife and their relative role should be examined thoroughly (Strodtbeck, 1951). Ferber and Lee (1974) founded that a clearer understanding of family decision making would come only from a detailed measurement of the relative roles played by spouses in the process of purchase decision. However, it is the seminal work of Davis and Rigaux (1974) that is generally credited with bringing a degree of unified cohesiveness and direction to the study of family purchase decision making. In their study Davis and Rigaux (1974) found out that there was almost non-existent information concerning marital role influence at different stages of the decision-making process. The majority of available research had only considered the outcome phase of decision making, e.g. Blood and Wolfe; 1960; Cunningham and Green, 1974. They went on to state that it may be a considerable oversimplification to define any particular consumption category as being husband-dominated or wife-dominated based solely on the outcome of the process. The work of Davis and Rigaux was predicated on the early writings of Herbst (1952), as extended and augmented by Wolfe (1959). Herbst (1952) suggested four patterns of family role structural influence which have relevance to the later work of Davis and Rigaux (1974). Specifically, while husband-dominated or wife-dominated patterns indicate clear control of family role structural influence, the autonomic pattern indicates that family decision influence may reside with either the husband or the wife equally. Similarly, the syncratic (or "group decision" (Lewin, 1947) pattern shows that family decisions are made jointly by spouses.

Davis and Rigaux (1974) examined data collected at each of three decision phases – problem recognition, information search, and purchase decision – for 25 common household purchase decisions. Using these data collected from a sample of 73 Belgian couples, they concluded that the dominant marital role in family purchase decision making varied both with the phase of the decision process and the product/consumption category under consideration. Drawing view perform a comprehensive review of the family decision-making literature, Davis (1976) forwarded three generalized conclusions regarding family decision making:

(1) Marital role influence will vary by product class (e.g. the work of Beckman and Davidson, 1962; B. Wolff, 1958);
(2) Marital role involvement within product classes will vary by the stage of the decision process (e.g. Converse *et al.*, 1958; Davis and Rigaux, 1974; Wilkes, 1975); and
(3) Marital role influence for any decision will vary among families (e.g. Aronoff and Crano, 1975).

In one of the more complete replications of the Davis and Rigaux (1974) work, Bonfield (1978) examined family purchase decision-making processes based on a sample of 60 US married couples. Bonfield concluded that role specialization exists in family purchase decision making and that movement towards syncratic final decisions is evident. (These findings were congruent with the previous work of Davis and Rigaux, 1974.)

Putman and Davidson (1987) lent further collaboration in a later replication of the Davis and Rigaux (1974) work. Based on a sample of US married couples, Putman and Davidson (1987) found greater reliance on autonomic decision making for "less risk bearing" purchases. This move to autonomic decision making became evident in the "search for information" stage. Additionally, and in keeping with previous findings, a shift towards joint final decisions was witnessed. Given that the final decision stage may be viewed as the culmination of the decision-making process, it is logical to view this stage as possessing the most importance; thus, resulting in the earlier stages of the process being viewed as less important (Ford, *et al.,* 1995; LaTour *et al*., 1992).

Various mediating variables which may have influence on family decision making have been examined by a number of researchers (e.g. Kim and Khoury, 1987; Komarovsky, 1961; Michman, 1980). For example, Hallenbeck (1966) looked at the relative influence of referent power in the marriage and its possible link to decision making. Sheth (1974) and Hill (1988) have examined the impact of stage of the family life cycle. The role of social networks has been explored by Rogler and Procidano (1986). The work of Qualls and Jaffe (1992) delved into the role of possible conflict between spouses and the resulting impact on family decision making. The works of Green *et al*. (1983) and Sullivan and O'Connor (1988) have pointed out the importance of examining the role of egalitarianism in family purchase decision making. Egalitarianism is defined as a value system emphasizing equality in marital relations (Bott, 1957; Rogler and Procidano, 1989). The level of traditional marital role orientation present in the family impacts the degree of influence attributable to either the husband or the wife. Households with a more traditional orientation tend to conform to norms that prescribe involvement in gender-specific activities while households with a more egalitarian orientation are more likely to participate in non-traditional sex-role activities (Fischer and Arnold, 1990; Scanzoni and Szinovacz, 1980). In other words, in households with a more traditional orientation, the husband would be expected to have the greatest influence in the decision-making process, while the wife's role would be to support her husband's decisions (Blood and Wolfe, 1960; Qualls, 1987). While it would be prudent to realize that some products will tend to be gender dominant (e.g. wife's clothes), typically a higher level of egalitarianism would be seen to predict more joint, more wife-dominated and less husband-dominated decisions (Chia *et al*., 1987; Ford *et al*., 1995; LaTour *et al.*, 1993; Rodman, 1972; Schaninger *et al.*, 1982; Sullivan and O'Connor, 1988).

Verma and Kapoor (2003) in their study found families as consumers display certain homogenous characteristics irrespective of who their members are. All the purchase decision, whether for buying a product for personal consumption or for common use , ranging from which brand to be purchased, in what quantity, how often, and from where to purchase, entail the playing of different roles by various family members. The precise role to be played by any member varies according to the dynamics of a particular family, its lifestyle, the personality of the individual member, and his relationship with other members, as also the nature of the product bought. Jan, M. and Akhtar, S. (2011) carried out their study in Jammu & Kashmir on 100 women with the help of scale constructed by Jan (2004) on Decision Making Power among Women, selected through multistage sampling. He revealed that 96% of women hold low level of decision making power in masculine decision-making and 90% of women possess low level of participation in familial decision making. Eva, Maria, Eena (2013) examined in their study based on the data collected from 300 couple lives in Spain. With the help of convenience sampling and questionnaire they come up with the conclusion that female who has more say in grocery and household product purchase decisions for family use arrogance tactics for other family purchase decisions. On the other hand for their male counterparts arrogance tactics is useful only in low education level cases not in high education level.

This review of literature reveals that spouse role family purchase decision making offer more research possibilities. Studies have been done on the influencing and decision making power within family and especially in US and European countries but less work was done in India. Keeping this research gap in mind this study is framed to find out which factor affects the most in purchase decision making of spouse.

OBJECTIVES OF THE STUDY

1. To determine the role of Spouses towards decision making.
2. To ascertain the determinants which affect decision making of Spouses.

HYPOTHESES

1. Decision making is still male dominant in the Indian families.
2. There are no differences among the determinants of decision making.

RESEARCH METHODOLOGY

An empirical research was conducted by reviewing the literature on the problem, followed by structured interviews with spouses. For this purpose 100 spouses were selected from various strata living in urban area of Uttarakhand. Respondents were directed to complete the questionnaire separately (with no input from the other spouse). Besides the demographic questions, there are questions on the role played by spouses in decision making process and 5-point Likert's scale was used for ascertaining the determinants which affect the decision making.

Due to money and time constraints researcher had to confined him in a limited area and sample size of universe.

RESULTS

A demographic profile of the respondent is given in Table 1. It is clear that 53 per cent respondent was female in comparison to 47 per cent of male. Ph.D degree holders are 46 per cent, 56 per cent from joint family, 54 per cent from service class, and 52 per cent with a monthly family income of Rs. 25000 to 40000 while 46 per cent of respondent are from 3 to 5 year marital duration.

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Variable	Description	Percentage
Gender	Male	47
	Female	53
Qualification	Graduate	22
	Postgraduate	32
	Ph.D/Professional	46
Type of Family	Joint	56
	Nuclear	44
Occupation	Service	54
	Business	14
	Self-Employed	24
	Homemaker	8
Income	25k - 40k	52
	41k – 55k	16
	56k – 70k	10
	Above 70k	22
Marital Duration	3 – 5yr.	46
	6 – 15yr.	30
	16 – 25yr.	16
	Above 25yr.	8

Source: Author's findings

The adequacy of model and significant level are shown in Table 2.

TABLE 2: MODEL TEST TABLE

Factor	R Square	Adjusted R Square	Sig.
Qualification	.715	.765	.039
Type of Family	.645	.639	.043
Occupation	.596	.538	.035
Income	.712	.698	.048
Marital Duration	.643	.631	.041

Source: Author's finding

From table 2 it is clear that significance level of all variables is less than the standard of .05, hence the model is significant at 95%. This implies that we can accept the model and a relationship could be found. The "Adjusted R-Square" shows a significant level of the variance was explained. This shows that certain percentage of proportion of the variance in the dependent variable that was explained by variations in the independent variables.

The "R-Square"' tell us that a level of the variation was explained. This shows that the proportion of the variation in the dependent variables that was explained by variations in the independent variables.

QUALIFICATION

TABLE 3: COEFFICIENTS OF QUALIFICATION

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	3.847	.433		8.893
	Highly educated spouses easily convince each other	-.109	.219	-.069	-.498
	Higher the education, higher chances of conflict in decision making	.023	.133	.030	.173
	Education plays an important role in decision making	-.264	.117	-.384	-2.255

Source: Author's findings

A. Dependent Variable: Qualification

B. Predictors: (Constant), Education plays an important role in decision making, Highly educated spouses easily convince each other, Higher the education, higher chances of conflict in decision making.

TABLE 4: COEFFICIENTS[A] OF QUALIFICATION

Model		Sig.
1	**(Constant)**	**.000**
	Highly educated spouses easily convince each other	**.043**
	Higher the education, higher chances of conflict in decision making	**.039**
	Education plays an important role in decision making	**.041**

Source: Author's findings

As the value in "Sig." is less than 0.05, then we can assume that the estimate in column "Unstandardized Coefficients" can be asserted as true with a 95% level of confidence.

The Standard Regression equation is as follows:

Y= A+B1X1+B2X2+B3X3

Y= Dependent or Predicted variable (Qualification)

Xn= Independent Variable, whereby our X's are defined as follows-

A= The intercept or Constant

X1= Highly educated spouses easily convince each other

X2= Higher the education, higher chances of conflict in decision making

X3= Education plays an important role in decision making

Bn= The slope for independent variable.

Hence our resulted regression equation is:

Y= 3.847-.109X1+.023X2-.264X3

This implies that only one of the independent variable i.e. Higher the education, higher chances of conflict in decision making is related with the Qualification i.e. it is only affecting 2.3% to dependent variable. While others were showing negative values which imply that they all are inversely related to Qualification.

The significant value denotes the confidence with which we can support the estimate for each such estimate.

TYPE OF FAMILY

TABLE 5: COEFFICIENTS OF TYPE OF FAMILY

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	3.093	.595		5.197
	Family size influences the purchase decision of spouses	-.130	.197	-.107	-.660
	There is least chance of difference of opinion among the spouses in nuclear family	-.438	.281	-.240	-1.561
	Decision making is time taking process in nuclear family	-.147	.160	-.150	-.922
	In joint family there are more chances of difference of opinion	.027	.193	.023	.139
	It is convenient to take decision in joint family	-.065	.186	-.058	-.348

Source: Author's findings

a. Dependent Variable: Type of Family
b. Predictors: (Constant), It is convenient to take decision in joint family, In joint family there are more chances of difference of opinion, There is least chance of difference of opinion among the spouses in nuclear family, Family size influences the purchase decision of spouses, Decision making is time taking process in nuclear family.

TABLE 6: COEFFICIENTSA OF TYPE OF FAMILY

Model		Sig.
1	(Constant)	.000
	Family size influences the purchase decision of spouses	.043
	There is least chance of difference of opinion among the spouses in nuclear family	.034
	Decision making is time taking process in nuclear family	.041
	In joint family there are more chances of difference of opinion	.031
	It is convenient to take decision in joint family	.043

Source: Author's findings

As the value in "Sig." is less than 0.05, then we can assume that the estimate in column "Unstandardized Coefficients" can be asserted as true with a 95% level of confidence.
The Standard Regression equation is as follows:
Y= A+B1X1+B2X2+B3X3+B4X4+B5X5
Y= Dependent or Predicted variable (Type of Family)
Xn= Independent Variable, whereby our X's are defined as follows-
A= The intercept or Constant
X1=Family size influences the purchase decision of spouses
X2= There is least chance of difference of opinion among the spouses in nuclear family
X3= Decision making is time taking process in nuclear family
X4= In joint family there are more chances of difference of opinion
X5= It is convenient to take decision in joint family
Bn= The slope for independent variable.
Hence our resulted regression equation is:
Y= 3.093-.130X1-.438X2-.147X3+.027X4-.065X5
This implies that only one of the independent variable i.e. in joint family there are more chances of difference of opinion is related with the Type of Family i.e. it is only affecting 2.7% to dependent variable. While others were showing negative values which imply that they all are inversely related to Type of Family.
The significant value denotes the confidence with which we can support the estimate for each such estimate.

OCCUPATION

TABLE 7: COEFFICIENTS OF OCCUPATION

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	2.692	.685		3.930
	Earner of the family should have more say in decision making	.229	.222	.154	1.034
	Working spouses has equal say in decision making	-.176	.137	-.210	-1.288
	Working wife is more supportive in decision making.	-.277	.235	-.194	-1.179
	Earner of the family does not have the supremacy in decision making	-.038	.197	-.029	-.192
	Among the working spouses there is more chance of conflict in decision making	-.161	.192	-.125	-.837

Source: Author's findings

a. Dependent Variable: Occupation
b. Predictors: (Constant), There is more chance of difference of opinions among middle class spouses, Social class of spouses does matter for decision making, Spouses belongs to High social class can easily convince their counterpart, There are less chances of difference of opinions among the low social class spouse.

TABLE 8. COEFFICIENTS[A] OF OCCUPATION

Model		Sig.
1	(Constant)	.000
	Earner of the family should have more say in decision making	.043
	Working spouses has equal say in decision making	.038
	Working wife is more supportive in decision making.	.047
	Earner of the family does not have the supremacy in decision making	.041
	Among the working spouses there is more chance of conflict in decision making	.032

Source: Author's findings

As the value in "Sig." is less than 0.05, then we can assume that the estimate in column "Unstandardized Coefficients" can be asserted as true with a 95% level of confidence.
The Standard Regression equation is as follows:
Y= A+B1X1+B2X2+B3X3+B4X4+B5X5
Y= Dependent or Predicted variable (Occupation)
Xn= Independent Variable, whereby our X's are defined as follows-
A= The intercept or Constant
X1= Earner of the family should have more say in decision making

X2= Working spouses has equal say in decision making
X3= Working wife is more supportive in decision making
X4= Earner of the family does not have the supremacy in decision making
X5= Among the working spouses there is more chance of conflict in decision making
Bn= The slope for independent variable.
Hence our resulted regression equation is:
Y= 2.692+.229X1-.176X2-.277X3-.038X4-.161X5
This implies that only one of the independent variable i.e. Earner of the family should have more say in decision making is related with the Occupation i.e. it is only affecting 22.9% to dependent variable. While others were showing negative values which imply that they all are inversely related to Type of Family.
The significant value denotes the confidence with which we can support the estimate for each such estimate.

SOCIAL CLASS

TABLE 9: COEFFICIENTS OF SOCIAL CLASS

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	2.784	.576		4.830
	Social class of spouses does matter for decision making	.115	.222	.088	.518
	Spouses belongs to High social class can easily convince their counterpart	-.931	.310	-.456	-3.005
	There are less chances of difference of opinions among the low social class spouse	-.059	.214	-.048	-.275
	There is more chance of difference of opinions among middle class spouses	.376	.281	.218	1.337

Source: Author's findings

a. Dependent Variable: Income
b. Predictors: (Constant), There is more chance of difference of opinions among middle class spouses, Social class of spouses does matter for decision making, Spouses belongs to High social class can easily convince their counterpart, There are less chances of difference of opinions among the low social class spouse.

TABLE 10: COEFFICIENTS[A] OF SOCIAL CLASS

Model		Sig.
1	(Constant)	.000
	Social class of spouses does matter for decision making	.043
	Spouses belongs to High social class can easily convince their counterpart	.004
	There are less chances of difference of opinions among the low social class spouse	.039
	There is more chance of difference of opinions among middle class spouses	.041

Source: Author's findings

As the value in "Sig." is less than 0.05, then we can assume that the estimate in column "Unstandardized Coefficients" can be asserted as true with a 95% level of confidence.
The Standard Regression equation is as follows:
Y= A+B1X1+B2X2+B3X3+B4X4
Y= Dependent or Predicted variable (Income)
Xn= Independent Variable, whereby our X's are defined as follows-
A= The intercept or Constant
X1= Social class of spouses does matter for decision making
X2= Spouses belongs to High social class can easily convince their counterpart
X3= There are less chances of difference of opinions among the low social class spouse
X4= There is more chance of difference of opinions among middle class spouses
Bn= The slope for independent variable.
Hence our resulted regression equation is:
Y= 2.784+.115X1-.931X2-.059X3+.376X4
This implies that two of the independent variable i.e. Social class of spouses does matter for decision making and There is more chance of difference of opinions among middle class spouses is related with the Income i.e. Social class of spouses does matter for decision making is affecting 11.5% to dependent variable and There is more chance of difference of opinions among middle class spouses is affecting 37.6% to dependent variable. While others were showing negative values which imply that they all are inversely related to Income.
The significant value denotes the confidence with which we can support the estimate for each such estimate.

MARITAL DURATION

TABLE 11: COEFFICIENTS OF MARITAL DURATION

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	2.001	.704		2.843
	Time duration of the marriage play a significant role in decision making	.513	.264	.300	1.940
	Longer duration of marriage ensure more chances of common consensus in decision.	-.101	.163	-.094	-.622
	Shorter duration of marriage leads more conflict in decision making	.128	.235	.090	.546

Source: Author's findings

a. Dependent Variable: Marital Duration
b. Predictors: (Constant), Shorter duration of marriage leads more conflict in decision making, Longer duration of marriage ensure more chances of common consensus in decision., Time duration of the marriage play a significant role in decision making.

TABLE 12: COEFFICIENTS[A] OF MARITAL DURATION

Model		Sig.
1	(Constant)	.007
	Time duration of the marriage play a significant role in decision making	.048
	Longer duration of marriage ensure more chances of common consensus in decision.	.043
	Shorter duration of marriage leads more conflict in decision making	.038

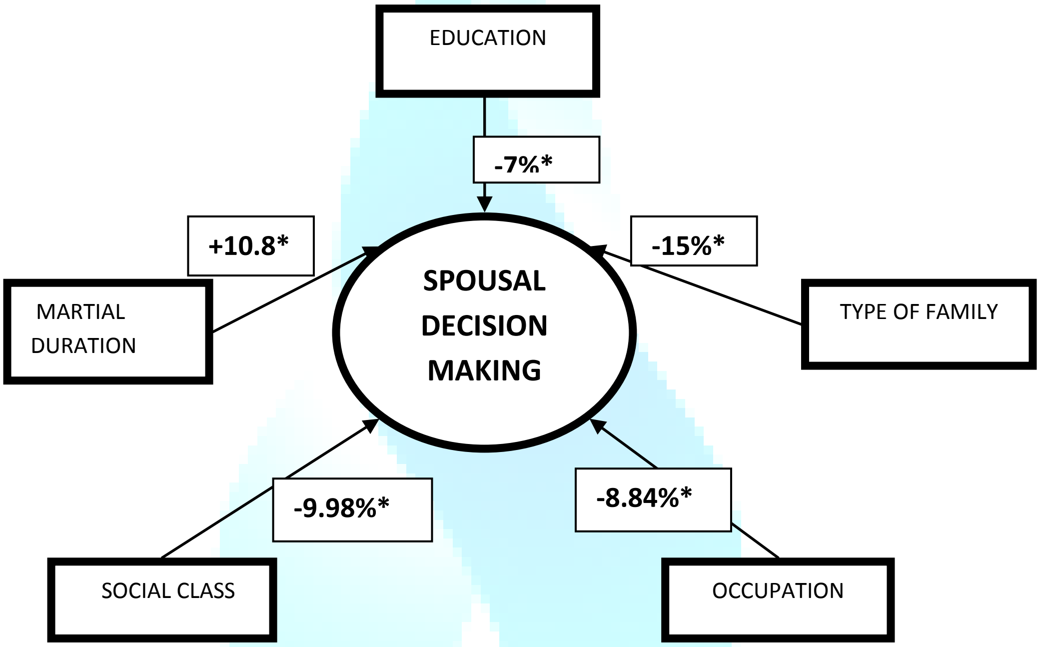
Source: Author's findings

As the value in "Sig." is less than 0.05, then we can assume that the estimate in column "Unstandardized Coefficients" can be asserted as true with a 95% level of confidence.
The Standard Regression equation is as follows:

Y= A+B1X1+B2X2+B3X3
Y= Dependent or Predicted variable (Martial Duration)
Xn= Independent Variable, whereby our X's are defined as follows-
A= The intercept or Constant
X1= Time duration of the marriage play a significant role in decision making
X2= Longer duration of marriage ensure more chances of common consensus in decision.
X3= Shorter duration of marriage leads more conflict in decision making
Bn= The slope for independent variable.
Hence our resulted regression equation is:
Y= 2.001+.513X1-.101X2+.128X3

This implies that two of the independent variable i.e. Time duration of the marriage play a significant role in decision making and Shorter duration of marriage leads more conflict in decision making is related with the Martial Duration i.e. Time duration of the marriage play a significant role in decision making is affecting 51.3% to dependent variable and Shorter duration of marriage leads more conflict in decision making is affecting 12.8% to dependent variable. While others were showing negative values which imply that they all are inversely related to Martial Duration.
The significant value denotes the confidence with which we can support the estimate for each such estimate.

FIGURE 1: SPOUSAL DECISION MAKING MODEL



*Note: * Mean of Regression values*

Hence from the analysis it has been found that marital duration is highly influencing the purchase decision of spouses followed by education, Occupation, Social Classes and finally type of family.

SCOPE FOR FUTURE RESEARCH

Although this study is based on finding out the influencing factor which affects the purchasing decision making of spouse in urban area of Uttarakhand. Moreover researcher can go for the comparative analysis of spouses living in rural and urban area and also can be done between the spouses living in hill area and plain area whereby, a cross cultural study can be done to visualize the difference between their life style.

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STRESS MANAGEMENT: ITS CAUSE AND EFFECT

TARIKA SETHI
ASST. PROFESSOR
PG DEPARTMENT OF COMMERCE
G.V.M GIRLS COLLEGE
SONIPAT

RUCHIKA VERMANI
ASST. PROFESSOR
PG DEPARTMENT OF COMMERCE
G.V.M GIRLS COLLEGE
SONIPAT

MONIKA VERMA
ASST. PROFESSOR
DEPARTMENT OF ECONOMICS
G.V.M GIRLS COLLEGE
SONIPAT

ABSTRACT
Life after death is good but what about life after Birth? Is it full of stress? The only time when there is a total absence of stress is post death. Stress is an integral part of our daily life. Stress arises when individuals perceive that they cannot adequately cope with the demands being made on them or with threats to their well beings. An attempt has been made through this research paper to know the causes and effects of stress among employees and the ways or strategies to cope up with stress used by both employees and organizations. Through literature review and unstructured interview causes and effects of stress were found. It is an adaptive response to an internal and external situation that results in physical, psychological, physiological and behavioral effects. Through this study, it is found that many employees face stress due to work overload, few employees experience it due to non achievement of work targets. And remaining experience it due to family troubles. Stress coping strategies are also suggested in the paper to positively handle stress both at individual and organizational level.

KEYWORDS
Stress management, Eu-stress, Distress, work pressure, coping strategies.

INTRODUCTION
The word “Stress” was derived from the latin word “Stringere” meaning to draw tight. In the 15th century, this term was used to describe troubles or pains. A century later, the term was used to describe burden, force or pressure, especially on a person’s body or soul. In the 17th century, stress denoted hardships, straits, advertising or afflictions. During the 18th and 19th century, it meant force, pressure, strain or strong effort. It came in social sciences from engineering and physics. In 1936, professor Hans Selye, “The father of modern stress”, bought before the public the concept of Stress in a medical sense to indicate overloading of the human body. Stress is known as the “Age of Anxiety” as it is inescapable part of today’s fast life. With the change in life style and social factors, stress has become inevitable. Stress leads to physical, mental and behavioral changes. Stress can be both positive and negative. If it is created by undesirable outcomes it is called as “**Distress**” whereas if it is created by desirable and successful effects, it is called as “**Eu-stress**”. Minimum level of stress is necessary for effective functioning and peak performance as it can trigger your passion for effectiveness and ignite aspirations. It is a commom saying “ Brain cells create ideas, stress may kill brain cells.” Negative stress is usually called distress. It includes tension, heart disease, absenteeism from work, marital problems, alchoholism, lack of concentration, headache, drug abuse, irritation etc. Stress occurs when pressure exceed one’s perceived ability to cope with the resources i.e. stress is an emotional imbalance between demand and resources.
Symbolically,
S = P > R
Where S is stress, P is pressure and R is resources.
Stress refers to the strain from the conflict between our external environment and us, leading to emotional and physical pressure.
According to D’ Souza, “Nervous tension that results from internal conflicts from a wide range of external situations.”
According to Richard S Lazarus, stress as a condition or feeling experienced when a person perceives that “demand exceed the personal and social resources the individual is able to mobilize.”
According to Inancevich and Matterson, “Stress is the interaction of the individual with the environment. It is an adaptive response, mediated by individual differences and / or psychological process that is a consequence of any external (environmental) action, situation or event that places excessive psychological and / or physical demands upon a person.”
Stress is defined as an adaptive response to an external situation that results in physical, psychological and / or behavioral deviations for organizational participants.

REVIEW OF LITERATURE
Stress is prevelant in the society since ages. In American Vernacular, it was introduced in 1956 and was wholeheartedly accepted by American culture. Nowadays stress has become an excuse, a state of mind, as well as psychological phenomenon. The literature available on the relationship between stress and performance is too vast and extensive. The use of the term Stress is now so integrated into our thoughts that it sometimes feels it has always been there. In fact, stress as we currently think of it, is a relatively a new concept and is one that continues to evolve.
Cobb (1975) has the opinion that, “The responsibility load creates severe stress among workers and managers”. If the individual manager cannot cope up with the increased responsibilities it may lead to physical and psychological disorders among them.
Barhem et al (2004), define stress as an extra ordinary state affecting individual human functions as an outcome of internal and external factors which differ qualitatively and quantitatively from individual performance, due to individual differences.

Sharma, Khera and Khandekar (2006), Computer Related Health Problems among Information Technology Professionals in Delhi: A publication in Indian Journal of Community Medicine in January 2006 found more on visual stress. It is also found that computer related sickness had become an important occupational health problem and is of a great concern.

Murali Raj (2009), depression is usually related to work and stress these people undergo because of the pressure to perform better, compete with other colleagues and meet tight deadlines. Most of their work is target oriented and if targets are not met, it can lead to anxiety. Peers are not very supportive as they are also competing in the same field. Moreover insecurity about the job may lead to feelings of expression.

Vasudha Venugopal (2010), an increasing number of IT professionals have been finding it difficult to handle emotional stress, according to expert, an occupational hazard the stress related to word needs to be addressed without delay, they emphasize, coping with stress and striving for mental health welfare should be a matter of concern for all and not treated simply as a lifestyle problem of the IT phenomenon, says Nithya Chandrashekaran , a consultant physician for many IT companies in Hyderabad. Doctors explain that handling stress that arises owing to fear of loosing job or to cope up with the increasing competition affect the employees performance, eventually taking a major toll on his health.

Dr. K. Chandershekar (2011) found that environmental factors are conducive to work and he also found the factors that affect the attitude of employees to work are: interpersonal relationships, control over environment, shift, emotional factors, job assignment, overtime duty, extended work.

Dayo Akintayo (2012), found that working environment is significantly related to workers morale and also working environment is significantly correlated with perceived worker's productivity.

A 2013 survey by APA's center for organizational excellence also found that job related stress is a serious issue. More than one third of working Americans reported experiencing chronic work stress and just 36% said their organizations provide sufficient resources to help them manage that stress.

OBJECTIVE OF STUDY AND RESEARCH METHODOLOGY

Stress is found in all individuals including professionals, students, home-makers, research scholars etc. Based on extensive review of literature and unstructured interview held on employees this study aims at finding the causes of stress among employees as well as its effect on the health of employees.

CAUSES / SORCES OF STRESS

- **ORGANIZATIONAL STRESSORS**

There are several potential stressors in organizations like ineffective communication, lack of employees participation in decision making, differentiation in salary structure, role ambiguity, excessive control over employees by the managers.

- **INDIVIDUAL STRESSORS**

Some individual stressors prevalent among employees are some of the personality traits like aggressiveness, rigid attitude, being impatient, family issues, personal and financial problems.

- **JOB STRESSORS**

Lack of proper working conditions and lack of confidentiality acts as job stressors.

CONCEPTUAL PARADIGM OF STRESS

In today's dynamic and competitive work environment level of stress is increasing in almost all the employees. Due to work stress employees show signs of chronic fatigue and burnout. Various research shows stress in even best of employees leads to reduced productivity of an organization. Stress may be defined as an adaptive response to an external situation that results in physical, psychological, physiological, or behavioral deviations for organizational participants.

- **PHYSICAL EFFECTS:** Stress can lower the immune system and play a crucial role in a persons susceptibility to more colds, flu and other infectious diseases. Workers who report that they are stressed incur healthcare costs that are 46% higher than for Non Stressed employees, according to The National Institute for Occupational Safety and Health (NIOSH). And 60 to 90% of doctor visits are attributed to stress related illness and symptoms. Left untreated, prolonged stress can raise the risk for developing chronic and costly diseases, among them are heart disease, diabetes, and even some cancers. Diabetes alone cost business $58 Billions in 2007 in just indirect medical expenses such as 15 million work days lost to absenteeism and 120 million work days with reduced productivity. In fact, an APA survey found that 53% of workers reported fatigue due to work stress.
- **PSYCHOLOGICAL EFFECTS:** The psychological problems from stress may lead to poor job performance, lowered self esteem, resentment of supervision, inability to concentrate, make decisions and job dissatisfaction. Stressed workers have an elevated risk of mental health problems, ranging from anxiety and substance abuse and perhaps the most significant, Depression. The National Institutes of Mental Health estimates that depression has resulted in $23 Billion a year in lost work days.
- **PHYSIOLOGICAL EFFECTS:** In the initial stages the major concern of stress was directed at physiological symptoms. The reason was that this topic was researched by specialists on health and medical sciences. According to the researchers high degrees of stress are typically accompanied by severe anxiety, frustration and depression. Some of the physiological symptoms of success as given by **BUSINESS WEEK** are stress, anxiety and depression. The link between stress and particular physiological symptoms is not clear. According to **Academy of Management Journal** there are few, if any, consistent relationships but the fact which is relatively significant is that physiological symptoms have the least direct relevance to the students of human behaviour.
- **BEHAVIOURAL EFFECTS:** Any behaviour which indicates that you are not acting your usual self may be a sign of adverse reaction to stress. Direct behaviour that may accompany high levels of stress include :
  1. Sleeplessness
  2. Increased smoking and drinking habits
  3. Drug abuse
  4. Losing your sense of humour
  5. Reacting nervously or irritably to everyday sounds
  6. Absenteeism and turnover
  7. Reduction in productivity

COPING STRATEGIES FOR STRESS

Minimum level of stress is required for optimum efficiency. One should have an idea as to the level of stress which is destructive to job performance. Accordingly, it is necessary for individuals as well as management to take steps to reduce stress to acceptable levels. Some of the stress coping strategies are:

I. INDIVIDUAL COPING STRATEGIES

1) KNOWLEDGE ABOUT STRESS

In the first stage, an individual should become knowledgeable about stress. He should know about the process and effects of stress. He must anticipate stressful periods and plan accordingly.

2) TIME MANAGEMENT

Most of the people are very poor in managing their time the result of poor time management is feeling of work overload, skipped schedules and tension. Therefore an individual must understand how to manage his time so that he can cope with tensions created by job demands. Few of the time management principles are:

- Preparing a list of activities to be attended to
- Priortizing activities by importance and urgency

- Scheduling activities according to the priorities set.
- Knowing your daily schedule and handling the most demanding parts of a job when you are most alert and productive.

3) PHYSIOLOGICAL FITNESS

Any form of exercise can help people to cope up with the stress. Evidences show that individuals who exercise are less prone to stress. People who are diet conscious, health conscious, exercise conscious and with non smoking and non drinking habits are "controlled" and there bodies are more resistance to pressure and stress. Companies like TATA, HCL, Infosys, WIPRO, Escorts have inhouse physical fitness facilities for the benefit of employees.

4) MEDITATION AND YOGA

Meditation is a way of focusing on something in a relaxed state in a sesrene and quiet environment. It involves concentration of mind away from stress producing areas, sitting in a comfortable position, closing eyes and clearing the mind from all disturbing thoughts. Deep relaxation conditions will bring significant changes in heart rate and blood pressure. Yoga is probably the most effective remedy for stress. Studies have revealed that Yoga has cured several stress related diseases.

5) DEVELOP POSITIVE ATTITUDE

A positive attitude to both life and work does reduce stress. Make positive use of stress. This helps to develop and correct perspective and to regain control over the stress causing strategies.

6) HAVE FAITH

Faith in one's idol can reduce stress. The reciting of Gayatri Mantra or merely OM for those who follow this faith can reduce stress.

II. ORGANIZATIONAL COPING STRATEGIES

1) IMPROVED COMMUNICATION

Due to lack of effective communication from the superiors, the employees do not know what they have to do and how they have to do it. This results in role ambiguity. Effective communication with employees reduces the uncertainty by lessening role ambiguity and role conflict.

2) PARTICIPATIVE DECISION MAKING

If the organization give the employees participation in those decisions that directly affect them and their job performance it can increase employee control and reduce the role stress. These uncertainties can be reduced by the management by giving the employees a right to participate in the decision making.

3) LIFESTYLE MODIFICATION PROGRAMS

To combat the ill effects of stress, life style modification programs at individual and organizational level are recommended, after discussing experts, ultimately individual should be responsible to carry forward these programs.

4) FINDING TRIGGERS AND STRESSORS

Identifying triggers and stressors through continuously monitoring health of the employees and proactive organizational style will be a coping strategy in stress management.

5) STRESS COUNSELING PROGRAMS

Introducing stress counseling programs, in order to understand and solve stress realted problems to control mostly behavioral and emotional outcomes of employees.

CONCLUSION

Stress in the workplace has become the black plague of the present era. Stress can make an individual productive and constructive when it is identified and well managed. Most of the employees fear with the fact that low quality of their work puts stress on them. Much of the stress at work is caused not only by work overload and time pressure but also by lack of appreciation, and more importantly by not providing individuals with the freedom to do their work as they would like to do. In times of great stress it is always better to keep oneself busy, to plow anger and energy into something positive and constructive. On the basis of unstructured interview, it is found that 60% employees feel that they are overloaded with work, 20% employees feel stress due to their family tensions and problems, 40% of employees feel stressed due to non achievement of work targets. Employees use YOGA to relieve themselves from stress. Let us hope that we will be successful in making Distress into Eu-stress for our healthy society as well as organizational well being.

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MANAGEMENT EDUCATION IN INDIA: ISSUES AND CONCERNS

VIJETA BANWARI
ASST. PROFESSOR
MAHARAJA SURAJMAL INSTITUTE
DELHI

SEEMA SHOKEEN
ASST. PROFESSOR
MAHARAJA SURAJMAL INSTITUTE
DELHI

ABSTRACT
In today's Internet age, industrial battles are fought not only on scale of capital investment but on knowledge. Thus all countries are putting huge emphasis on higher education. Among various courses of higher education, Management Education has gained huge popularity over past few decades as it is often linked to high paying jobs and profile. Thus over a period of time, there has been huge expansion in both demand and supply of management education in India. With phenomenal growth in the number of management Institutions especially private institutions, there are greater concerns over maintaining the quality of management education in India. Indian management programmes are often considered obsolete and not suited to industry needs (Reddy, 1992). Major issues facing management education are increasing rate of unemployment among Business Graduates, poor quality of teachers, neglect of Research and innovative methods, inadequate infrastructure in B-Schools and lack of governance in many private institutes and negligible attention to innovation in teaching content and methods. The paper recommends that institutions should improve the infrastructure, train their faculty, work on industry linkages, spend money on research and knowledge creation, as well as pay their faculty well in order to attract good teachers.

JEL CODE
I23

KEYWORDS
Management Education, MBA, AICTE.

INTRODUCTION
Higher Education has always been important not only to individuals for the sake of enriched lives, greater earning capacity and higher status but also to the economy for the sake of economic prosperity. Skilled human resources have always been considered to be the biggest assets of a modern & progressive country. However, the relevance of skill development has never been greater than present time. In today's Internet age, industrial battles are fought not only on scale of capital investment but on knowledge.

Earlier, while India was a traditional agricultural economy, land was considered to be the main source of wealth and income, but with the advent of Industrial evolution, machinery gained importance. As India embarked on its journey towards industrialization, demand for educated and skilled professionals grew. This demand proved to be financially beneficial for skilled professionals & hence there was immediate desire for higher education to maximize rewards. Far from the earlier Industrial age, even in today's Internet age, industrial battles are fought not only on scale of capital investment but on knowledge. Higher education Institutions are the greatest enabler to capture & spread that knowledge. Hence we see, knowledge based economies placing greater emphasis on the production and distribution of knowledge. Among various courses of higher education, Management Education has gained huge popularity over past few decades as it is often linked to high paying jobs and profile. Masters in Business Administration (MBA) is considered to offer immense opportunities to individuals and a 'ticket' to raise fast in the corporate ladder. Thus over a period of time, there has been huge expansion in both demand and supply of management education in India. As of now there are 2450 Management Institutions which are run by societies, trusts, university departments, Deemed University and affiliated colleges. In Delhi region itself, there are 101 Institutions which are approved by AICTE to provide Management Education. (AICTE, 2013)

REVIEW OF RELATED LITERATURE
Gupta (2011) in her study has highlighted the importance of Management Education. The study discussed how business education can open window of job opportunities and helps in generation of wealth provided the required competitive spirit and ability to take decision is developed. It further depicted the paragons of management education in the forms of effective business model. Study highlighted how when present business world is undergoing changes, the types of jobs and demand for job performers also tend to change. It recommended that: ⍰ Management institutes should drill their students by rigours training along with curriculum covering the ingredient of value based education. ⍰ Entire teaching programme should be aimed to bring about a proactive convergence of various stakeholders. ⍰ Business schools in India should design curricula to ensure that students have appropriate skill and knowledge to perform anywhere in this cosmos. World is shrinking as global village and it will not be enough to prepare Indians students to serve only in India. ⍰ Field exposure should be the prime concern ⍰ Efforts should be made to sharpen the personal skills & other technical skills ⍰ Entrepreneurship spirit should be nurtured among the real beneficiaries. ⍰ Values based education based on holistic approach is a dire need for bringing revolution in the system of business education.

Akilandeswari, Kumar (2012) has examined the management of Turbulence and Uncertainties in Management Education. It discussed following Five Global Challenges in Management Education:

• Growth • Managing Global aspirations and local needs. • Quality Assurance • Sustaining scholarship • Aligning with the future needs of managers. In the end author recommended following for the Future: • Assure quality globally and locally. • Invest in mechanically to engage business and government leaders in envisioning future organizational and societal needs. • Facilitate and encourage investments in doctoral degree education and other infrastructure development. • Create an international clearinghouse for data and information related to Business- schools and management education structures trends, practices. • Facilitate multilateral collaboration among B schools.

Surisetti, Jain, Sarkar (2012) has showcased present scenario of management education in India and shed light on various challenges and proposes new roadmaps to deal with the various challenges. The study categorised challenges into three categories: conceptual, pedagogical and motive-based. Conceptual challenges are those challenges which pertain to the concept of management education.

Afza (2011) has highlighted the growth of higher education and mushrooming of business schools and the issues and challenges faced. The study revealed following pressing issues facing business schools: • B-schools face the shortage of quality faculty members with doctoral degree or substantial industry experience, • Management education requires a massive experimentation in terms of extended summer internship for four to six months or in terms of experiential learning which involves several live projects of shorter duration. • B-schools face lack of soft skills among students, which is necessary for becoming successful managers.

Nangia, Sharma, Mahajan (2012) has suggested the application of a novice research approach for rationalizing management education in India finalized through an experiential process of interviews of stakeholders, review of literature, feedback from conferences and discussions amongst the authors of the paper. The study concluded that though management education has gained increased prominence with a tremendous rise in the establishment of management institutions, yet some problems pose a serious threat to its survival.

Kumar, Dash (2011) has analysed the trends prevailing in management education in India, and identified the implications of management education in India on Industry and individuals. Also it has explored the present situation of management education in India after financial turbulence of US and the case like Satyam in India. This paper further examined the emerging issues of management education, and implementation of possible direction and policy towards improvement of management education in India.

NEED AND IMPORTANCE OF THE STUDY

With phenomenal growth in the number of management Institutions especially private institutions, there are greater concerns over maintaining the quality of management education in India. Indian management programmes are often considered obsolete and not suited to industry needs (Reddy, 1992). Due to immense expansion in supply and demand of management education, it becomes imperative to examine the issues faced by management education in India and give suggestions for qualitative improvement of management education.

STATEMENT OF THE PROBLEM

To examine the growth of management education in India and various issues faced by management education in India.

OBJECTIVES OF THE STUDY

- To identify the trajectory of growth of management education in India.
- To analyse the issues faced by management education in India
- To give recommendations for qualitative improvement of management education in India

RESEARCH METHODOLOGY

The study is qualitative study based on secondary data.

RESULTS AND DISCUSSIONS

GROWTH OF MANAGEMENT EDUCATION IN INDIA

As discussed above, there has been phenomenal growth in number of management Institutions in past two decades. This growth trend is also in line with the progress of Indian Economy. Kraft, & Vodopoviec (2003) rightly said that "When a nation makes a transition from a protected economy to a market economy, there is a surge in the demand for management education. To match this demand, there is usually an increase in the number of private schools running courses in business management."

In first 3 decades of Independence, 118 Business Schools were added in the country. This rate has accelerated so much especially after 2006 that in the year 2012-13 alone, 65 new institutes were added.

Growth of Management Institutions in last 7 years is presented in Table 1.

TABLE 1: GROWTH OF AICTE APPROVED MANAGEMENT INSTITUTIONS IN LAST SEVEN YEARS

Year	Number of Institutions	Increase in number of Institutions	Annual Growth Rate
2006-07	1132	-	-
2007-08	1149	17	1.50%
2008-09	1523	374	32.55%
2009-10	1940	417	27.38%
2010-11	2262	322	16.60%
2011-12	2385	123	5.4%
2012-13	2450	65	2.7%

Source: All India Council for Technical Education, Approval Process Handbook (2012 – 2013), AICTE Quarterly Bulletin, Vol.1, No. 1, Jan-March 2013

CHART 1: GROWTH OF AICTE APPROVED MANAGEMENT INSTITUTIONS IN LAST SEVEN YEARS

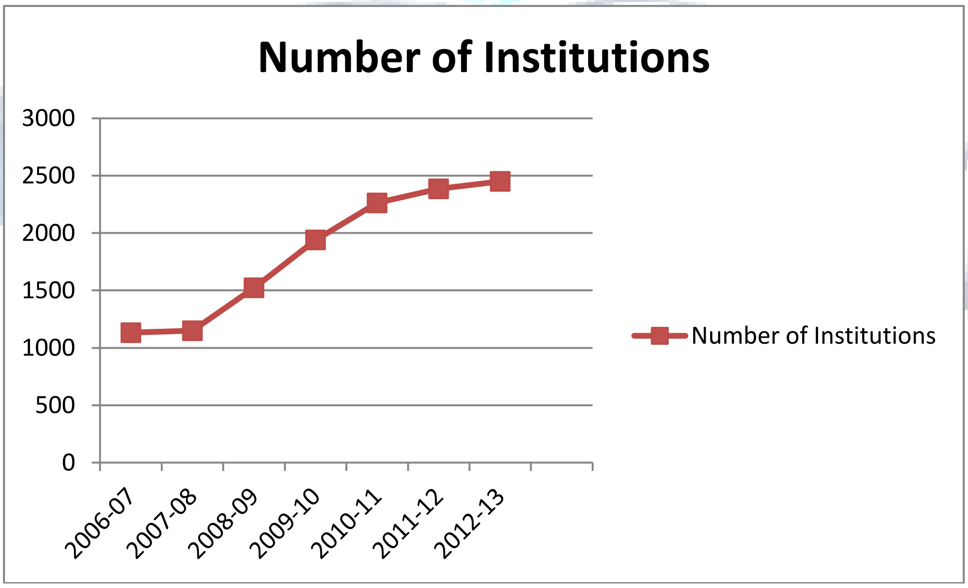


Table 1 reveals that Growth in the number of Business Schools has accelerated over the last 7 years. Number of Management institutions in country has increased from 1132 to 2450, a 116% increase in last 6 years. However in 2012-13, the growth rate fell down to 2.7%. As reported by a TOI article, this year more B-schools applied for closure than those that took wing. This academic year, 94 management colleges have sought consent to shut down. The article also reports that between 2011 and 2013, the AICTE received 231 applications from management colleges wanting to shut down. The AICTE has Okayed about 80 of them. S S Mantha, AICTE chairman, said: "This is a critical phase for the professional education sector. Professional education must be in line with industry. If you don't offer placements, students are not going to come. Colleges in remote India and institutes of poor quality are not getting students. There is just one key to attracting students: institutes need to be top-of-the-line. There is no payoff in running a bad college." But things seem to be looking up. "As the economy revives, we will see a larger pool of applications from colleges wanting to start. We have received close to 120 applications from B-schools for the next academic year," added Mantha. (Times of India article dated 01.07.2013)

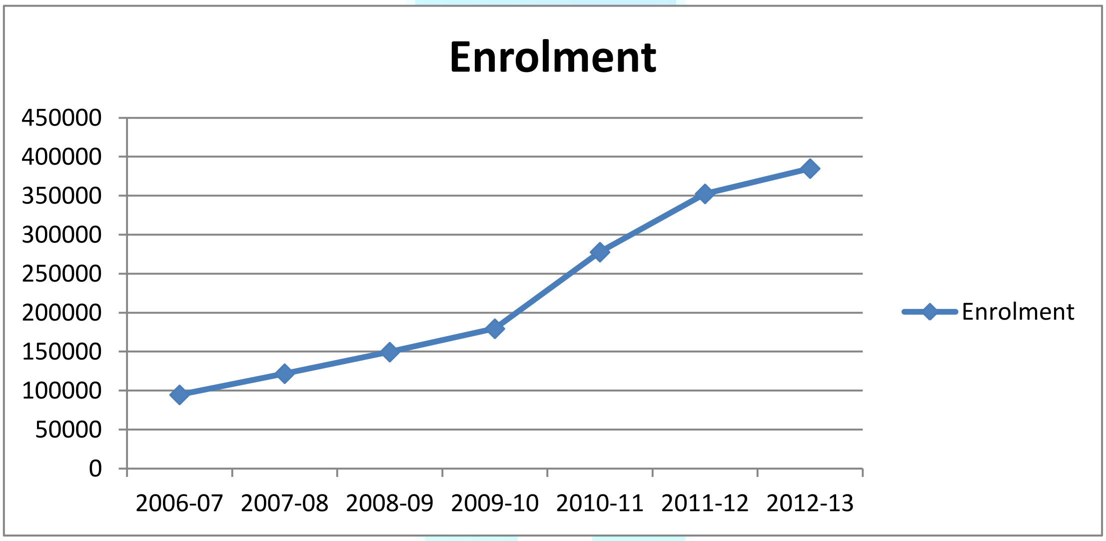
Over the years, India has experienced increase not only from supply side but also from demand side. The incentive of good job and better living standard has lured many young graduates, who want to pursue management Education even if it means taking huge loans. Thus number of MBA aspirants has increased over a period of time. This increase in demand side is reflected through growth in student enrolment which has also increased since 1950. Table 2 presents the Growth of Enrolment in last seven year.

TABLE 2: GROWTH OF ENROLMENT IN LAST SEVEN YEARS

Year	Enrolment	Increase in Enrolment	Annual growth rate
2006-07	94704	-	-
2007-08	121867	27163	28.68%
2008-09	149555	27688	22.72%
2009-10	179561	30006	20.1%
2010-11	277811	98250	54.7%
2011-12	352571	74760	26.91%
2012-13	385008	32437	9.2%

Source: All India Council for Technical Education, Approval Process Handbook (2012 – 2013), AICTE Quarterly Bulletin, Vol.1, No. 1, Jan-March 2013

CHART 2: GROWTH OF ENROLMENT IN LAST SEVEN YEARS



It can be seen from table 2 that number of students has increased from 94, 704 to 3, 85, 008, a 306% increase in last 6 years. In last 7 years, year 2010-11 has experienced highest growth rate, where enrolment increased from 179561 to 277811 i.e. a growth rate of 54.7%. In the latest year 2012-13, though the growth rate has reduced because of Economic slowdown (TOI article) but it is believed that economic recovery will lead to increased demand for management education. (S S Mantha, AICTE chairman in a TOI article)

VARIOUS ISSUES SURROUNDING MANAGEMENT EDUCATION

According to Pfeffer & Fong, 2004, an important function of business schools is to develop important, relevant knowledge, serve as a source of critical thought and inquiry about organizations and management, and thus advance the general public interest as well as the profession of management. In this role, business schools would stand connected to but also somewhat apart from business and other organizations, providing objective research and critical consideration of business, business practices, and their effects on people and society in an effort to serve not only business but also broader social concerns. Surisetti, Jain, Sarkar (2012) in their paper also views that management education should target new competences both from individuals and from society as a whole.

With phenomenal growth in the number of management Institutions especially private institutions, there are greater concerns over maintaining the quality of management education in India. Indian management programmes are often considered obsolete and not suited to industry needs (Reddy, 1992). Various researchers have criticised Indian Management programmes for various reasons. A few of the criticisms are as follows:

- With significant changes taking place in trade, industry and economy, the Indian management education programmes are becoming less and less relevant. (Reddy 1992)
- Though, India produces a large number of graduates perhaps next to U.S. but still a scholarly debate on curriculum pedagogy and innovation is negligible. (Saha, 2012)
- The ultimate challenge of Management Education approaches is to become more practical oriented and industry focus reason being theory-based developments and teachings are worthless, due to the fact that they will be of little use in concrete situations(Kumar, Dash 2011)
- Indeed, it is time to reflect on the future of Management education in the global context. Business schools today find themselves in a position to make a very significant and very socially valuable contribution to society, in as much as they can improve the efficiency of markets and the confidence of the public in markets and organizations (Patry, 2010). However, they are reeling under institutional crises at the same time. There is a gap or imbalance between theory and practice in both management research and management teaching (Thomas, 2010).

For maintenance of the quality, AICTE has been designated responsibility of regulating management institutions in the country. However critics have argued that the regulatory framework and implementation has been unable to link the entrepreneurial initiative to performance in terms of educational quality. It has a control perspective focusing on inputs such as land, faculty, and other infrastructure rather than on the outcomes such as quality of education, research, access, cost effectiveness or relevance (Working paper on management education NKC). Also it has been argued that heavy regulation would take away autonomy and flexibility from the institutions which in turn will also affect quality. Manimala (2006) also states that dilemma is in maintaining the balance between regulation and autonomy. While autonomy is necessary for the institutions to make dynamic adjustments to the changing environment and thereby maintain and improve the quality levels as appropriate for the prevailing environment, regulation is necessary to ensure a minimum level of quality in all schools.

Between these two concerns, there has to be greater emphasis on autonomy, as the need of the hour is a dynamic and continuous improvement of quality rather than static non-responsive level of quality, often prescribed in terms of certain numbers of faculty, classrooms, computers, books, journals, etc. The current emphasis, therefore, is on autonomy rather than regulation both at the levels of policy-makers as well as practitioners. (Manimala, 2006)

Major issues facing management education can be summarised as follows:

1. INCREASING RATE OF UNEMPLOYMENT AMONG BUSINESS GRADUATES

Although supply of management graduates is still less than the demand of management graduates but still rate of unemployment is increasing among graduates. The major reason behind this phenomenon is poor quality graduates. A survey by the Associated Chambers of Commerce and Industry of India (Assocham) reveals that despite the robust demand for MBAs, only 10 per cent of graduates are actually employable. Further the survey reveals that barring graduates from IIMs, the b-schools are losing fast shine of attracting corporate India Inc. for campus recruitment and are increasingly facing their survivals. DS Rawat, Secretary General Assocham (2013) has commented that there is no quality control, the placements are not commensurate with fees being charged, the faculty is not good enough and there is no infrastructure. According to him "The biggest reason for the gap is the rapid mushrooming of tier-2 and tier-3 management education institutes that has unfortunately not been matched by commensurate uplift in the quality of management education."

2. POOR QUALITY OF TEACHERS

Non availability of adequate proficient faculty is a major constraint for sustainable growth of quality management education in India (NKC). It is also observed that some of the institutions either engage part time faculty or appoint them on contractual basis where they have a little involvement either with the institution or with the students. (Saha 2012). Also Institutes are engaged in appointing new faculty member on low salaries and heavy teaching load which further deteriorate their quality and they are left with no time for further development. It is also observed that often newly joined faculty members adopt only lecture methods & impart theoretical or conceptual knowledge to the students rather than brainstorming or its application and they deliver only the lectures mainly drawn from the text books.

It is also pointed out that the teachers are usually not dynamic and thus are able to impart only theoretical knowledge. As observed by Reddy (1992), though Management Institutions do need to have faculty members with a strong grounding in the basic disciplines, they also need to have a larger proportion of faculty members without great depth in any single discipline, but having greater breadth and inter-disciplinary orientation.

3. NEGLECT OF RESEARCH AND INNOVATIVE METHODS

Manimala (2006) observed that the faculty and students in general do not have the inclination or competence for doing research and hence they do not generate any new knowledge relevant for the economic, political, cultural and organizational context of management available in India. He further notes that the exclusive use of Western research and knowledge of organizations and management have often given rise to the complaint that what is being taught in business schools are irrelevant for managing Indian organizations. Saha (2012) also noted that the management Institutions do not have culture that is supportive of research. Imbibing a research culture requires a good library support system. NKC also noted that Management Institutions do not provide conducive environment for research. Management institutes should inculcate proper motivation and interest among faculty for research. This can be done by providing incentives to faculty involved in research, giving due weightage to research activities and providing a good library support system. University Grant Commission has already taken step in this direction by giving due weight age to research and publication for promotions. This need to be extended and implemented not only in government universities and institutes, but all institutes imparting business education.

4. INADEQUATE INFRASTRUCTURE IN B-SCHOOLS AND LACK OF GOVERNANCE IN MANY PRIVATE INSTITUTES

As discussed above, although AICTE has mandated minimum requirements for infrastructure, books, teacher faculty ratio, most Institutions lacks adequate infrastructure and governance. Jagadeesh, 2000 also noted that Although AICTE has laid down standards which are not difficult to follow, many institutes do not comply with the prescribed standards once they get approval (Jagadeesh, 2000). Management Institutions are also often criticized for taking annual Inspections as just a process and misusing autonomy given to them throughout the year.

5. COURSE NOT SUITED TO NEEDS OF INDUSTRY

It is often criticized that with significant changes taking place in trade, industry and economy, the Indian management education programmes are becoming less and less relevant. (Saha, 2012). Reddy (1992) also noted that to cope with the increasing competition and globalization, due to liberalization, Indian organizations are trying out newer and newer management systems and techniques like TQM (Total Quality Management), JIT (Just-in-Time Inventory). But management education has not been able to keep pace with the dynamics of the practicing world.

6. NEGLIGIBLE ATTENTION TO INNOVATION IN TEACHING CONTENT AND METHODS

Focus of the management education may need to be shifted from conceptual learning to skill development, attitude change and value clarification. In many schools, curricula are not frequently revised and updated to make them more suitable for the emerging job markets. Developing a curriculum is a challenging task and has to be continuously updated to keep pace with the advancements. Curriculum should be change driven and periodically reviewed to match the industry needs. But in most of Indian universities and B School it takes years to get syllabus revised due to bureaucratic setup and private B School also don’t show much enthusiasm towards revision of syllabus because it may call for appointing new faculty and updating existing faculty which could be a costly issue.

RECOMMENDATIONS AND SUGGESTIONS

1. Institutions should improve the infrastructure, train their faculty, work on industry linkages, spend money on research and knowledge creation, as well as pay their faculty well in order to attract good teachers.
2. Institutions should recruit practising managers with sound conceptual abilities in greater numbers as faculty. Faculty members, having no experience of working outside of the academia should be given a feel of the practising world so that they develop a better understanding of the practitioner's perspective.
3. Also scholars should be invited to undertake research in certain areas of national interest. Regarding the research grant procedure there is a need to support more to individual project proposals. Encourage to those institutes who have adequate support system to start Ph.D. programme (Saha 2012).
4. Industry interaction has to be strengthened by inviting senior person from industry to deliver lecture and ensuring student get associated with live industry projects (Dash 2011).
5. There is need for enhancing industry exposure which will lead to enhancement of experiential learning. Exposing students to real life situations which are more complex, demanding, critical, messy, will bring them closer to reality. When it comes to decision making, experience that lies with decision maker is detrimental. One of the issues that management education has to consider is the manner in which experiential learning elements could be enhanced.

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CORPORATE GOVERNANCE AND THE PERFORMANCE OF BANKING AND INSURANCE SECTOR IN INDIA: AN EMPIRICAL ANALYSIS

DR. MANISH SOOD
ASST. PROFESSOR
FACULTY OF HUMANITIES & MANAGEMENT
NATIONAL INSTITUTE OF TECHNOLOGY
JALANDHAR

ABSTRACT
Corporate Governance has gained a lot of importance and momentum the world over. The objective of any corporate governance system is to simultaneously improve corporate performance and accountability as a means of attracting financial and human resources on the best possible terms and of preventing corporate failure. Over the past decade, India has made significant strides in the areas of corporate governance reforms, which have improved public trust in the market. These reforms have been well received by the investors, including the foreign institutional investors (FIIs) and foreign direct investments (FDIs).

KEYWORDS
Corporate governance, financial performance, banking and insurance sector.

INTRODUCTION
Corporate Governance is essentially all about how corporations are directed, managed, controlled and held accountable to their shareholders. In India, the question of Corporate Governance has come up mainly in the wake of economic liberalization and de-regularization of industry and business. Corporate governance is the set of processes, policies, to ensure proper management of companies for effective accountability to all stakeholders, aim to optimize economic output and protect the interest of shareholders. It includes in its orbit all implicit and explicit relationships between the corporation and its employees, customers, creditors, suppliers and all other stakeholders. The issue of corporate governance has come up mainly in the wake up of economic reforms characterized by liberalization and deregulation. Corporate governance has at its backbone a set of transparent relationships between an institution's management its board, shareholders and other stakeholders. With the rapid pace of globalization many companies have been forced to tap international financial markets and consequently to face greater competition than before. Both policymakers and business managers have become increasingly aware of the importance of improved standards of Corporate Governance.

Corporate governance has, of course, been an important field of query within the finance discipline for decades. The initiative in India was driven by the Confederation of Indian Industry. In December 1995, CII set up a task force to design a voluntary code of corporate governance. The final draft of this code was released in 1998 and was called Desirable Corporate Governance: A Code". According to Mayer (1997), Corporate Governance could be defined as ways of bringing the interests of investors and managers into line and ensuring that firms are run for the benefit of investors. It is concerned with the relationship between the internal governance mechanisms of corporations and society's conception of the scope of corporate accountability (Deakin and Hughes, 1997). In their model, Bolton, Mehran, and Shapiro (2011) demonstrate that shareholders may not have the incentive to reduce risk taking at a firm, even if it is in their own interest due to commitment problems.

Panchali (2002) examines the rationale for institutional investor activism in the capital market while Sarkar (2009) examined the function of corporate boards and the rights and responsibilities of board members. Effective corporate governance systems promote the development of strong financial systems – irrespective of whether they are largely bank-based or market-based – which, in turn, have an unmistakably positive effect on economic growth and poverty reduction. The return on assets (ROA) is about twice as high in the countries with the highest level of equity rights protection as in countries with the lowest protection (Claessens, 2003). A McKinsey survey conducted in 2002, found that investors were willing to pay a premium of up to 25% for a well governed company (Barton, Coombes, & Wong, 2004). The scandals related to the Indian markets (Goswami, 2002), the global financial crisis of 2008 and the more recent corporate fraud at Satyam has raised a lot of concerns about governance practices in India. Good corporate governance also lowers the cost of capital by reducing risk and creates higher firm valuation once again boosting real investments (La Porta et al, 2000). Studies have also built governance indices and have tested its association with performance. The results indicate that governance has a positive impact on performance (Patibandla 2006; Samontary, 2010).

OBJECTIVES OF THE STUDY
Corporate governance is about ensuring that a business performs well through the adoption of fair and ethical principles and those investors receive a reasonable return. The governance framework provides the overall direction to management and ensures accountability to shareholders and other stakeholders. Given the pivotal role that banks play in the financial and economic system of a developing country, bank failure owing to unethical or incompetent management action poses a threat not just to the shareholders but to the depositing public and the economy at large. It is partly for these reasons that prudential norms of banking and its close monitoring is essential for smooth functioning of the banking sector. The objective of present study is to evaluate the corporate governance practice in banking and insurance sector. For evaluation purpose, this research paper divided into two parts. Based on different elements of and with the help of secondary data, the present study has analyzed and evaluated the practice of corporate governance and the performance of banking and insurance sector in India during the post-liberalization period i.e. from 2000-01 to 2012-13.

RESEARCH METHODOLOGY
The present study is exclusively based on secondary data. The relevant data has been collected from the economic surveys, RBI monthly bulletins, handbook of statistics on Indian economy, etc. The period of study is confined to 13 years time period i.e. from 2000-01 to 2012-13. The study is further divided into two periods, namely period-I i.e. from 2000-01 to 2005-06, called as early-phase of the post-liberalization and period-II i.e. from 2006-07 to 2012-13, called as lateral-phase of post-liberalization period. Moreover, the performance of banking and insurance industry in terms of critical economic parameters such as GDP contribution, organised employment and FDI inflows has also been analyzed. The secondary data has been analyzed with the help of various statistical techniques such as mean, standard deviation, exponential growth, range, coefficient of variation and student't' test.

CORPORATE GOVERNANCE IN INDIAN BANKING AND INSURANCE SECTOR
The corporate governance practice is important for banks in India because majority of the banks are in public sector, where they are not only competing with one another but with other players in the banking system. Further, with restrictive support available from the government for further capitalization of banks, many banks may have to go for public issues, leading to transformation of ownership. The banking system in India is significantly different from that of other nations because of the country's unique geographic, social and economic characteristics. Globalisation of the Indian economy and the interest of foreign banks to expand in India through the inorganic route have fuelled growth of the banking industry. The Reserve Bank of India (RBI) has well-formulated regulations. A good mix of public and private sector banks provides stability and growth to the economy. In addition, non-banking financial institutions, cooperative banks, primary agricultural societies etc., are spread across the country to meet local needs. The Indian financial sector underwent significant changes over the past 15

years due to a large set of reforms that were undertaken during this period. There has been a major change in the products offered by banks, from a few standard credit and deposit products to a number of customised offerings to suit the requirements of various categories of customers. India has now entered the era of online banking, e-commerce and m-commerce, which makes banking simple. Also, the use of ATMs and credit cards has increased significantly in the last few years.

According to Eleventh Five Year Plan (2007–2012), the infrastructure sector requires an investment of US$ 428.4 billion. In 2009–10, the insurance industry contributed US$ 16.1 billion to infrastructure funding. The life insurance sector employed 0.3 million people directly and 2.9 million people as individual agents in 2009-10. Government's proposed increase of Foreign Direct Investment (FDI) limit in insurance sector to 49 per cent from 26 per cent will further fuel investments. India is among the world's youngest nations, with a median age of 25 years as compared to 43 in Japan and 36 in the US. This coupled with the increasing disposable income and growing demand for personal financial security indicates a promising future for the insurance industry (Gupta, 2009).

TABLE 1: FDI INFLOWS IN MAJOR SERVICE SECTORS (from 2000-2013) (Rs. Crores)

Sector	FDI Inflows [2000-01 to 2005-06]				FDI Inflows [2006-07 to 2012-13]			
	Sum	Max.	Min.	Range	Sum	Max.	Min.	Range
Banking and Insurance	2,512 (2.57)	687	83	604	31,036 (3.92)	5,968	928	5,040
Housing and Real Estate	438 (0.45)	178	121	57	51,236 (6.47)	14,027	2,121	11,906
Hotel and Tourism	961 (0.98)	287	47	240	30,906 (3.90)	17,777	610	17,167
Computer Software	14,600 (14.93)	6,172	604	5,568	39,119 (4.94)	11,786	2,656	9,130
Others	79295 (81.07)	n.a.	n.a.	n.a.	6,38,973 (80.75)	n.a.	n.a.	n.a.
Total FDI inflows	97,806 (100)	24,613	12,117	12,496	7,91,270 (100)	1,65,146	70,630	94,516

Source: DIPP, Federal Ministry of Commerce and Industry, Govt. of India.

According to National Accounts estimates, the share of services sector in India's GDP at factor cost (at current prices) has increased from 33.5 percent in 1950-51 to 55.1 percent in 2010-11 and to 56.3 percent in 2011-12 as per Advance Estimates (AE). The growth rate of services sector has been higher than that of agriculture and manufacturing sector. Though all three sectors of the economy have seen tremendous growth during the last sixty-two years and have contributed to the GDP growth rate, the growing importance of service sector particularly in the aftermath of reforms is a sign of India's being projected as superpower of future. It can be observed from the table that among major service sectors, the highest FDI equity inflows during the period 2006-12 has been in housing and real estate, which accounts for nearly 6.47% (Rs. 51,236 crores) of the total FDI inflows followed by computer software with 4.94% (Rs. 39,119 crores) and banking & insurance sector with 3.92% (Rs. 31,036 crores) of the total FDI inflows. The table also depicts that overall these major service sectors accounts for 18.25% (Rs. 1,52,297 crores) of total FDI inflows in India during 2006-12 in comparison to 18.93% (Rs. 18,511 crores) of the total FDI inflows during 2000-05 respectively. This shows the role of services sector in attracting major foreign investment inflows and thereby contributing towards the development of an economy since liberalisation. As a result, over the years, India has been witnessing a transition from agriculture-based economy to a knowledge based economy. All this shows that services hold immense potential to accelerate the growth of an economy and promote the general well-being of people.

Thus, while evaluating the performance & contribution of services sector in Indian economy, various economic indicators like share in national and states' GDP, FDI, employment, imports and exports, etc. indicates the effectiveness of the services sector for Indian economy. However, addressing the data problems in the services sector is another area where there is need for early consolidation of isolated efforts. By addressing these challenges of various sub-sectors of the services industry through better and coordinated strategies can lead to exponential gains for the economy.

PERFORMANCE OF BANKING AND INSURANCE SECTOR

The banking system in India is significantly different from that of other nations because of the country's unique geographic, social and economic characteristics. Globalisation of the Indian economy and the interest of foreign banks to expand in India through the inorganic route have fuelled growth of the banking industry. The Reserve Bank of India (RBI) has well-formulated regulations. A good mix of public and private sector banks provides stability and growth to the economy. In addition, non-banking financial institutions, cooperative banks, primary agricultural societies etc., are spread across the country to meet local needs. The Indian financial sector underwent significant changes over the past 15 years due to a large set of reforms that were undertaken during this period. There has been a major change in the products offered by banks, from a few standard credit and deposit products to a number of customised offerings to suit the requirements of various categories of customers. India has now entered the era of online banking, e-commerce and m-commerce, which makes banking simple. Also, the use of ATMs and credit cards has increased significantly in the last few years.

TABLE 2: PERFORMANCE OF BANKING & INSURANCE SINCE POST-LIBERALISATION

Macro-Economic Aggregates	Early Phase of Post-Liberalisation [2000-01 to 2005-06]				Lateral Phase of Post-Liberalisation [2006-07 to 2012-13]				't' value
	Mean	Stand. Deviat.	Expon Growth	COV %	Mean	Stand. Deviat.	Expon Growth	COV%	
FDI (Rs. Crore)	418.67	231.69	29.73	55.34	4433.71	1794.56	17.27	40.47	5.41*
Employment (Lakh person)	10.31	0.203	– 0.81	1.97	10.61	0.294	1.22	2.77	2.14
GDP Factor Cost (Rs. Crore)	150520	18784.72	5.54	12.48	228838	28986.62	5.89	12.67	5.66*

Note: * Denotes significant at 1% level

Source: Economic Surveys of India & RBI's monthly Bulletins on FDI (various issues).

The table portrays the performance of India's Banking and Insurance sector since post-liberalisation. One of the key trends in banking sector over the recent years has been a large spate of consolidations through mergers and acquisitions (M&A's). The FDI inflows have a mean value of Rs. 4,433.7 crores and registered a growth of 17.3% during 2006-2012. Similarly, the employment growth during early-phase of liberalisation registered a negative growth of (-) 0.81% with mean value 10.31 lakh employees, which increased to 1.22% along with a mean value 10.61 lakh employees respectively during 2006-12. This shows a considerable improvement in the performance indicators of this sector as a result of various reform measures. The table also depicts computed't' values of various macro-economic parameters i.e., GDP, FDI and employment at 1% level of significance i.e. 2.898 and it was found that computed 't' value of GDP and FDI was much higher, which thereby indicates a statistically significant difference in GDP contribution and FDI inflows during the early-phase and lateral-phase of the liberalisation period.

CONCLUSION
The Indian banking system is among the healthier performers in the world. In the liberalized economic environment and integration of the country at present the banking sector in India cannot ignore the importance of corporate governance. Thus, the success of Indian financial sector can be judged from the fact that despite being characterized by low per capita GDP, India has achieved an impressive savings rate as well as financial depth. The Indian financial sector has proved to be an integral sector of the economy. Given that services sector will become the largest in India, both insurance and banking sector will have to play a critical role.

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ENTERPRISE SOCIAL VALUE CHAIN: AN INNOVATION LEADING TO POWERHOUSE ENTERPRISES

SOMIYA MEHROTRA
ASST. PROFESSOR
MANAGEMENT DEPARTMENT
SIKKIM MANIPAL UNIVERSITY
BANGALORE

ABSTRACT

Innovation becomes an imperative when problems are getting worse, when systems are not working or when institutions reflect past rather than present problems. In today's marketplace, social media and an enterprise's' online brand architecture and social media footprint is arguably, the most important business process affecting the entire Enterprise Value Chain. Poor implementation of a solid online & social media platform strategy & tactics directly impacts a company's ability to market, sell and extend its brand reach, globally. Failure to effectively implement an integrated social media strategy & tactics across the entire Value Chain could potentially lead to lower revenues (read, shareholder value), slippage in market share, increased financial exposure, risk, and more. One way to fight such a situation these days is transforming an existing organization into a social organization. This paper deals with understanding of the basic requirements of converting into a social organization, maintaining it throughout and leading a corporate environment where curtailing business problems can be achieved by involving more people present in the value chain.

KEYWORDS

Social value chain, powerhouse enterprises.

INTRODUCTION

We all know stories of startups that begin with a handful of people working together in one room, in daily contact with each other and with customers, users, suppliers and anyone else important to their success. Everyone within the board room has a say in every small decisions which are taken to enhance the productivity of the organization which leads to success and prosperity. With this success and prosperity, more people are required to operate and therefore the value chain increases which leads to strict hierarchies and responsibilities. Proper policies and procedures are required to compete with maintaining people at work place. Human resource always takes care of recruiting people with the best competent quality in the market. But what if an organization also takes into account the competency of everyone who falls in their value chain and not only their employees. When a manufacturing company starts with an idea and finally launches a final product, then the product is actually used by the prospects and the customers. Then how can we leave behind the most important aspect of our value chain.

Think of the possibilities and the excitement, if your organization, like that start up could tap into full talent, creativity, experience and passion of all the people it touches-employees at all levels and locations, customers and prospects, and any other in your value chain. What if all can give their opinions, becomes a part of the organization output.

Broadly speaking, it is what social media is doing nowadays. No wonder so many companies around the world are rushing to use it. Developed in last few years, social software is allowing what has never before been possible-the ability of vast numbers of people spread around the world to work together productively and to contribute the full range of their talent, creativity and energy.

A social org. is one that successfully applies the concept of ***mass collaboration*** to deal with the crucial business challenges and opportunities. The top management of the org. knows that becoming a social enterprise involves incremental improvement by involving the concept of mass collaboration throughout the value chain.

LITERATURE REVIEW

Social consciousness or awareness of society is inseparable from self-consciousness, because we can hardly think of ourselves expecting with reference to social group of some sort, or the group except with reference to ourselves. The two things go together and what we are really aware of is a more or less complex personal or social whole, of which now the particular. Now the general aspect is emphasized. In general, then most of our reflective consciousness, of our wide awake state of mind, is social consciousness, because a sense of our relation to other persons, can hardly fail to be a part of it. (Charles Horton et al. 2004). We often argue that, reducing complaints has traditionally been equated with improved service, in actuality, the surest road to customer-focused culture is through increased complaints. Social organization is a key to envisioning the encouragement of complaints as the route to greater contact between buyers and sellers and hence increased sales opportunities. Offers methods of generating complaints; of measuring feedback from customers; and finally, of increasing opportunities (Jerry Plymire et al, 1984). Now the question is that how to include this directly dormant but indirectly active part of the whole structure. We can neither recruit customers nor can pay them for their value addition. The solution is, what now a days is known as social organization where contribution is not limited only to few people but to all areas or rather the points which an organization can touch. Corporate world today is focusing more on extracting knowledge from the untapped points in a value chain and so this innovative step is admired by most of the corporates across the world. Innovation events – the introduction of new products or processes – represent the end of a process of knowledge sourcing and transformation. They also represent the beginning of a process of exploitation which may result in an improvement in the performance of the innovating business. This recursive process of knowledge sourcing, transformation and exploitation comprises the innovation value chain (Stephen Roper et al, 2008).

Social media maturity, coupled with an integrated online, SEO, SEM and Social Community Marketing strategy replaces one-way communication with dialogue. Participation by customers, suppliers, employees, the industry, the market, etc., and feedback from them all, must be listened to because it has the power to make or break your enterprise or enterprise function. Social media tools allow us to observe the conversations, measure, monitor, track and quantify the online & social media reach and influence. It allows us to assess and re-assess the correct strategy & tactics from the bottom up to increase revenues, open new markets, capture greater market share, lower costs and in general, improve the bottom-line ROI (Richard Norman et al, 2003).

DRIVING FORCES OF SOCIAL ORGANIZATION

To understand the concept of utilizing one's brain and that too in a healthy manner leads us to conceptualize the meaning of a social organization first. Social organization is made up of the organization redirected from the use of few or more social media. The use of internet has made it possible. The Internet makes it dramatically easier to work together from different locations - and take advantage of talent wherever it is. No matter you are the part of organization or organization really pays you a handsome salary, but if you are able to contribute some good and relevant, thought provoking ideas to an organization, you automatically becomes the part of the same organization that is known as social organization.

Driving forces behind such innovation includes:

- Explicit support and encouragement by organizations to work anywhere, which includes the responsibility and accountability to work independently.
- Choice in whether our work is 30-40-50-60-70 hours a week so we can fit our work to our life, not the other way around (with the understanding that we also choose our compensation levels accordingly) - and that working less does not result in working on less important and interesting tasks.

- School schedules that more closely resemble work schedules and expectations... or work schedules that can be adjusted to school schedules (see above)
- Radically different view of education, hiring and employee training.
- Companies that start with a purpose and then find the business model(s) that support that purpose.(Rachel et al, 2012).

We may therefore say that the Social organizations are one that strategically applies mass collaboration to address significant business challenges and opportunities. As a result, social organization is able to be more agile, produce better outcomes, and even develop entirely new ways of operating that are only achievable through mobilizing the collective talents, energy, ideas and efforts of communities.

INNOVATIONS IN VALUE CHAIN ACROSS SOCIAL ORGANIZATION

Social Organization process starts with a mass collaboration often known as crowd sourcing. We may call it a collaborative community as well. It is through communities built around mass collaboration that a social organization is able to enlist the interests, knowledge, talent, and experience of everyone along its value chain to create results that exceeds those possible using traditional processes and small group collaboration. Mass collaboration can be made productive only when directed with full and fruitful efforts. It should have a well-defined objective wherein role of whether it is an employee or customers should be properly defined. A social organization cannot be created just by providing a platform of social media such as in face book, twitter and you tube but technology should be transformed in such a manner that it comprises of an arrangement of group communication, authoring and organizational tools that make it possible for large groups of people to collaborate-including such technologies as wikis, blogs, microblogs, and social feedback, discussion forums, idea engines, answer marketplaces, prediction markets, and virtual worlds.(Bradley,Mc.Donald,The social organization.)

When FORD Motor Company introduced SYNC technology (Ford SYNC is a factory-installed, integrated in-vehicle communications and entertainment system that allows users to make hands-free telephone calls and control music and other functions using voice commands)they recognized the need for a customer support mechanism that was as sophisticated as the technology itself. So they successfully engaged a community of customers to help each other answer questions on how to use and get the most out of SYNC's capabilities.

The Schwab Trading community gets active traders to share information and help each other trade more effectively, with the goal of increasing the wealth of individual participants. Although Schwab doesn't directly target revenue generation with this social media effort, its new customer engagement creates the opportunity for competitive differentiation.

Another milestone was established by Bharat Vikas Parishad in India, whose Mission is to organize the elite, intellectuals and the well-to-do citizens and to motivate them to serve the poor, disabled, illiterate and ignorant brethren not as an act of charity but in the true spirit of the cultural tradition of service as duty. For this they identify and establish personal contacts with such persons who will enroll themselves as members to accept responsibility and render effective assistance in Parishad's activities.

These pioneering examples of social organizations don't simply ends here. There are numerous such examples. But the real question is to understand the right time, place, process and planning to start a social organization.

Mass collaboration extends beyond social media to enable your employees, customers, suppliers and all other stakeholders to participate directly in the creation of value. "That, in broad strokes, is the promise of social media," declare Anthony J. Bradley and Mark P. McDonald, authors of The Social Organization, which reveals how executives from CEOs to managers can make mass collaboration a source of enduring competitive advantage in their enterprise.(Anthony J. Bradley and Mark P. McDonald,)

A HOLISTIC APPROACH TO INNOVATION TO THE ORGANIZATIONS

As stated earlier, becoming a social organization requires a full proof study. It is not always feasible to go social. The lack of proper knowledge and expertise may lead to unwanted results. The latest, we found about the Australian tourism board, spokesperson said, "A few months ago, Tourism Australia's new $150m advertising campaign launched. Using the slogan, "There's nothing like Australia", Aussie nationals were crowd sourced in an effort to create compelling verbal and visual snapshots of the country. Yet, within a matter of hours, the campaign had been hijacked, with a spoof blog emerging.

Although this in itself could be potentially crippling to any campaign, what makes this partly worse is the lack of digital execution by Tourism Australia, namely by not registering the variation URLs of their website. Only holding the .com address ensured that nothinglikeaustralia.net was able to be registered by some suspect."

So developing social organization or often known as mass collaboration community requires special technical knowledge also.

Evaluating this concept with the help of Michael Porter's five forces model we find that the business would be able to develop a market which would be attractive by virtue of each of the five forces being in favor of the business:

Segment Rivalry: The first is completion. Competition will definitely augment to a great extent. Innovative way of connecting with people will provide a competitive advantage over the other players. Being able to develop as a market driving company will establish the credentials of the company as a market leader and diminish the adverse impact of segment rivalry. Competitors will be forced to adopt the concept, after the increased positive impact towards the reliability and adaptability.

Bargaining Power of Suppliers: Integrating the suppliers into the value chain of the business and making them a permanent and integral part of the business process would immensely reduce the bargaining power of the suppliers. They will feel more involved and their hidden potential can then use to upgrade functioning and more of the emotional ad on will lead to reduced supplier prices in the market.

Bargaining Power of Buyers: Providing products at a lower price through innovative value networks and providing value addition through innovative value proposition strengthens the perceptual position of the product in the minds of the customers, enhances their preference of the company's products and loyalty towards its brand and thus virtually eliminates their bargaining power.

Threat from New Entrants: Creating a strong value network both within the organization and outside the organization leads to strong bonding with the enterprise leading towards no room for the new entrants in the markets.

Threat from substitutes: An improved product as demanded by consumers, and offers value for money tremendously cuts down the threat of substitute products as well. Retailers, suppliers, customer's feels at ease after seeing their ideas transforming into realities, and therefore connecting them more with the organization, leading to no risk from the substitutes in the market.

DIMENSIONS TO BE COVERED IN AFTER LAUNCHING A SOCIAL ORGANIZATIONAL COMMUNITY

MONEY & ALLOCATION AND MASS COLLABORATION

Nothing is free in this era of technology and so is technology. Any social organization rests upon a community of people having a common and shared goals and a technology which may be a social media or social platform. Be always realistic on money count. Controlling the cost is an important and unavoidable issue. Every organization going social will require adequate funds and so the justification for such cost should be ready. Don't forget the value addition done through such collaborations will add revenues in the long run. These community or mass collaborations will provide additional and improved ways of doing organizational tasks resulting into achieving more in terms of moral targets.

DEALING WITH PERSONNEL RESOURCES

It is quite challenging for the management to control all the social media activities related to their organization .Face book, the largest social networking site in the world, has even an open group available 'Fired by Facebook'. The members of this community are people who have been fired because of their comments and posts on face book or on other social or their organizations' website. There are many who have paid because of their social media mistakes**. Kimberley Swann**, an avid Face book user, was sacked after saying her first day at her new job was "dull". Her boss discovered her comments about three weeks later and immediately fired her, say that if she's not happy with her job it's probably best if she doesn't come back in.

A nursing home employee from Minnesota was fired after posting pictures of herself with the home's patients. Unfortunately for her the home's privacy policy stated that this behavior was against its terms. Always check whether you are allowed to post pictures, or discuss anything related to your workplace before you actually do it. Most companies enforce strict action when someone breaks their rules. Sharing confidential information is a big 'no – no' anywhere, especially on Face book, as **five nurses from California** found out. The five nurses were dismissed after they were found to be sharing patient's private and confidential information on the social site. Sharing confidential information is risky at the best of times, but to do it openly on Face book is simply asking for trouble and can even lead to legal action. Employee Samuel Crisp, a "Genius" at the Norwich Apple Store, posted various angry updates about his iPhone, apps and other aspects of Apple, expressing his displeasure on the social network. Crisp's profile was set to private, but the comments reached Apple management from a friend who passed them on. Apple terminated Crisp, saying his remarks breached the company's social media policy against negative comments, and the tribunal upheld the company's decision. The case is the latest illustration of the conflicts between employees, employers, and the use of social media to discuss work-related issues.

EVALUATE PERFORMANCE AND REWARD

A good social organization is one which is always ready to assess the performance of its employees and guide them to improve their performance on the social media networks. It is the responsibility of the community collaboration manager to enhance the ideas and concepts related to the technology and providing all updates about new arrivals in the field of mass collaboration. It also becomes important to reward the customers or prospects, employees or retailers or any individual or party in the value chain who is responsible for the value addition in your organization through the mass collaboration so that the feeling of reward will increase the productivity of genuine ideas on the social media sites. It can be in the form of increasing competition on your organization's website to attract the more traffic of customers. As evidenced by Foursquare, a mobile phone application, users flocked to the location-based app because of the appeal it held by using a leader board and creating competition among its user base. Competitions are another tried-and-true way of engaging new customers and rewarding existing consumers. While giving away free prizes can be a great way to reward your customers, content-creation competitions have recently become a popular way for brands to **use social media and digital technology to involve consumers, while achieving free publicity**.

MANAGING TECHNOLOGY GAME

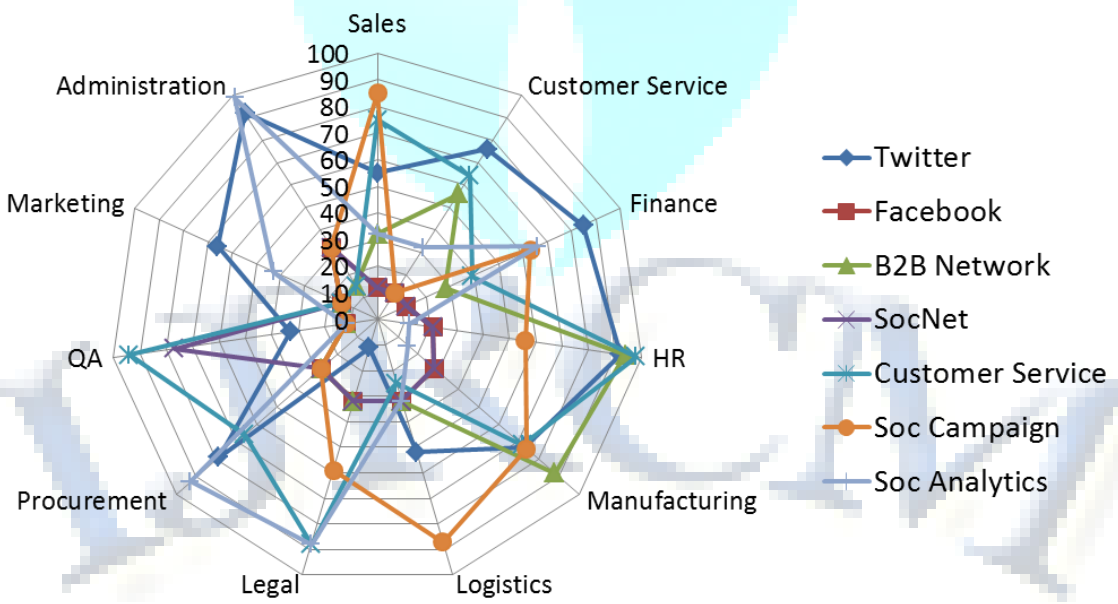
Companies at different adoption stage needs to select the kind of the need required at their end. At each stage a company has different challenges and there are different best practices to follow. The company can master this group at the early adoption stage. It becomes difficult for the companies in their early majority or late majority stage. At Dell, Manish Mehta, Former Vice President, had a weekly teleconference with managers throughout the organization responsible for the hundreds of social applications the company deploys; from the Twitter feed @Dell Outlet that promotes overstock computers to Idea Storm, the online community that solicits ideas for new Dell products.

There are many organizations adopting this fashion or rather the culture and adding value in their routine activities. There is hardly any business sector untapped or location untouched.

Ford took many initiatives like, Ford story, where consumers are invited to provide their stories about how Ford has impacted their lives over the years and portals like **WeddingRoadTrip.com** where couple drove cross country to see everyone they would have invited to the wedding to get advice. Gained media coverage and social media exposure. They go married and are then known as Mr & Mrs. Ford.

American Express OPEN is the company's division dedicated to helping small business owners succeed. It has based its marketing strategy around the social web, realizing that social media has become a priority for small business owners. Since 2007, AMEX OPEN has relied on its Open Forum to provide business advice and insight. The social site includes a blog with frequently updated content, and a large collection of videos that users can rate and share via other social networking channels. In the site's "Idea Hub", forum members can network with one another and with industry experts, as well as customize topics to their specific interests.

MEASUREMENT TECHNIQUE TO JUDGE THE EFFECTIVENESS OF SOCIAL ORGANIZATION



(Source: **Ytzik Aranov, Managing Partner, Social2B**)

One of the most effective measurement techniques to measure enterprise social media effectiveness, both pre- and post-implementation, is to diagnose the "Social Media Maturity Index" (see graphic), which establishes a recognizable industry-specific metric with which to assess the social media value, influence, depth, and footprint of an enterprise's value chain components – combining both departments and business processes. Moreover, the social media maturity Index in its very essence is a barometer of how the value chain is capable of moving at the speed of (digital & social) business today.

So, when looking for added revenue stream, cost savings, internal value, constraints, and external interfaces with the world, then social media maturity acutely identifies the lack of, or plethora, of business excellence in sync with today's pace of commerce. How do we drill down into the Enterprise Value Chain and establish Social Value Chain Maturity & Scalability? Let's break it apart into pieces. Look at the following chart that defines touch points throughout selected departments throughout the enterprise, and their social media impacts.

The same goes for every other vertical silo, and, every business processes. Each and every business process running across – horizontally – the enterprise has multiple social media touch points.

Social media maturity, coupled with an integrated online, SEO, SEM and Social Community Marketing strategy replaces one-way communication with dialogue. Participation by customers, suppliers, employees, the industry, the market, etc., and feedback from them all, must be listened to because it has the power to make or break your enterprise or enterprise function. Social media tools allow us to observe the conversations, measure, monitor, track and quantify the online & social media reach and influence. It allows us to assess and re-assess the correct strategy & tactics from the bottom up to increase revenues, open new markets, capture greater market share, lower costs and in general, improve the bottom-line ROI.

We may therefore interpret that social organization requires proper identification of resources, compatibility with the existing environment which may lead to involvement of all avenues within a value chain curtailing huge investments on research.

- Creating a more aligned and more cohesive internal organization (whether vertical silo or horizontal business process) involved with social media and its offshoots;
- Developing a cross-enterprise social media policy as hundreds of employees across the value chain are uncontrollably blogging & tweeting about the company without any filters – to manage the social media impact;
- Channeling the endless volume of Content across the enterprise that is not "curated", re-purposed or managed effectively throughout the enterprise, thereby losing SEO and ranking power;
- Implementing a solid, instantaneous, Reputation Management process .
- Hiring – training – more targeted and experienced human resources to effectively channel the enterprise's social media assets and better utilization of current ones;
- Mapping out a better-defined path to enterprise success by assessing the maturity of the organization and its readiness to embrace a new channel affecting the entire value chain – from customer service to distributor relations to marketing;
- Establishing a quantifiable and actionable ROI.

The Social Media Maturity Index provides an immediate snapshot of where every Value Chain component of the organization is today is with respect to social media & market acceleration and what can be expected in terms of performance based on the overall social media maturity of the enterprise. It also maps out where each Value Chain component is lacking and what can be done to accelerate it and better sync it to the other Value Chain components thereby creating a powerhouse enterprise.

CONCLUSION

World today is moving in a direction where there will be no boundaries outside the organization and within the organization, where ideas will not be restricted within a team or a gossip discussion, where customers will feel as a part of the organization and where hierarchies will play important roles only inside the organization. So time has come to step outside the traditional way of handling resources and utilizing best of their talent which is rarely uncurtained. Organization demands gargantuan change where they can unleash the potential of all available value providers and so a social change in the process is required to transform it more successfully.

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BANKING PENETRATION IN RURAL AREAS AND VILLAGES: TRENDS AND CHALLENGES

ANIL KUMAR AGARWAL
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
GURGAON INSTITUTE OF TECHNOLOGY & MANAGEMENT
GURGAON

ABSTRACT
Wealth in rural India is growing, which was not the case 7-10 years back. Financially remunerative farming and the real estate boom of the past decade has put many farmers in the league of at least rupee millionaires making them an attractive proposition for bankers. Rural banking in India plays a vital role in development of rural economy. The commercial banks, Regional Rural Banks are found in rural pockets of our country to help the rural people for their all round development. Rural banking is rightly called as an engine of rural growth. Therefore, there is need to develop a profitable model of rural banking. The overall position of Rural Banking in India is not quite encouraging. The banker offers almost everything from a plain savings product, to loans for businesses and wealth management advice to the rural population and creating new strategies to woo rural customers with deeper pockets for whom a State Bank of India was almost synonymous to banking as Life Insurance Corporation of India was for insurance. But do the villagers trust private banks? How does one break the strong affinity towards public sector banks? Since the rural banking is supposed to be a bank for poor people, it's presence in all the states of country especially in underdeveloped States can make things better. The government seems to be instrumental in spreading the branches of regional and rural banks at grass root level to provide such banking service to the really needy rural people. In this context, the purpose of this paper is to assess the level of banking penetration in rural areas and villages in the different states focusing on present position, emerging trends, and the challenges ahead in rural banking. The present paper is a qualitative analysis and secondary data was collected from various sources including journals, magzines, books and the internet.

KEYWORDS
Banking, Rural Banking, Microfinance, Rural Credit, RRBs, Rural Economy.

INTRODUCTION
The global financial crisis and the current Euro zone crisis have affected the banks in the advanced economies; the spillover is ricocheting on banks in emerging economies including India. Issues of financial stability, economic growth and managing inflation are the major challenges confronting regulators in advanced economies and are equally important for emerging economies like India. In recent years, there has been a considerable widening and deepening of the Indian financial system, of which banking is a significant component. With greater liberalization, the financial system has come to play a much larger role in the allocation of resources than in the past and its role in future can be expected to be much larger than at present. The growing role of the financial sector in the allocation of resources has significant potential advantages for the efficiency with which our economy functions. Consequently, the adverse consequences of malfunction of the financial system are likely to be more severe than they used to be in the past. Hence, all our efforts today are focused at ensuring greater financial stability. Given the significance of the Indian banking system, one cannot afford to underplay the importance of a strong and resilient banking system for both the Urban and rural economies of the country. The great Indian rural story for long has been told by shampoo and motor cycle manufacturers, but bankers, especially the private ones, who always look for the big fish, have been lagging behind. Not anymore. It is not that the financial inclusion slogan of the regulator and the government that is leading lenders such as HDFC Bank and Kotak Mahindra into the Indian hinterland, but the sheer opportunity to make money. The banking group, which is renowned for taking the cream of the clientele, has found a new one - the rural rich. The confluence of affluence in rural India and saturating business with the urban rich, is forcing the banks to reach out to less privileged rural India. It is not only that, but also the possibility to convert the enormous savings that lie in physical assets, such as gold, into deposits that's luring an HDFC Bank, or an ICICI Bank.

REVIEW OF LITERATURE
The literature pertinent to rural banking in India is a little limited. The present paper is a qualitative analysis and secondary data was collected from various sources including journals, magazines, books and the internet. The literature obtained during the review relates to the reports of various committees, com missions and working groups established by the Union Government, NABARD and Reserve Bank of India, the research studies, articles of researchers, bank officials, economists and the comments of economic analysts and news etc.

RURAL BANKING SCENERIO IN INDIA
Financial inclusion is seen as one of the means for overall economic development of a country. The growth of the rural retail banking industry fosters financial inclusion by providing financial products and services to people in the farthest reaches of the country. In India, even now the rural areas lack access to basic financial services. However, the recent emergence of microfinance institutions (MFIs) and non-banking financial corporations (NBFCs) in this sector has led to a commendable growth in the industry.

The issue of rural retail banking is extremely topical. Over the past few decades, while urban retail banking has seen a lot of growth, rural areas have continued to suffer from insufficient access to financial services. The Rural Banks have been in existence for around 36 years in the Indian financial scene. The institution of Rural Banks and rural branches of commercial banks was created to meet the excess demand for institutional credit in the rural areas, particularly among the economically and socially marginalized sections. The Banking Commission (1972) recommended establish an alternative institution for rural credit and ultimately Government of India established Regional Rural Banks as a separate institution basically for rural credit on the basis of the recommendations of the Working Group under the Chairmanship of Sh. M. Narashimham. In order to provide access to low - cost banking facilities to the poor, the Narashimham Working Group (1975) proposed the establishment of a new set of banks which could combine the local feel and the familiarity with rural problems, degree of business organization, ability to mobilize deposits, access to central money markets and modernized outlook etc.

RURAL RETAIL BANKING
Our study has tried to understand how the Indian rural retail banking industry (industry) will develop over the next decade. We aimed to identify the institutional environment of this industry in the coming decade as well as the activities that banks and other financial institutions (FIs) in India will need to invest in to realize the full potential of this market.

The Reserve Bank of India (RBI) had a mandate to promote rural credit and banking by virtue of the provisions of Section 54 of the RBI Act. Through the State Bank of India (SBI) Act in 1955, the SBI was made an important organisation for extending rural credit to supplement the efforts of cooperative institutions. These cooperative institutions, better known as primary agricultural credit societies (PACS) also provide other agricultural inputs to the farmers. The next step to supplement the efforts of cooperatives and commercial banks was the establishment of regional rural banks in 1975 in different states with equity participation from commercial banks, central and state governments. In 1982, to consolidate the various arrangements made by the RBI to promote/supervise institutions and channel credit to rural areas, the National Bank for Agricultural and Rural Development (NABARD) was established.

Currently, according to a series of estimates and market studies the number of rural bank branches is 31,727. This is 39.7% of the total number of bank branches in the country. The number of no-frill accounts is 28.23 million. There are only 54 savings accounts for every 100 persons in rural areas and only 26% of rural citizens with an annual income of less than Rs. 50000 have a bank account. In the same income bracket, only 13% farmers have ever availed of bank loans while 54% have used non-institutional and other forms of lending3. Thus, there is sufficient need for extending financial services to the rural areas. Exhibit 1 details the supply and demand side factors that challenge the growth of rural retail banking.

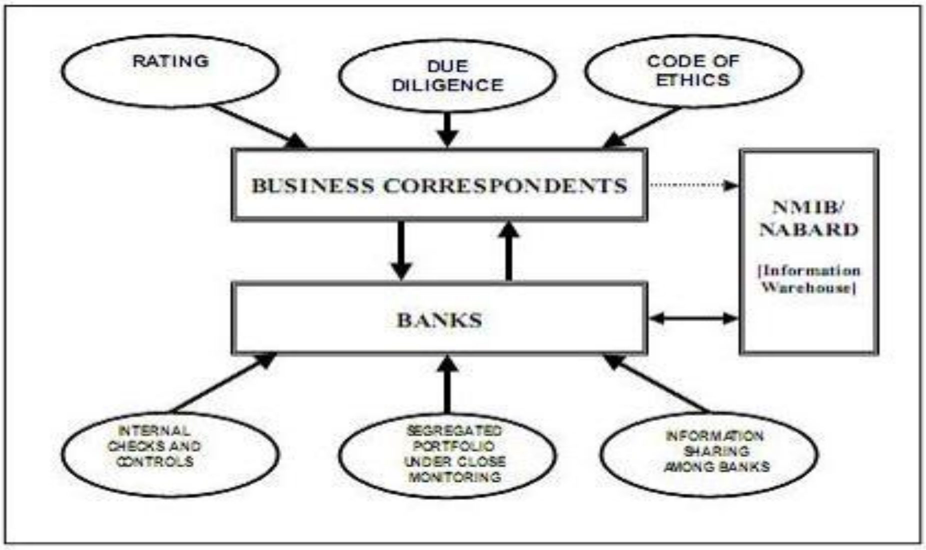
EXHIBIT 1: FACTORS INFLUENCING DEMAND AND SUPPLY IN THE RURAL RETAIL BANKING INDUSTRY

Supply Side Factors	Demand Side Factors
Persons are un-bankable according to bankers	High transaction costs for clients e.g. travel
Small loan amounts	Documentation
Long distance for services/branches	Lack of awareness
High transaction costs	Lack of social capital
Lack of collateral	Non-availability of special products
Information asymmetry	Convenience of informal lending
Human resource constraints	Prior rejection by formal banking system

A number of innovations and experiments have been initiated to bridge the gap between the rural population and the formal retail banking system.

- **Local area banks (LABs):** an initiative that attempted to mobilize rural savings by local institutions and make them available for investment locally. As of 2005, only four LABs were functioning in the country. The major handicap in their business model was the lack of a re-financing facility that hindered their ability to lend at better rates.
- **Self-help groups (SHGs):** with bank linkages was another indigenously developed banking model. Being a savings - first model, credit discipline is a norm of the group; besides joint liability and social collateral make such groups bankable in the eyes of bankers. The linkages are achieved through non-governmental organizations (NGOs) and other intermediaries, and this has formed the basis of the micro-finance movement in India. However, the absence of NGOs in states like Bihar, Uttar Pradesh and those in the north-east has been a stumbling block in spreading this model in these states.
- **NGO/MFI bulk-lending:** The alternative to the above model has been the NGO/MFI bulk-lending model where funds were placed at the disposal of NGOs or MFIs for lending to SHGs or other groups and even to individuals. However, this model was not able to scale-up due to the low capitalization of the NGO/MFIs and their inability to undertake financial intermediation. Also, this meant that the formal banks had a two-level exposure and this further reduced the potential for scaling-up.
- **Partnership model:** In the partnership model**,** the MFI evaluates, recommends, originates the loans, helps in disbursal and subsequently tracks and collects the loans. However, the loans sit on the books of the bank and not of the MFI. This model has overcome the constraints of capitalization of the MFI and the double exposure that the banks were subjected to.
- **Kisan Credit Card (KCC):** Other recent innovations include the Kisan Credit Card (KCC) that enables the farmer to get loans over a three to five year period as a revolving credit entitlement, thus, providing them control over their cash flows and reduced transaction costs for both the banks and the farmers. However, the biggest roadblock has been the creation of point of sale (POS) kiosks and acceptance of the cards.
- **Business facilitator/ business correspondent:** The business facilitator and the business correspondent models (Exhibit 2) have been other innovations in this field. Institutions or persons, who interface between the rural poor and banks, are leveraged to provide support services under well-defined terms and conditions by way of contractual arrangements. In the case of the business facilitator model, as per the law, these agencies provide basic support services such as customer identification, collection of information/applications, credit appraisal, marketing etc. Under the business correspondent model, specific agencies e.g. MFIs, NBFCs etc. also provide disbursal of small value credit as "pass through" agents for the parent bank.

EXHIBIT 2: BUSINESS CORRESPONDENT MODEL



PRESENT POSITION AND THE CHALLENGES AHEAD

The enhanced role of the banking sector in the Indian economy, the increasing levels of deregulation and the increasing levels of competition have placed numerous demands on banks. Operating in this demanding environment has exposed banks to various challenges.

i) **CUSTOMER SERVICE:** It is no longer adequate for banks to provide only traditional banking services. Apart from providing the conventional banking services, banks have begun offering a bouquet of financial services to their clients, including cross selling of financial products. The ultimate aim is to offer a one-stop-shop for meeting varied customers' financial needs. Some banks have begun employing customer relationship management systems to not only retain the existing customers but also to attract new customers. The establishment of new private sector banks and foreign banks has rapidly changed the competitive landscape in the Indian consumer banking industry and placed greater demands on banks to gear themselves up to meet the increasing needs of customers. For the discerning current day bank customers, it is not only relevant to offer a wide menu of services but also provide these in an increasingly efficient manner in terms of cost, time and convenience.

While banks are focusing on the methodologies of meeting the increasing demands placed on them, there are legitimate concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, in particular pensioners, self-employed and those employed in unorganised sector. While commercial considerations are no doubt important, banks have been bestowed with several privileges, especially of seeking public deposits on a highly leveraged basis, and consequently they should be obliged to provide banking services to all segments of the population, on equitable basis. Further, experience has shown that consumers' interests are at times not accorded full protection and their grievances are not properly attended to. Feedback received reveals recent trends of levying unreasonably high service/user charges and enhancement of user charges without proper and prior intimation. It is in this context that the Governor, Reserve Bank of India had mentioned in the Annual Policy Statement 2005-06 that RBI will take initiatives to encourage

- greater degree of financial inclusion in the country;
- setting up of a mechanism for ensuring fair treatment of consumers; and
- Effective redressal of customer grievances.

It would, therefore, be reasonable to expect banks to focus on the above aspects while designing their products for customers.

ii) **BRANCH BANKING:** Traditionally banks have been looking to expansion of their branch network to increase their business. Against this background it is interesting to observe that the new private sector banks as well as the foreign banks have been able to achieve business expansion through other means. It has been realized that it might not be necessary to establish a wider brick and mortar network to reach a wider population. Banks are, therefore, examining the potential benefits that may accrue by tapping the agency arrangement route and the outsourcing route. While proceeding in this direction banks ought not to lose sight of the new risks that they might be assuming and hence put in place appropriate strategies and systems for managing these new risks.

iii) **COMPETITION:** With the ever increasing pace and extent of globalisation of the Indian economy and the systematic opening up of the Indian banking system to global competition, banks need to equip themselves to operate in the increasingly competitive environment. This will make it imperative for banks to enhance their systems and procedures to international standards and also simultaneously fortify their financial positions.

iv) **TECHNOLOGY :** A few banks which have impressive branch networks have not been able to meet their customers' expectations due to inefficiencies arising out of inadequate investment in technology and consequently faced an erosion of their market shares. The beneficiaries are those banks which have invested in technology. Another distinct advantage of use of technology is the ability to effectively use quantitative techniques and models which can enhance the quality of their risk management systems. Recognising the benefits of modernising their technology infrastructure banks is taking the right initiatives. The challenge in this regard will be for banks to ensure that they derive maximum advantage out of their investments in technology and to avoid wasteful expenditure which might arise on account of

a. uncoordinated and piecemeal adoption of technology;
b. Adoption of inappropriate/ inconsistent technology and
c. Adoption of obsolete technology.

A case in point is the implementation of core banking solutions by some banks without assessing its scalability or adaptability to meet Basel II requirements.

v) **BASEL II IMPLEMENTATION:** As you are aware, Basel II is the revised framework for capital adequacy for banks. Implementation of Basel II is seen as one of the significant challenges facing the banking sector in many jurisdictions. With the introduction of capital charge for market risks with effect from the year ended March 31, 2005 banks in India are compliant with all elements of Basel I. I will now outline the approach to Basel II implementation in India. Commercial banks in India will start implementing Basel II with effect from March 31, 2007. They will initially adopt the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk. After adequate skills are developed, both by the banks and also by the supervisors, some banks may be allowed to migrate to the Internal Rating Based (IRB) Approach. Implementation of Basel II will require more capital for banks in India due to the fact that operational risk is not captured under Basel I, and the capital charge for market risk was not prescribed until recently. Though last year has not been a very good year for banks, they are exploring all avenues for meeting the capital requirements under Basel II. The cushion available in the system, which has a CRAR of over 12 per cent now, is, however, comforting. With a view to ensuring migration to Basel II in a non-disruptive manner, a consultative and participative approach has been adopted for both designing and implementing Basel II in India. A Steering Committee comprising senior officials from 14 banks (public, private and foreign) has been constituted wherein representation from the Indian Banks' Association and the RBI has also been ensured. The Steering Committee had formed sub-groups to address specific issues. On the basis of recommendations of the Steering Committee, draft guidelines to the banks on implementation of the New Capital Adequacy Framework have been issued. Though Basel II implementation is considered as a challenge generally, the above approach has lightened the burden on banks in India.

Notwithstanding the above, capacity building, both in banks and the regulatory bodies is a serious challenge, especially with regard to adoption of the advanced approaches. We have initiated supervisory capacity-building measures to identify the gaps and to assess as well as quantify the extent of additional capital which may be required to be maintained by such banks. The magnitude of this task appears daunting since we have as many as 90 scheduled commercial banks in India.

vi) **IMPROVING RISK MANAGEMENT SYSTEMS:** With the increasing degree of deregulation and exposure of banks to various types of risks, efficient risk management systems have become essential. As you are aware, as a step towards further enhancing and fine-tuning risk management systems in banks, Reserve Bank has issued guidelines on asset-liability management and risk management systems in banks in 1999 and Guidance Notes on Credit Risk Management and Market Risk Management in October 2002 and the Guidance Note on Operational risk management in 2005. Though Basel II focuses significantly on risks its implementation should not be seen as an end in itself. It should be seen as a medium whereby the risk management systems in banks are constantly upgraded to address the changing environment.

At the initial stages of development of the risk management systems, banks were managing each risk in isolation. The current business environment demands a more integrated approach to risk management. It is no longer sufficient to manage each risk independently or in functional silos. Enterprises worldwide are, therefore, now putting in place an integrated framework for risk management which is proactive, systematic and spans across the entire organisation. Banks in India are also moving from the individual silo system to an enterprise wide risk management system. This is placing greater demands on the risk management skills in banks and has brought to the forefront the need for capacity building. While the first milestone would be risk integration across the entity, banks are also aware of the desirability of risk aggregation across the group both in the specific risk areas as also across the risks. Banks would be required to allocate significant resources towards this objective over the next few years.

In the Reserve Bank, we have adopted the risk based approach to supervision since 2003 and have brought about 23 banks under the fold of risk based supervision (RBS) on a pilot basis. On the basis of the feedback received from the pilot project, the RBS framework has now been reviewed. The risk based approach to supervision is also serving as a catalyst to banks' migration to the integrated risk management systems. In view of the relevance of improved risk management systems under the changing circumstances and the larger emphasis placed on risk management systems in banks under Basel II, it is essential that the RBS stabilizes at an early date and serves as an important feedback not only to bank managements but also to RBI. However, taking into account the diversity in the Indian banking system, stabilizing the RBS as an effective supervisory mechanism will be a challenge to the RBI.

vii) **IMPLEMENTATION OF NEW ACCOUNTING STANDARDS:** Derivative activity in banks has been increasing at a brisk pace. While the risk management framework for derivative trading, which is a relatively new area for Indian banks (particularly in the more structured products), is an essential pre-requisite, the absence of clear accounting guidelines in this area is matter of significant concern. It is widely accepted that as the volume of transactions increases, which is happening in the Indian banking system, the need to upgrade the accounting framework needs no emphasis. The World Bank's ROSC on Accounting and Auditing in India has commented on the absence of an accounting standard which deals with recognition, measurement and disclosures pertaining to financial instruments. The Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI) is considering issue of Accounting Standards on the above aspects pertaining to financial Instruments. These will be the Indian parallel to International Accounting Standards 32 and 39. The proposed Accounting Standards will be of considerable significance for financial entities and could therefore have implications for the financial sector. The formal introduction of these Accounting Standards by the ICAI is likely to take some time in view of the processes involved. In the meanwhile, the Reserve Bank is considering the need for banks and financial entities adopting the broad underlying principles of IAS 39. Since this is likely to give rise to some regulatory / prudential issues all relevant aspects are being comprehensively examined. The proposals in this regard would, as is normal, be discussed with the market participants before introduction. Adoption and implementation of these principles are likely to pose a great challenge to both the banks and the Reserve Bank.

viii) **TRANSPARENCY AND DISCLOSURES:** In pursuance of the Financial Sector Reforms introduced since 1991 and in order to bring about meaningful disclosure of the true financial position of banks to enable the users of financial statements to study and have a meaningful comparison of their positions, a series of measures were initiated. The disclosure requirements broadly covered the following aspects:

- Capital adequacy
- Asset quality
- Maturity distribution of select items of assets and liabilities
- Profitability
- Country risk exposure
- Risk exposures in derivatives
- Segment reporting
- Related Party disclosures

With a view to moving closer towards international best practices including International Accounting Standards (IAS) and the disclosure requirements under Pillar 3 of Basel II, Reserve Bank has proposed enhanced disclosures which lay a greater emphasis on disclosure of certain qualitative aspects. Transparency and disclosure standards are also recognised as important constituents of a sound corporate governance mechanism. Banks are required to formulate a formal disclosure policy approved by the Board of directors that addresses the bank's approach for determining what disclosures it will make and the internal controls over the disclosure process. In addition, banks should implement a process for assessing the appropriateness of their disclosures, including validation and frequency.

ix) **SUPERVISION OF FINANCIAL CONGLOMERATES:** In view of increased focus on empowering supervisors to undertake consolidated supervision of bank groups and since the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision have underscored consolidated supervision as an independent principle, the Reserve Bank had introduced, as an initial step, consolidated accounting and other quantitative methods to facilitate consolidated supervision. The components of consolidated supervision include, consolidated financial statements intended for public disclosure, consolidated prudential reports intended for supervisory assessment of risks and application of certain prudential regulations on group basis. In due course, consolidated supervision as introduced above would evolve to cover banks in mixed conglomerates, where the parent may be non-financial entities or parents may be financial entities coming under the jurisdiction of other regulators.

The financial landscape is increasingly witnessing entry of some of the bigger banks into other financial segments like merchant banking, insurance etc., which has made them financial conglomerates. Emergence of several new players with diversified presence across major segments and possibility of some of the non-banking institutions in the financial sector acquiring large enough proportions to have systemic impact make it imperative for supervision to be spread across various segments of the financial sector. In this direction, an inter-regulatory Working Group was constituted with members from RBI, SEBI and IRDA. The framework proposed by the Group will be complementary to the existing regulatory structure wherein the individual entities are regulated by the respective regulators and the identified financial conglomerates would be subjected to focussed regulatory oversight through a mechanism of inter-regulatory exchange of information. As a first step in this direction, an inter-agency Working Group on Financial Conglomerates (FC) comprising the above three supervisory bodies identified 23 FCs and a pilot process for obtaining information from these conglomerates has been initiated. The complexities involved in the supervision of financial conglomerates are a challenge not only to the Reserve Bank of India but also to the other regulatory agencies, which need to have a close and continued coordination on an on-going basis.

x) **'KNOW YOUR CUSTOMER' (KYC) GUIDELINES – ANTI MONEY LAUNDERING STANDARDS :** Banks were advised in 2002 to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority. These 'Know Your Customer' guidelines were revisited in the context of the recommendations made by the Financial Action Task Force on Anti Money Laundering standards and on Combating Financing of Terrorism. These standards have become the international benchmark for framing Anti Money Laundering and combating financing of terrorism policies by the regulatory authorities. Compliance with these standards both by the banks/financial institutions and the country has become necessary for international financial relationships. Detailed guidelines based on the Recommendations of the Financial Action Task Force and the paper issued on Customer Due Diligence for banks by the Basel Committee on Banking Supervision, with indicative suggestions wherever considered necessary, were issued to banks in November 2004. Banks were required to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures is formulated and put in place with the approval of the Board within three months and be fully compliant with these guidelines before December 31, 2005. Compliance with the above is a significant challenge to the entire banking industry to fortify itself against misuse by anti-social persons/ entities and thus project a picture of solidarity and financial integrity of the Indian banking system to the international community.

xi) **CORPORATE GOVERNNACE:** Banks are "special" as they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but they also leverage such funds through credit creation. Banks are also important for smooth functioning of the payment system. In view of the above, legal prescriptions for ownership and governance of banks laid down in Banking Regulation Act, 1949 have been supplemented by regulatory prescriptions issued by RBI from time to time. In this context, one must remember that profit motive should not be the sole criterion for business decisions. Flow of bank finance for productive purposes must always take priority over the granting of credit for speculative investment no matter how profitable the latter may be. If bank finance flows increasingly to finance speculative activities, it will be to the detriment of real productive investment for research, development and the production of real goods/ services. One might conclude that such uncontrolled flow would ultimately affect economic growth. Hence, funding of speculative activities must be subject to prudential limits, even though it might yield attractive returns. This will be a significant challenge to banks where the priorities and incentives might not be well balanced by the operation of sound principles of corporate governance. If the internal imbalances are not re-balanced immediately, the correction may evolve through external forces and may be painful and costly to all stakeholders. The focus, therefore, should be on enhancing and fortifying operation of the principles of sound corporate governance.

CONCLUSION

With the increasing levels of globalisation of the Indian banking industry, evolution of universal banks and bundling of financial services, competition in the banking industry will intensify further. The banking industry has the potential and the ability to rise to the occasion as demonstrated by the rapid pace of automation which has already had a profound impact on raising the standard of banking services. The financial strength of individual banks, which are major participants in the financial system, is the first line of defence against financial risks. Strong capital positions and balance sheets place banks in a better position to deal with and absorb the economic shocks. Banks need to supplement this with sophisticated and robust risk management practices and the resolve to face competition without diluting the operating standards. Based on the study concluded, following scenarios are the most probable in the year 2020 for the Indian rural retail banking industry:

- ***Consumer awareness*** – with increased education among the consumers and greater availability of information, the consumer awareness will increase regarding the financial services and products that are present in the market and they will demand one-stop shop solutions for all their financial needs.
- ***Consumer databases*** – the introduction of the UID project has led to the hope and an increasing probability of presence of extensive consumer databases in 2020. These databases will provide information about consumer credit history and financial transactions to enable the FIs to customize products suited to the consumers' needs.
- ***Capitalization of MFIs*** **-** there is a low probability that international banks would be the chosen medium of capitalization for the MFIs in 2020. They will be largely capitalized by the local Indian financial markets. This could be owing to the FDI regulations in the country as well as sufficient liquidity in the Indian financial markets.
- ***Localized institutions*** **–** the FIs would work towards designing localized financial services that would serve to provide one-stop shop solutions and remove information asymmetry because of their local presence.
- ***Mobile-based delivery model*** **–** the high penetration of mobile services in the country and advances in secure transfer mechanisms will see the rise of mobile phones as delivery platforms by 2020. This will be further augmented by the low costs associated with this delivery mechanism.

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A STUDY OF CRITICAL FACTORS GOVERNING CORPORATE GOVERNANCE

KOMAL CHAUDHARY
ASST. PROFESSOR
COLLEGE OF VOCATIONAL STUDIES
UNIVERSITY OF DELHI
DELHI

ABSTRACT

This paper attempts to showcase the critical factors which make or mar the much hyped and concept in spotlight 'corporate governance'. This papers purveys deeper insight by enlisting the factors and their consequences thereon. Since, corporate governance as a concept is flaring up and there is an urgent need of the hour, we discuss certain points to be highly vigilant about even after the presence of stringent codes and regulatory mechanisms.

JEL CODE
M14

KEYWORD
Corporate Governance.

INTRODUCTION

During this contemporary times, corporate governance has attained significance all over the world. Few important factors have lead to rapid developments in the field, namely the integration and globalization of financial markets and a surge of corporate scandals such as Enron, World Com and others. Lately, Brazil, Russia, India and China (BRIC) countries have emerged as an influential economic power in the global economy. It is estimated that the combined GDP of the BRIC countries is likely to be higher than that of developed countries1.Studies have projected that amongst the BRIC economies, India has the potential to grow the fastest over the next 30-50 years (Wilson & Purushothaman, 2003). The phenomenal growth has changed the nature and character of the world economy including the foreign investment flows (Khanna and Palepu, 2006). Foreign investments in India come directly and through secondary markets. The cumulative foreign direct investment (FDI) to India until August 2010, was US $137,960 million (RBI Bulletin, 2010)2. There has also been a significant increase in cross border acquisitions and a number of firms list their shares in multiple exchanges (Chemmanur and Fulghieri, 2006; Bell, Moore & Al-Shammari, 2008). Foreign institutional investors have made substantial investments in the capital market for instance an amount $4.78 billion in the Indian capital market in November 2010 alone and a total investment of $ 38 billion until March 2011.

Investors from developed countries are demanding that Indian Companies follow international best practices with an emphasis on corporate governance. A McKinsey survey conducted in 2002, found that investors were willing to pay a premium of up to 25% for a well governed company (Barton, Coombes, & Wong, 2004). The scandals related to the Indian markets (Goswami, 2002), the global financial crisis of 2008 and the more recent corporate fraud at Satyam has raised a lot of concerns about governance practices in India. Consequently, there has been an increasing effort around corporate governance structures and mechanisms by both regulators and corporations. Since it is well recognized that the institutional context of an economy i.e. the combination of formal rules, informal constraints, and the enforcement characteristics varies significantly across countries and has an influence on corporate financial and governance structures (Walsh & Seward 1990; North, 1990), understanding the state of corporate governance research in the Indian context is therefore of great academic interest.

There has been a steady and growing interest in the field of corporate governance in India. The convergence of the importance of certain topics like Performance and regulatory mechanisms between international and Indian journals can be seen as indicative of the presence of the common body of knowledge in the field of corporate governance research. There is however, a need for more empirical research in the Indian context and also the development of theories that are embedded in local realities. (Srinivasan, Padmini, and Vasanthi Srinivasan. "Status of Corporate Governance Research on India: An Exploratory Study." *IIM Bangalore Research Paper* 334 (2011).

LITERATURE REVIEW

The convergence of the importance of certain topics like Performance and regulatory mechanisms between international and Indian journals can be seen as indicative of the presence of the common body of knowledge in the field of corporate governance research. There is however a need for more empirical research in the Indian context and also the development of theories that are embedded in local realities. Given that the institutional context of an economy impacts significantly the nature of governance practices, more papers that explore the institutional contextual realities of India are needed.[**Source** : Srinivasan, Padmini, and Vasanthi Srinivasan. "Status of Corporate Governance Research on India: An Exploratory Study." IIM Bangalore Research Paper 334 (2011).]

In India, we have sought to resolve the "shareholder vs. stakeholder'' debate by taking the view that since shareholders are residual claimants, in well performing capital and financial markets, whatever maximises shareholder value should maximise corporate prosperity and best satisfy the claims of creditors, employees, shareholders, and the State. Moreover, there exist well-defined laws to protect the interests of employees, and recently framed legislations have considerably strengthened the rights of the creditors. It is therefore appropriate that corporate governance regulations in India seek to promote the rights of shareholders, while at the same time ensuring that the interests of other stakeholders are not adversely impacted. (**Source:** Report on "CORPORATE GOVERNANCE IN INDIA: THEORY AND PRACTICE, NATONAL FOUNDATION FOR CORPORATE GOVERNANCE, SEPTEMBER 2004")

Since the late 1990s, significant efforts have been made by the Indian Parliament, as well as by Indian corporations, to overhaul Indian Corporate Governance. The current Corporate Governance regime in Indian straddles both voluntary and mandatory requirements like Voluntary Guidelines by Ministry of Corporate Affairs. And for listed companies, the vast majority of Clause 49 of the listing agreements requirements is mandatory. The voluntary guideline on Corporate Governance by Ministry of Corporate Governance is a benchmark for the Corporate Governance practices in the Indian corporations, and hopefully the corporate world will make the best use of it. Efforts are also being made by the legislature to amend the Companies Act 1956. As a result, amendments relating to Corporate Governance are expected to be brought before Parliament in The Companies Bill 2009. India has one of the best Corporate Governance legal regimes but poor implementation together with socialistic policies of the pre-reform era has affected corporate governance. [**Source**: "Corporate Governance in India: A legal Analysis." (2012).]

THEME BASED CRITICAL FACTORS

BOARD
CSR & ETHICS
DISCLOSURE
INVESTORS PROTECTION MECHANISM
GOVERNANCE ORIGIN AND MODELS
OWNERSHIP STRUCTURE
PERFORMAMNCE
REGULATORY MECHANISMS & REFORMS & OTHERS

The top five themes that emerged in the International Journals on Corporate Governance in India are on performance (36.4%), corporate social responsibility (CSR) (11.4%), governance origins and models (10%), disclosure (9%), regulatory mechanisms and reforms (10%). The other broad themes that emerged were board of directors (board), investor protection mechanisms and ownership structure.

There is focus oninternal governance structures and financial performance of Indian companies. The effectiveness of boards of directors, including board composition, board size, and aspects of board leadership including duality, independent directors and board busyness are addressed by authors in the Indian contextor takenIndia as part of the sample..Some CEOs (duality role, CEO being the promoter, and CEO being the only board manager) did not have a detrimental effect on performance. Large board size has a positive impact on performance (Jackling & Johl, 2009) thus supporting the view that greater exposure to the external environment improves access to various resources and thus positively impacts on performance (contrary to findings of Ghosh, 2006) Multiple directorships by independent directors to correlate positively with firm value, but multiple directorships by inside directors are, however, negatively related to firm performance.

(Sarkar & Sarkar, 2009) are some of the far reaching conclusions reached by researchers. Studies have also built governance indices and have tested its association with performance. Performance related research on India shows that shows that effective corporate governance helps in attaining greater performance and market valuation (Klapper & Love, 2004; Chua et al, 2007, Morey et al 2009). Governance reforms have also had a positive impact on the share prices (Khanna & Black, 2007).

In such discourse, increasingly the role of the board to address the issues pertaining to CSR and good citizenship is gaining attention. The Stakeholder framework and the responsibility of a corporation in this context is particularly important for emerging economies like IndiaThe development of corporate governance as an area of research started with the publication of the Cadbury Committee report and further developed through a series of seminal works of La Porta et al (1997). Governance issues stems from agency problems that have been dealt in literature extensivelOne of the major contributions of quality and timely disclosure and reporting is the elimination or at least mitigation to an extent the information asymmetry between parties, where one of the agents has a deeper knowledge than does the others. Most studies have found positive correlation between foreign institutional ownership and performance. (Douma, George & Rezaul, 2006) Firms that depend on government- run financial institutions for external finance shows negative performance. Five papers study the association between disclosure and performance

The governance related reforms started around 2001 with the recommendation of Birla Committee Report. Securities and Exchange Board of India (SEBI) set up in 1992 to regulate the capital market as well as to protect the investors. Subsequently, several committees were formed to look into the corporate governance and other best practices.4 A wide range of changes in corporate governance legislations has been enacted in the last ten years as outcomes of the recommendations. Most of the changes have come through the Listing Agreements of stock exchanges.5 The composition and functioning of the board of directors is the key areas of focus.

IMPORTANCE OF THE STUDY

A natural question to ask, given the theory behind corporate governance, is why do we need to impose particular governance regulations through stock exchanges, legislatures, courts or supervisory authorities? If it is in the interest of firms to provide adequate protection to shareholders, why mandate rules, which may be counterproductive? Even with the best intentions regulators may not have all the information available to design efficient rules. Worse still, there is a danger that regulators can be captured by a given constituency and impose rules favoring one group over another.

There are at least three reasons for regulatory intervention. The main reason advocated in favor of mandatory rules is that if the founder of the company was allowed to design and implement a corporate charter he likes, he may not clearly address the issues faced by other shareholders and thus would, in the view of the society, conjure inefficient rules. The functioning of the market for corporate control is an example. In absence of regulations, founders could employ anti-takeover defenses excessively and in the process not allow the capital employed, which is owned by the shareholders, to be used most efficiently. Alternatively, shareholders may favor takeovers that increase the value of their shares even if they involve greater losses for unprotected creditors or employees. Thus, in absence of regulations, the collective bargaining process may not yield socially acceptable solutions and may be at the peril of one or multiple stakeholders

Another argument for mandating regulations of corporate governance comes from the externality argument. An externality may be defined as a good, generated as the result of an economic activity, whose benefits or costs do not accrue directly to the parties involved in the activity. An externality is created by one person and experienced by other (s) and may be positive (a well-maintained garden) or negative (pollution). Bad corporate governance practice by a firm can in the same vein be seen as a negative externality. One corporate failure or scandal can potentially erode shareholders trust in the whole of the corporate sector and thus negatively affect the businesses of honest firms as well. This theory is reinforced by the recent corporate scandals in the United States. A few instances of fraud, as seen in the case of Enron and later on in WorldCom, destroy the faith of investors in the entire corporate sector and thus hurt the larger interest of the economy. Thus in such cases where private action fails to resolve widespread externalities involving large numbers of parties, the state has the responsibility to intervene to provide a level playing field and also to prevent market failure.

In case of dispersed shareholding, due to the (individual) large cost of monitoring the company on a regular basis, there remains a possibility that management may change the rules (to their advantage) ex post. Thus the final argument in support of mandatory rules is to avoid a situation where efficient rules are designed initially but due to lack of active tracking by dispersed shareholders, are altered or broken later.

While regulations are necessary, there are however, a few issues that need to be considered. The first relates to policing and punishment. The SEBI envisages that all these corporate governance norms will be enforced through listing agreements between companies and the stock exchanges. A little reflection suggests that for companies with little floating stock — which account for more than 85% of the listed companies — delisting because of non-compliance is hardly a credible threat. The SEBI can, of course, counter that by stating that the reputation effect of de-listing can induce compliance and, hence, better corporate governance.

The second issue is more problematic, and it has to do with form versus substance. There is a fear that by legally mandating several aspects of corporate governance, the regulators might unintentionally encourage the practice of companies ticking checklists, instead of focusing on the spirit of good governance. The fear is not unfounded. Take, for instance, the case of Korea. After the crash of 1998, a part of the IMF bailout package was that a fourth of the board of every listed Korean company must consist of independent directors. They do, but the directors are hardly independent by any stretch of imagination. For most part, they are retired executives of the chaebols, friends of business groups and politicians that have supported the business in the past. And, in any event, they don't do what was intended — namely, to speak for shareholders and ensure that management does what is necessary to maximize long-term shareholder value.

The third concern relates to apprehension about excessive interference. There is an apprehension that over-regulation of corporate governance could disrupt the functioning and quality of boards without resulting in any substantial improvement in the standards of corporate governance. It needs to be ensured that we do not go overboard with corporate governance regulations, and that unwittingly micro-management of companies does not take place.

This raises a question of how to trace the line that divides voluntary from mandatory. In an ideal world with efficient capital markets, such a question need not arise — because the markets would recognize which companies are well governed and which are not, and reward and punish accordingly. Unfortunately, ideal capital markets exist only in theory. The reality is quite different. Markets are often thin and shallow and operate on the basis of ebbs and flows of pivotal stocks; informational requirements are lax; and regulatory and policing devices leave much to be desired.
Thus, what is needed a small corpus of legally mandated rules, buttressed by a much larger body of self-regulation and voluntary compliance
The corporate governance framework in India primarily consists of the following legislations and regulations: The Companies Act, 1956: Companies in India, whether listed or unlisted, are governed by the Companies Act. The Act is administered by the Department of Companies Act (DCA). Among other things, the Act deals with rules and procedures regarding incorporation of a company; prospectus and allotment of ordinary and preference shares and debentures; management and administration of a company; annual returns; frequency and conduct of shareholders' meetings and proceedings; maintenance of accounts; board of directors, prevention of mismanagement and oppression of minority shareholder rights; and the power of investigation by the government, including powers of the CLB. The Securities Contracts (Regulation) Act, 1956: It covers all types of tradable government paper, shares, stocks, bonds, debentures, and other forms of marketable securities issued by companies. The SCRA defines the parameters of conduct of stock exchanges as well as its powers. The Securities and Exchange Board of India (SEBI) Act, 1992: This established the independent capital market regulatory authority, SEBI, with the objective to protect the interests of investors in securities, and promote and regulate the securities market. The Depositories Act, 1996: This established share and securities depositories, and created the legal framework for dematerialization of securities. Listing Agreement with stock exchanges: These define the rules, processes, and disclosures that companies must follow to remain as listed entities. A key element of this is Clause 49, which states the corporate governance practices that listed companies must follow.(NATONAL FOUNDATION FOR CORPORATE GOVERNANCE, SEPTEMBER 2004)

RESULTS AND DISCUSSIONS
There have been several major corporate governance initiatives launched in India since the mid-1990s. The first was by the Confederation of Indian Industry (CII), India's largest industry and business association, which came up with the first voluntary code of corporate governance in 1998. The second was by the SEBI, now enshrined as Clause 49 of the listing agreement. The third was the Naresh Chandra Committee, which submitted its report in 2002. The fourth was again by SEBI — the Narayana Murthy Committee, which also submitted its report in 2002. Based on some of the recommendation of this committee, SEBI revised Clause 49 of the listing agreement in August 2003. Subsequently, SEBI withdrew the revised Clause 49 in December 2003, and currently, the original Clause 49 is in force.

CONCLUSION
The system in Indian context of throwing light on corporate governance has in myriad supported and held back India's ascent to the top of the world's economies. While on the documentation & paper the country's legal system provides some of the best investor protection in the world, enforcement is a major problem, with overburdened courts and significant corruption. Ownership remains concentrated and family business groups continue to be the dominant business model, with significant pyramiding and evidence of tunneling activity that transfers cash flow and value from minority to controlling shareholders.
But for all its shortcomings, Indian corporate governance has taken major steps toward becoming a system capable of inspiring confidence among institutional and, increasingly, foreign investors. The Securities and Exchanges Board of India (SEBI), which was established as part of the comprehensive economic reforms launched in 1991, has made considerable progress in becoming a rigorous regulatory regime that helps ensure transparency and fair practice. And the National Stock Exchange of India, also established as part of the reforms, now functions with enough efficiency and transparency to be generating the third-largest number of trades in the world, just behind the NASDAQ and NYSE.(Chakrabarti, Rajesh, William Megginson, and Pradeep K. Yadav. "Corporate governance in India." Journal of Applied Corporate Finance 20.1 (2008): 59-72.)
Among more recent changes, the enactment of Sarbanes—Oxley type measures in 2004—which includes protections for minority shareholders in family- or "promoter"-led businesses—has contributed to recent increases in institutional and foreign stock ownership. And while family- and government-controlled business groups continue to be the rule, India has also seen the rise of successful companies like Infosys that are free of the influence of a dominant family or group and have made the individual shareholder their central governance focus

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THE CONCEPT OF WASHBACK ON TEACHING AND LEARNING IN THE ENGLISH LANGUAGE CLASSROOM

LISHANTHI WIJEWARDENE
LECTURER
FACULTY OF MANAGEMENT STUDIES & COMMERCE
UNIVERSITY OF SRI JAYEWARDENEPURA
NUGEGODA

ABSTRACT

This article could be considered as a review of literature which focuses on the theoretical norms of washback in language testing. Of late, the concept of washback in language testing has gained momentum and received significant attention in the spheres of language teaching and learning. As such this paper, whilst introducing the concept of the 'washback effect' that tests have, highlights some important examples in the academic field. Additionally, this article intends to explore the possibilities as to whether assessments are suitable representatives, capable of bringing about changes in teaching practices and thereby encouraging learning. As such, in order to understand the effects of washback on teaching and learning, this article will focus on the definitions of the concept of washback and review some key empirical studies done on the concept of washback.

KEYWORDS
washback, classroom assessment, tests, English language, teaching, learning.

INTRODUCTION

The impact of classroom assessment on language teaching and learning especially with special reference to oral English has become a significant area of interest for both teachers and students in recent times. It is a known fact that testing of any form affects teaching and learning and therefore testing is considered as a vital area in the educational system of any educational institution. Alderson and Wall (1993, p.115) state that "tests are held to be powerful determiners of what happens in the classroom." Assessments, which are also known as low-stakes tests, are informal methods of testing in the classroom whereby the testing is carried out without the stress factor involved in the process of testing. This is in complete contrast to high-stakes tests which are better identified as exams. Whilst acting as an influential instrument of educational development, a test is expected to serve as a monitor of educational achievement (Linn, 1992). As such it could be said that tests play an important role not only in the shaping of teaching and learning, but also in the shaping of course designs and classroom practices. According to Madaus (1988) 'It is testing, not the "official" stated curriculum, that is increasingly determining what is taught, how it is taught, what is learned, and how it is learned.' Examinations are used for a plethora of activities amongst many stakeholders especially in the field of higher education, such as, being a ladder which promotes students from one level to the next, in setting a standard whereby students can secure employment, enabling employers to choose the most apt candidates for job vacancies in their organizations, and acting as an agent whereby teachers can display the efficiency of their teaching. Cheng (1997) highlights the fact that, the effect of washback plays an important part today due to the fact that test scores are used widely for educational and social purposes. As such, it is evident that the concept of washback plays an important role and is a significant actor in this scene as it assesses the effects of an examination on the teaching and learning processes.

WHAT IS WASHBACK?

Many countries have introduced different types of assessments in their educational system with the intention of motivating changes in teaching and learning (Alderson and Wall, 1993; Burrows, 2004; Cheng, 2004; Qi, 2004). "Washback" (Alderson and Wall, 1993; Buck, 1988) or "backwash" (Biggs, 1995; Biggs, 1996; Hughes, 2003) refers to test influences on teaching and learning. For the purpose of this article, washback is defined as the effects of an assessment that occurs in a classroom, with special reference to oral English.

Alderson and Banerjee (2001) describe washback as being the impact that tests have on teaching and learning. Messick (1996) refers to washback as "the extent to which the introduction and the use of a test influences language teachers and learners to do things they would not otherwise do, that promote or inhibit language learning." Buck (1988, p.17) defines washback as "the natural tendency for both teachers and students to tailor their classroom activities to the demands of the tests, especially when the test is very important to the future of the students, and pass rates are used as a measure of teacher success. This influence of the test on the classroom (referred to as washback, by language testers) is, of course, very important: this washback effect can be either beneficial or harmful."

Wall and Alderson (1993) conducted a study examining the positive and negative effects of an examination (the G.C.E. Ordinary Level examination) on English language teaching. The test was introduced in secondary schools in Sri Lanka with the objective of providing a means for focusing teaching more in the direction of communicative classrooms and less towards traditional practices. The results of the study revealed that, while the exam had no influence on teaching style, it did have an effect on the content of teaching. Alderson and Wall (1993, pp. 120-121) conducted one of the most in-depth studies on the concept of washback.

Thus it could be concluded that washback is the influence of testing on learning and teaching and that its existence has been termed as 'important', although not much empirical research has been done in this particular area. There have been many concerns about the concept of washback and whether its outcome is positive or negative, and how one could promote positive washback and inhibit negative washback (Bailey, 1999). It could be said that most studies on washback with special reference to the teaching of English as a second language, have focused on the positive or negative effects that high-stakes examinations have on areas such as course content, methodology adopted by teachers, teacher and student attitudes, and actual learning that takes place. However it has been reported that such examinations have a greater effect upon content and less upon the actual methodology employed by teachers (Muñoz and Álvarez, 2010). For instance, Cheng (1997) analyzed the effect that, changes to the Hong Kong Certificate of Education Examination (HKCEE) in English had upon teaching and learning. She found that washback occurred, but only in terms of bringing about change to teaching materials. Evidence that the changes to the test brought about changes to the way teachers taught, was not conclusive.

In another study, Qi (2004) investigated the effect of the National Matriculation English Test (NMET), which was introduced in order to promote positive washback effect on secondary school English teaching in China. Qi's findings are that there was a big discrepancy between the test designers' intentions and classroom practice and that little positive washback was felt on students' language use.

In yet another study, Burrows (2004) examined the washback effect of a classroom-based assessment in the Australian Adult Migrant English Programme. She found that the test effect varied from teacher to teacher depending on the teacher's beliefs and attitudes.

Furthermore, studies examining effects of assessment on student learning appear to illustrate a lack of clear understanding as to how washback works (Alderson and Wall, 1993; Bailey, 1999). Both negative and positive attitudes about the effect of tests have been reported in different studies (Alderson and Hamp-Lyons, 1996; Alderson and Wall, 1993; Cheng, 2004; Shohamy *et al*, 1996). However, there have been few studies reporting improvements that could be proved in the learning that takes place among students.

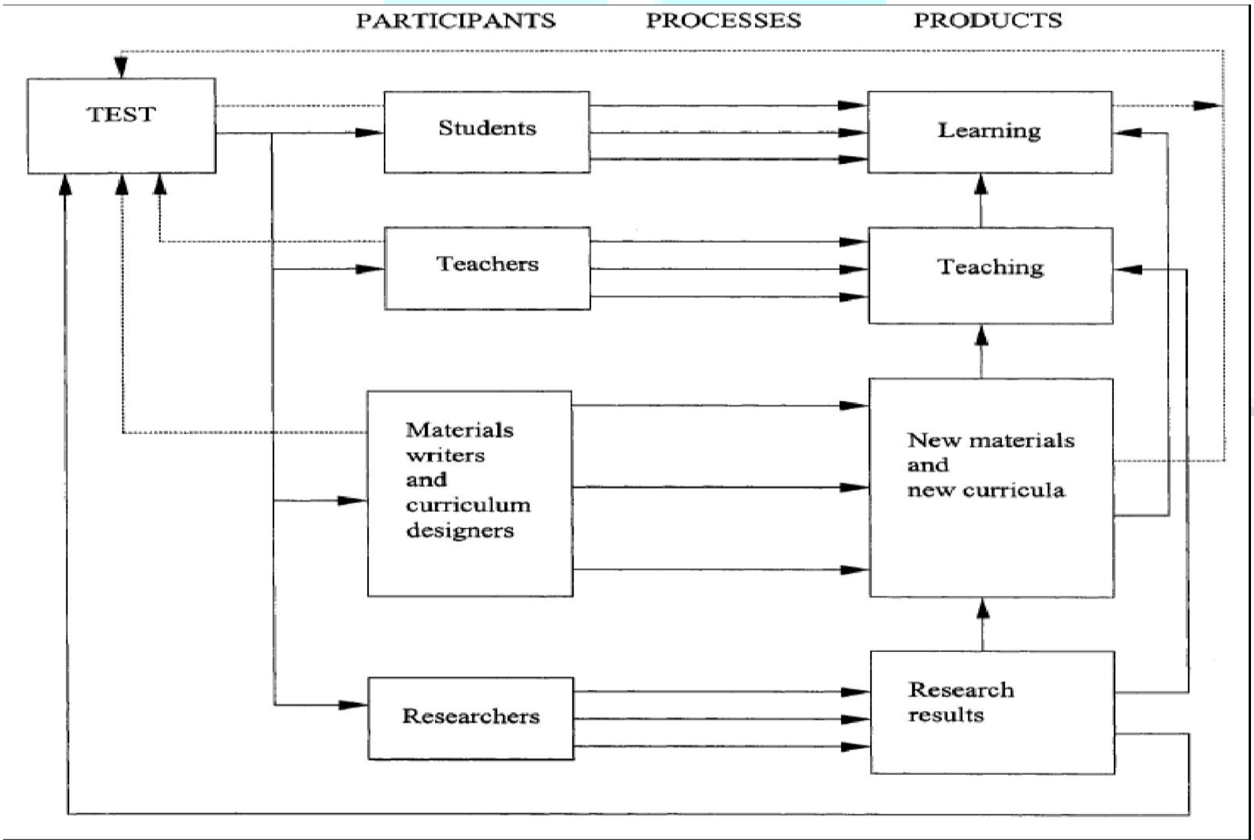
Thus, stemming from the studies mentioned above, it could be construed that, the mere setting of examinations will not bring about significant changes in the education system. There are many aspects beyond the examination that have to be focused upon in order to effect change. Following up on the Sri Lanka study, Wall (1996) described diverse factors which might have prevented the examination from providing positive effects, such as teachers' lack of understanding of the examination, resistance to change and examination content. She also refers to other factors such as gap between test designers and teachers, and lack of

well trained teachers. Similarly, to overcome hindrances to positive washback, many English Language Teaching (ELT) specialists recommend that examination systems be improved by ensuring congruity between curriculum objectives and exams, authenticity of tasks, detailed score reporting, teachers and students' increased understanding of the assessment criteria, and learner self-assessment (Bailey, 1996; Eisemon, 1990; Hughes, 1989; Messick, 1996; Shohamy, 1992). Other authors refer to meaningfulness of feedback (Bachman and Palmer, 1996; Black and Wiliam, 1998; Kulik and Kulik, 1991) and variety of test formats and tasks as powerful means for teaching and learning improvements (Kellaghan and Greany, 1992 in Wall, 1996; Messick, 1996).
The important role of classroom assessment in learning is highlighted by Glaser and Silver (1994, p. 26) when they state that 'as assessment and instruction are more closely linked, achievement measurement will be integral to learning rather than imposed by some external examination on students' fates.'
According to Boud (1995), assessment methods and requirements probably have a greater influence on how and what students' learn than any other single factor. As Gibbs and Habeshaw (1989) pointed out, course objectives and assessment should be aligned for greater learning. They further argued that, assessment methods, questions, and task should not be arbitrary. The outlook / perception of assessment is different for students and teachers, the reason being that teachers consider assessment as the end of the teaching and students commence their learning with assessment in mind.

SOME IMPORTANT WASHBACK STUDIES
Alderson and Wall (1993) in their pioneering study based on extensive work done in Sri Lanka on washback, posed the question "Does washback exist?" and in the quest to finding answers to this question, they posed some possible washback hypotheses, which are given below:
1. A test will influence teaching.
2. A test will influence learning.
3. A test will influence what teachers teach.
4. A test will influence how teachers teach.
5. A test will influence what learners learn.
6. A test will influence how learners learn.
7. A test will influence the rate and sequence of teaching
8. A test will influence the rate and sequence of learning.
9. A test will influence the degree and depth of teaching.
10. A test will influence the degree and depth of learning.
11. A test will influence the attitudes to the content and method etc, of teaching and learning.
12. Tests that have important consequences will have washback on teachers and learners.
13. Tests that do not have important consequences will have no washback.
14. Tests will have washback for all learners and teachers.
15. Tests will have washback effects for some learners and some teachers, but not for others.

Bailey (1996) refers to the model put forward by Hughes (1993) wherein the mechanisms that turn the wheel of washback are focused upon. Accordingly Figure 1 highlights the participation of key stakeholders, where Hughes is of the view that a test will impact the participants, the process and the product involved in both teaching and learning. According to Hughes, the overall category of 'participants' includes teachers, students, administrators, developers of course material and publishers. Hughes is of the opinion that the perceptions of these 'participants' could vary because of a test. Additionally, Hughes defines 'process' as being 'any action taken by the participants which may contribute to the process of learning.' Some examples of items that could be categorized under the title of 'process' include designing the syllabus, improvement of materials, incorporating changes into the teaching methodology and implementing strategies for test-taking. The final category that Hughes focuses on is the 'product' which includes what is learnt and the quality of that learning. As Hughes emphasizes, "The nature of a test may first affect the perceptions and attitudes of the participants towards their teaching and learning tasks. These perceptions and attitudes in turn may affect what the participants do in carrying out their work (process), including practicing the kind of items that are to be found in the test, which will affect the learning outcomes, the product of that work (Hughes, 1993, p.2 cited in Bailey, 1996, p.262).

FIGURE 1 : A BASIC MODEL OF WASHBACK



Source: reprinted from Bailey 1996, p. 264

In another study Cheng (1997) examined the Hong Kong Certificate of Education Examination (HKCEE) where research was done on secondary school exams in Hong Kong. In this study, Cheng refers to 'washback' as 'an active direction and function of intended curriculum change by means of the change of public examinations" (ibid., p. 38).

A study done by Pearson (1988) highlighted the fact that there was a deliberate use of a revised national exam in Sri Lanka to bring about curricular change. According to Pearson, "There is an explicit intention to use tests, including public examinations, as levers which will persuade teachers and learners to pay serious attention to communicative skills and to teaching-learning activities that are more likely to be helpful in the development of such skills (ibid., p. 106). According to Pearson, using "tests as a deliberate backwash-generating device has its limitations." (ibid) Thus it is amply evident that the washback effect is the impact that a test has on teaching and learning.

THE IMPACT OF WASHBACK IN THE ENGLISH LANGUAGE TEACHING (ELT) CLASSROOM

Buck (1988) defines washback as being the influence that a test has on a classroom, where the washback effect can either be beneficial (or positive) or harmful (or negative) It is thus an understood fact that, especially in the classroom where the learner is a non-native speaker of the English language, the impact that the concept of washback has on various aspects is important if one were to promote positive washback and minimize the negative effects of washback. Many facets related to classroom teaching such as the curriculum, the lesson materials used in teaching, the teaching methodology adopted, the attitudes of both teachers and learners, and the learning that takes place can be affected by washback.

THE IMPACT OF WASHBACK ON TEACHING

Many are the studies that have been done on washback, which focus on what happens in the ELT classroom. The outcome of these studies has highlighted a plethora of findings. Alderson and Hamp-Lyons (1996) and Watanabe (1996) discovered that, although not all teachers reacted the same way to the same test, a test influenced the content that teachers used in their teaching and the methodology they adopted. Watanabe (2004) and Burrows (2004) found that in most cases, tests exerted a lot of pressure on teachers. The findings of Shohamy (1993) and Shohamy *et al* (1996) revealed that, whereas teachers who were experienced taught with the test in mind, novice teachers focused on activities to teach oral English. This finding was endorsed by Lam (1994, p.91)) who concluded that whilst novice teachers tended to be less exam oriented, their experienced counterparts were more exam oriented. Another significant finding was that teaching content was dependent on the test but that the methodology adopted by teachers in their instructions did not necessarily change according to the test (Cheng, 2004, Wall and Alderson, 1993). Qi (2005) discovered that language teachers were not able to bring about positive changes in their teaching which entailed using a more communicative approach (which was the intention of the test developers) in their English language teaching, due to their beliefs and attitudes regarding the goals of their teaching, and therefore they were unsure about what changes to adopt. This prompted Cheng (2004) to conclude that English language teachers are unable to change their existing teaching methodologies due to the fact that they are inadequately trained and that their professional background acts as an impediment. However, many researchers (Wall and Alderson, 1993; Watanabe, 1996; Cheng, 1997; Burrows, 2001; Watanabe, 2004) have concluded that tests do have an influence on the content and teaching activities adopted in the English language classroom. They further added that the educational backgrounds and beliefs of English language teachers played an influential role in the instruction methodology adopted by these teachers.

THE IMPACT OF WASHBACK ON LEARNING

Although numerous studies have been done on the relationship between washback and English language teaching, relatively fewer studies have been done on the relationship between washback and learning in the sphere of English language. The findings of Watanabe (2004) endorse this fact: "….relatively well explored is the area of washback to the programme, while less emphasis has been given to learners…" (p. 22). Whilst the findings of Shohamy *et al* (1996) reveal that tests promote learning, Cheng (1998) concluded that although tests motivated students to learn, their learning strategies did not vary according to the test. A similar finding was recorded by Bright and Randow (2004) in their study which centred around the Diagnostic English Language Needs Analysis, an English needs assessment. They discovered that students who had a low proficiency were not willing to find ways of improving their language proficiency due time constraints, excessive workload and stress, even though they were aware that a better English language proficiency would assist them in their academic progress. In another study done by Stoneman (2006), the findings revealed that students were motivated to spend more time in preparing for high stakes tests such as the International English Language Testing System (IELTS) rather than on low stakes tests such as the Graduating Students Language Proficiency Assessment (GSLAP). Stoneman was also of the view that researches needed to investigate the changes in students' learning styles, learning strategies and motivations in order to have a better understanding of the degree of washback that takes place in the English language classroom. In their pioneering study on washback, Wall and Alderson (1993) reiterated the fact that more research was needed to find out the extent to which a test affects the performance and motivation of students.

THE IMPACT OF WASHBACK ON THE CURRICULUM

Many researchers have come up with findings in relation to the effect that washback has on the curriculum. According to Alderson and Wall (1993: 126-127), consequent on their study conducted in Sri Lanka, they concluded that 'the examination has had a demonstrable effect on the content of language lessons,' whereby the curriculum was narrowed down to the areas which were expected to be tested. This is a similar finding to that of Lam (1994) who stated that according to the findings obtained by him, teachers placed more importance on the areas which carried more marks at the examination. In the findings of his study Cheng (1997) discovered that consequent on the revised examination being introduced, teachers focused on the areas that were included in the revised examination (for example, the revised examination focused on discussion activities and role plays). However, the findings of the study done by Watanabe (1996) revealed that, although the examination included writing and listening skills, the teachers did not focus on these particular skills. The findings of the study done by Alderson and Hamp Lyons (1996) revealed that some institutions gave more time to TOEFL (Teaching of English as a Foreign Language) classes whilst others did not. They also discovered that there were more students in the examination classes when compared with the 'regular' classes. These findings indicate that washback on the curriculum operates in different ways, depending on the situation.

THE IMPACT OF WASHBACK ON MATERIALS

In the case of high stakes tests, the materials referred to are textbooks related to the examination and the past papers. Most of the studies done in this area indicated that teachers are aware of the materials necessary for the exam. As such if a revised edition of a textbook is printed, or, a new textbook is printed based on the revised exam, teachers will undoubtedly use this material for their teaching. This was seen in the findings of a study done in New Zealand by Read and Hayes (2003). Cheng (1997: 50) also discovered this trend in a study done in Hong Kong. However Shohamy *et al* (1996: 309) discovered that in a in a low stakes exam for Arabic no special course material had been published since 1993 (1996: 304). Lam (1994) discovered that teachers relied heavily on text books and past papers; Andrews *et al* (1995) endorsed this in his findings where teachers spent almost two thirds of the classroom time on exam-related materials. In a study done on IELTS in New Zealand, Read and Hayes (2003) also discovered the fact that exam preparation materials were used almost 90% of the time. Having done in-depth research in their study, Alderson and Hamp Lyons were of the view that, irrespective of their teaching experience, teachers relied heavily on exam related materials when teaching for a particular exam and that this was mainly due to the fact that teachers had a negative attitude towards the exam which in turn dissuaded them from creating their own lesson material. However, in the findings of Watanabe (2000: 44) teachers "tried to innovate during exam preparation classes…. using a variety of self-made materials.'

Lumley and Stoneman (2000) conducted a study on the reaction of teachers and students to a new learning package for a test that was newly introduced at tertiary level in Hong Kong. According to their findings:

"There seems to be something of a mismatch between the attitudes of the teachers towards the contents of the Learning Package, and those of the students. The teachers clearly saw the potential of the materials as a teaching package, containing relevant and worthwhile teaching activities including but extending beyond test preparation. The students, on the other hand, were, above all, concerned with familiarizing themselves with the format of the test, and seemed to be relatively little concerned with the learning strategies proposed, and the broader suggestions for improving performance….. In general they demonstrated relatively little interest in the idea of using test preparation as an opportunity for language learning."

(Lumley and Stoneman, 2000: 75)

In the Alderson and Hamp Lyons study (1996: 285), the findings revealed that the teachers were of the view that, it was the students who decided on the methodology to improve their English for the TOEFL exam. Some students insisted that they do practice tests which were similar to TOEFL-like items. But students who came from the Far East and Latin America preferred to prepare for the TOEFL exam by interacting with their American friends, engaging in activities such as reading and going to the movies and 'using English outside the classroom.' This could be due to the fact that these students were based in the United States and felt the need to improve their spoken English which was a communicative tool for them. Thus it can be said that the washback on teaching materials will differ according to teachers and students and their diverse learning contexts.

CONCLUSION

English communication skills are a vital factor in determining the level of success that one enjoys in the global economy and community. However, in the case of undergraduates, the ability to communicate in English is crucial to survive in society, to obtain a suitable job and to pursue higher studies. Thus guiding students towards skills that will bring long term benefits to ELT students is of utmost importance. It is in backdrop that washback plays a crucial role. Within the ambit of low stakes testing which encompasses the concept of assessments, the tendency in the classroom setting is to test what is taught. Flinders (2005) opines that "What is tested now determines what is taught." An oral English classroom assessment can have an impact both at macro level (where the educational system and society are impacted), and at micro level (where students and teachers are affected). However, it is the cumulative effect of micro level impact that will have a bearing at macro level and thus it is important to focus on the factors that impact the micro level components.

Based on the washback studies, it is not possible to assume that the consequences of teaching and learning do not reflect the invalidity or validity of a test. It is therefore vital that empirical studies on the concept of washback in the English language classroom at undergraduate level be done to ascertain the causes and the very nature of washback. Thus it could be said that the concept of washback is a multifaceted occurrence. Cheng and Curtis (2004, p. 16) endorse this when they say that

"The relationship between testing and teaching and learning does appear to be far more complicated and to involve much more than just the design of a 'good' assessment. There is more underlying interplay and intertwining of influences within each specific educational context where the assessment takes place."

Thus it could be said that the fact that a test exists does not mean that this test is capable of bringing about either a positive or a negative washback. There are numerous other factors within the educational context that can influence what takes place in the language classroom and before analyzing a test, it is important that these factors be analysed. With special reference to the English language classroom, merely changing a test or assessment would not seem suitable in order to bring about changes in teaching and learning. In order to bring about a positive washback to both teachers' teaching and students' learning, it may be crucial to scrutinize the educational system as a whole. For example, a balanced assessment system with emphasis on a formative assessment system in addition to the high-stakes tests may be beneficial in preparing the learners and teachers to veer towards a positive washback in the English language classroom. Hence it is recommended that future studies be done to ascertain the test impacts of classroom based assessments where the concept of washback will be further explored.

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A CRITICAL ANALYSIS OF SUSPENSE ACCOUNT: A CASE STUDY OF STATE INSURANCE AND GENERAL PROVIDENT FUND DEPARTMENT, RAJASTHAN

DR. L. N. ARYA
LECTURER
DEPARTMENT OF COMMERCE
GOVERNMENT LOHIA P.G. COLLEGE
CHURU

SANJAY KUMAR SONI
RESEARCH SCHOLAR
GOVERNMENT LOHIA P.G. COLLEGE
CHURU

ABSTRACT

The Suspense Account is an important account from the point of view of financial accounting for SI & GPF department. The uncertain and unrecognised amount which could not be credited to any particular or specific person's account is transferred to Suspense Account. The amount received to the department as State Insurance Premium, General Provident Fund or Contributory Provident Fund Contribution, General Insurance Scheme Premium or other deductions from state employees' salary which is not clearly mentioned and directed to any specific account, is transferred to Suspense Account. The balance of Suspense Account is always credit balance. The reasons responsible for transferring the amount to Suspense Account i.e. G.P.F. A/c No. and State Insurance Policy No. wrongly mentioned in salary bills, wrong account/policy number mentioned in salary bills, due to transfer or deputation of state employees, unavailability of schedules/deduction forms, not receiving chalan or cheque of deductions of Panchayat Raj employees, misclassification of government amount in wrong budget-head, etc. The inspection and appropriate proceeding of reconciliation is made by the department regarding the amount transferred to Suspense Account on receiving the complaint of concerning employee for not depositing the deduction amount in particular account of employee, the amount is adjusted in proper account of employee by the department. Due to this rectification process of the department state employees face lots of problems at the time of getting retirement benefits, loan and other facilities in time and besides this the Suspense Account indicates inefficiency in working performance of the SI & GPF department and its employees. It causes various kinds of organisational, operational and administrative problems to the department. The problems are raised to the department regarding complaint release process and performance appraisal due to Suspense Account Balance. The A.T.M.-77 Performa is used to mention the amount in Suspense Account of the department. The A.T.M.-78 Performa is used to mention the adjustments made in balance of Suspense Account of the department. ATM stands for Adjustment of Total Original Differences of Previous Month. The state Government can utilize the suspense amount in infrastructure development plans and other welfare schemes.

KEYWORDS

suspense account, state insurance, provident fund department.

ORGANISATION OF STATE INSURANCE & GENERAL PROVIDENT FUND DEPARTMENT, RAJASTHAN

The State Insurance and General Provident Fund Department is performing under Department of Finance, Rajasthan State Government. Department of Finance deals with all matters related to Finances in the State which includes recruitment, appointment and promotions of Rajasthan Accounts Service, Rajasthan Excise Service (except transfers of Asstt. Excise Officers), Rajasthan Commercial Taxes Service (except transfers of Asstt. Commercial Taxes Officers), Rajasthan State Insurance Service, Appeals under City Compensatory Allowance Rules for Subordinate Accounts Service / Subordinate Provident Fund / State Insurance Service. Department of Finance acts as a guide to various departments in matters such as General Finance & Accounts Rules and Finance Rules. Department of Finance is responsible for Framing of Rules, amendments in keeping with the changing times to bring about efficient Finance administration. Department of Finance is headed by Additional Chief Secretary (Finance) to the state Government who is supported by two Secretaries, one Special Secretary, one Director, seventeen Officer on Special Duty/Deputy Secretaries, various Sr. Account Officers, Account Officers, Asstt. Account Officer, Ministerial staff and other services staff.

The SI & GPF Department is headed by Commissioner/Director with Additional Director (Provident Fund & NPS), Additional Director (Insurance & Systems) & Additional Director (GIS & Mediclaim) at Head Quarters (Beema Bhawan, Jaipur) & General Insurance Wing (Vitta Bhawan, Jaipur) to monitor & execute different schemes of the Department. Personnel & General Administration is headed by Additional Director (Administration). Accounts & Budget is look after by Chief Accounts Officer. There are six Joint Directors, eight Deputy Directors & six Assistant Directors to assist the Additional Directors. One Analyst Cum Programmer, Asstt. Law Representative & Account Officer and three Asstt. Account Officers are also assisting in managing the schemes.

The State Insurance & General Provident Fund Department maintains the State Insurance, Provident Fund viz., GPF & CPF and New Pension Scheme accounts of more than 6 lakh State Government Employees. The SI & GPF Department is also responsible for maintenance of various schemes under General Insurance Schemes. The department contributes in financial resources of state Government by increasing savings in the form of state insurance premium and provident fund contribution from employee's salary. The execution and maintenance of schemes and activities are managed by Unit offices at District Head offices. District offices are headed by Deputy Director or Assistant Director. District offices are controlled by Divisional offices. Divisional Additional Director / Joint Director manages the task of monitoring and inspecting the Unit offices at District Head offices. The SI & GPF Department and Treasury Offices are the Sister departments.

RESEARCH METHODOLOGY

To conduct this research study the researchers have mostly made use of the secondary data, the main source being the Annual Administrative Reports (of different years) of the department, which is supplemented by primary data.

POSITION OF SUSPENSE ACCOUNT OF THE DEPARTMENT

The Position of Balance of Suspense Account of the SI & GPF Department in various years is as follows:-

TABLE 1

S. No.	Years	Suspense Amount (in Rs.)
1	1979-80	25840
2	1980-81	51501
3	1981-82	181724
4	1982-83	123535
5	1983-84	107967
6	1984-85	177595
7	1985-86	500693
8	1986-87	3412868
9	1987-88	7251398
10	1988-89	11207677
11	1989-90	25546965
12	1990-91	40930195
13	1991-92	50080279
14	1992-93	40313804
15	1993-94	56021049
16	1994-95	67542433
17	1995-96	75041371
18	1996-97	53327400
19	1997-98	56579663
20	1998-99	65561852
21	1999-2000	73277927
22	2000-01	55731692
23	2001-02	50703326
24	2002-03	52203277
25	2003-04	51477038
26	2004-05	48251869
27	2005-06	41080465
28	2006-07	35361834
29	2007-08	33070064
30	2008-09	27976758.31
31	2009-10	24791438.31

Source : Office of the Commissioner, SI & PF Department, Rajasthan, Jaipur.

The yearly position of suspense account of SI & GPF department reveals the astonishing facts. The highest amount of suspense account is in the year of 1995-96 and 1999-2000, It is amazing. The employees of SI & GPF department and DDOs of districts are not accurate and efficient enough in regards to maintain suspense account. As the number of employees increases the mistakes in salary bills increases which results in increasing suspense amount. In other words we can say that DDOs are not performing their duties well. It means the number and efficiency of employees is not a cause of creation of suspense amount. It can be said that the employees of SI and GPF department are efficient enough. The DDOs of various departments are at fault. It establishes the fact that suspense account is due to negligence of DDOs not the employees of SI and GPF department.

District-wise Position of Suspense Account of the Department:- The district-wise position of balance of Suspense Account of the SI & GPF department in various years is as follows:-

TABLE 2

S. No.	Districts	Suspense Amount 2000-01	Suspense Amount 2008-09	Suspense Amount 2009-10
1	Jaipur City	0.00	5656825.34	5656825.34
2	Jaipur Rural	190708.00	3062876.00	0.00
3	Jaipur Secretariat	325064.00	9222755.00	9222755.00
4	Jaipur P.P.O.	0.00	8989.00	8989.00
5	Jhunjhunu	0.00	0.00	0.00
6	Sikar	0.00	83576.00	83576.00
7	Alwar	199950.00	115511.00	115511.00
8	Dausa	0.00	3730.00	3730.00
9	Bharatpur	0.00	802872.00	802872.00
10	Dholpur	0.00	1004491.66	1004491.66
11	Karouli	0.00	123082.00	123082.00
12	S. Madhopur	0.00	0.00	0.00
13	Jodhpur City	6325.00	378383.18	378383.18
14	Jodhpur Rural	3600.00	129945.00	129945.00
15	Barmer	1972.00	37632.00	37632.00
16	Jaisalmer	0.00	1032973.00	1032973.00
17	Jalore	0.00	3240.60	3240.60
18	Pali	0.00	2033641.30	2033641.30
19	Sirohi	21365.00	329928.00	329928.00
20	Ajmer	0.00	318523.00	318523.00
21	Beawer	0.00	0.00	0.00
22	Tonk	3938.00	480323.00	480323.00
23	Bhilwara	0.00	12731.00	12731.00
24	Nagour	0.00	0.00	0.00
25	Bikaner	0.00	212475.00	90651.00
26	Churu	3259.00	178482.00	178482.00
27	Sri Ganganagar	294893.00	1264413.00	1264413.00
28	Hanumangarh	0.00	21338.00	21338.00
29	Kota	0.00	740430.87	740430.87
30	Baran	98293.00	246811.00	246811.00
31	Bundi	0.00	0.00	0.00
32	Jhalawar	0.00	355.00	355.00
33	Udaipur	80376.00	48651.00	48651.00
34	Chittorgarh	0.00	33966.00	33346.00
35	Banswara	0.00	0.00	0.00
36	Rajsamand	0.00	26049.00	26049.00
37	Dungarpur	0.00	0.00	0.00
38	Pratapgarh	0.00	0.00	0.00
39	Head Office	0.00	361759.36	361759.36
	Total	**1229743.00**	**27976758.31**	**24791438.31**

Source: Office of the Commissioner, SI & PF Department, Rajasthan, Jaipur.

The district-wise position of suspense account of SI & GPF department reveals the astonishing facts. The highest amount of suspense account is in Jaipur Secretariat, It is amazing. Some districts are very efficient in regards to suspense account, such as Jhunjhunu, S. Madhopur, Beawer, Nagaur, Bundi, Dungarpur and Pratapgarh. The suspense amount is Nil in all above districts in 2000-01, 2008-09 and 2009-10. The employees of SI & GPF department and DDOs of these districts are very accurate and efficient.

CORRELATION BETWEEN SUSPENSE AMOUNT AND STRENGTH OF RAJASTHAN STATE GOVERNMENT EMPLOYEES

TABLE 3

Years	Suspense Amount (in Crore Rs.) **(x)**	Rajasthan State Govt. Employees (in Lacs) **(y)**
2000-01	5.57	6.54
2001-02	5.07	6.50
2002-03	5.22	6.46
2003-04	5.15	6.31
2004-05	4.83	6.37
2005-06	4.11	6.49
2006-07	3.54	5.97
2007-08	3.31	5.69
2008-09	2.80	5.52
2009-10	2.48	5.14

Source : Commissioner, SI & PF Department, Rajasthan, Jaipur.

The above table reveals that the coefficient of correlation 0.69 is greater than 0.3. That's why there is a high degree of positive correlation between the suspense amount and the number of employees of Rajasthan state Government. It means that the suspense amount is highly affected by the increase or decrease in the number of employees of Rajasthan state Government. On the other hand, the probable error may also be calculated to judge the significance of coefficient of correlation. Here, P.E. is 0.11 and six times of P.E. 0.66 is less than coefficient of correlation 0.69. It means that the two variables have significant correlation and both are dependent on each other. Again here six times of P.E. comes to 0.66. Here, coefficient of correlation is 0.69 > 0.66 six times of P.E. that means there is significant correlation between the suspense amount and the number of employees of Rajasthan state Government. It means greater the number of employees, greater the suspense amount. It shows the poor efficiency of Drawing and Disbursing officers. As the number of employees increases the mistakes in salary bills increases which results in increasing suspense amount. In other words we can say that DDOs are not performing their duties well.

CORRELATION BETWEEN SUSPENSE AMOUNT AND STRENGTH OF EMPLOYEES OF S.I. & G.P.F. DEPARTMENT

TABLE 4

Years	Suspense Amount (in Crore Rs.) **(x)**	Employees of S.I. & G.P.F. Department **(y)**
2000-01	5.57	2067
2001-02	5.07	2074
2002-03	5.22	2015
2003-04	5.15	1962
2004-05	4.83	1963
2005-06	4.11	1961
2006-07	3.54	1962
2007-08	3.31	1938
2008-09	2.80	1880
2009-10	2.48	1843

Source : Commissioner, SI & PF Department, Rajasthan, Jaipur.

The above table reveals that the coefficient of correlation 0.47 is greater than 0.3. That's why there is a moderate degree of positive correlation between the suspense amount and the number of employees of S.I. & G.P.F. department. It means that the suspense amount is not highly affected by the increase or decrease in the number of employees of S.I. & G.P.F. department. On the other hand, the probable error may also be calculated to judge the significance of coefficient of correlation. Here, P.E. is 0.17 and six times of P.E. 1.02 is greater than coefficient of correlation 0.47. It means that the two variables do not have significant correlation and both are not dependent on each other. Again here six times of P.E. comes to 1.02. Here, coefficient of correlation is 0.47 < 1.02 six times of P.E. that means there is no significant correlation between the suspense amount and the number of employees of S.I. & G.P.F. department. It means the number and efficiency of employees is not a cause of creation of suspense amount. It can be said that the employees of SI and GPF department are efficient enough. The DDOs of various departments are at fault. It establishes the fact that suspense account is due to negligence of DDOs not the employees of SI and GPF department.

WHY SUSPENSE ACCOUNT IS CREATED?

The government amount deposited in other budget head item in place of proper budget head or proper individual account of state employee due to some unjustifiable reasons, is Suspense amount. This amount is credited to Suspense Account. The creation of Suspense Account is not desirable. It means the negligence of DDOs. The balance of Suspense Account raises so many questions such as :-

- Are the state Govt. departments efficient enough ?
- Are the employees of SI & GPF department not efficient ?
- Why the GPF A/c No. or State Insurance Policy No. are mentioned wrong on salary bills ?
- Are the DDOs not performing their duties well ?
- Is the SI & GPF department not efficient enough to find out who owns the amount going to Suspense Account ?

REASONS RESPONSIBLE FOR SUSPENSE ACCOUNT

So many reasons are responsible for the credit balance of the Suspense Account such as :-

- The deduction amount is deposited in other budget head in place of proper budget head at the time of making posting of amount by Treasury office due to human error. This kind of misclassification of amount in sub-heads is responsible for creating Suspense.
- On mentioning wrong G.P.F. account number or state insurance policy number on salary bills while depositing in Treasury office for sanction, withdrawing amount from Bank and disbursing salary to state employees in time by DDOs. This kind of Individual Suspense amount balance is mentioned in Suspense Head-8658 of state Government.
- The manual accounting system of entering data regarding deductions of State Insurance and G.P.F. of state employees is responsible for creating Suspense. The unavailability of on-line record of data in lack of complete computerization of the department under e-Governance scheme of state Government is a reason responsible for creating Suspense.
- On not receiving the description of deductions or deduction forms are misplaced due to transiting from Bank to Treasury office and not found by making full efforts and proceeding by the District office of the department. This kind of missing entry is responsible for creating Suspense and it is mentioned in Performa G.A.-55.
- On debiting or crediting the amount of relevant item in other budget head item due to human error due to having excess work-load on the employee of SI & GPF Department seated at Treasury office.
- Due to wrong classification of amount in various budget head items, mainly of two kinds i.e. credited the amount in other item related to S.I. & G.P.F. or credited the amount in S.I. & G.P.F. related to other item.
- The Self-Treasury system is also responsible for creating Suspense. This kind of system is applied on the work-charge employees of Panchayat Samities and state employees on deputation in various Projects of state Government. The primary education in rural-blocks is under-authority of concerning Block Development Officer of Panchayat Samiti by order of Education Department, Govt. of Rajasthan. The concerning B.D.O. disburses the salary to the teachers and other staff of Govt. primary schools from P.D. A/c. The B.D.O. prepares the statement regarding details of State Insurance and G.P.F. deductions and deposits in the Bank along with chalan for withdrawing amount. This kind of detail along with payment chalan, S.I. policy number and G.P.F. account number is not sent to SI & GPF department by B.D.O. consequently the Suspense is created.
- In case of transfer/deputation of state employee the name of concerning transferred employee is struck-off from the schedule and the name of new employee should be added in the schedule. The compliance of practical aspect of this thing is not made. So the Suspense is created.

PREVENTIONS AGAINST SUSPENSE ACCOUNT

Though the SI & GPF department is aware enough yet the Suspense Account is created. The following preventions can be made to make the balance of suspense account Nil :

- The schedules/deduction forms of State Insurance and G.P.F. should be printed with correct policy and account number regarding every employee of concerning office. The system of cross-checking should be adopted by the Drawings and Disbursing Officers.
- In case of transfer/deputation of state employee the name of concerning transferred employee is struck-off from the schedule and the name of new employee should be added in the schedule.

- The DDOs should mention the correct policy and account number in salary bills and deduction forms of state employees while making salary bills and depositing in Treasury Office for sanction and it should be properly checked by DDOs, concerning clerks and supervisors with original record. The compliance of practical aspect of this thing is essential for removal of Suspense.
- The employees should be careful and aware about the deductions made from their salary in respective S.I. and G.P.F. saving accounts and the correct policy and account number is mentioned in deduction forms and salary bills. The policy and account number should be tallied with office copy of salary bills before sending to Treasury office for sanction and T.V. No. and date of payment should also be checked.
- The employees should maintain their own record regarding deductions made in Service-book, State Insurance Record-book and G.P.F. Pass-book and it should be properly checked from time to time by concerning DDOs, supervisors and the employee himself.
- The consolidated report of covering lists, debit lists and deduction forms should timely be dispatched to Head office through Divisional offices by collecting all these data from District/Unit offices of the department.
- The excess work-load of Treasury officer and the employee of SI & GPF Department sits in Treasury office should be reduced by creating another post by state Government.
- The B.D.O. should send the detail to the SI & GPF department regarding Panchayat Raj employees.
- The manual accounting work of the department should be fully replaced by computerised accounting system of data transfer under e-governance scheme of the department. The complete computerisation of the department should be made by making the records on-line. The data should be uploaded to the centralised web-site of the department by district offices of the department under observation of district level officers of the department Deputy/Assistant Director.

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GENDER INEQUALITIES IN EDUCATION IN INDIA: ISSUES AND CHALLENGES

MOHD WASEEM
JUNIOR RESEARCH FELLOW
DEPARTMENT OF ECONOMICS
ALIGARH MUSLIM UNIVERSITY
ALIGARH

ABSTRACT

In economic literature, education is considered as an important instrument to reduce poverty, generate employment and speed up the process of economic growth and development of a country. Education is said to have a strong correlation with social and economic development of country. It reduces poverty and social injustice and brings about equality by providing resources and opportunities to underprivileged section of the society for upward social mobilization and social inclusion. In India, even after six decades of Independence, the dream of universal schooling to all has remained elusive. The problem seems even worse in higher education. There are large disparities in education among all socio economic groups and across gender and region. Not only the expansion of literacy and education is too slow, halting and even geographically limited, its provision itself remains highly differentiated in both quantitative and qualitative terms. There are huge disparities in access to both schooling and higher education across regions, economic and social groups, as well as by gender. These disparities have significant implications on economic well-being, social inclusion of the masses and over all development of the economy. The present paper examines the issues and challenges related to gender inequalities in Indian education system.

KEYWORDS
Disparities, Discrimination, Education, Gender.

INTRODUCTION
In economic literature, education is considered as an important instrument to reduce poverty, generate employment and speed up the process of economic growth and development of a country. Education is said to have a strong correlation with social and economic development of country. It reduces poverty and social injustice and brings about equality by providing resources and opportunities to underprivileged section of the society for upward social mobilization and social inclusion.

Inclusive Growth has remained on the development agenda of India especially since 11th Five Year Plan for the simple reason that illiteracy and other factors of socio-economic deprivations have resulted in the perpetuation of disparities in social and economic development of the people. Inclusive growth requires equitable opportunities for economic participants during the process of economic growth with benefits received by every section of the society particularly by weaken section. Deprivation of education among others is a factor which results in exclusion of certain population groups and regions from participation in the growth process. Indian planners felt the need of reducing all types of disparities to the minimum possible level in the shortest possible time frame.

But, even after six decades of Independence, the dream of universal schooling to all has remained elusive. The problem seems even worse in higher education. There are large disparities in education among all socio-economic groups and across gender and region. Not only the expansion of literacy and education is too slow, halting and even geographically limited, its provision itself remains highly differentiated in both quantitative and qualitative terms. There are huge disparities in access to both schooling and higher education across regions, economic and social groups, as well as by gender. These disparities have significant implications on economic well-being, social inclusion of the masses and over all development of the economy.

GENDER INEQUALITY
Gender is determined socially; it is the societal meaning assigned to male and female. Each society emphasizes particular roles that each sex should play, although there is wide latitude in acceptable behaviors for each gender (Hesse-Biber and Carger 2000).

According to World Health Organization (2002), gender is used to describe those characteristics of women and men, which are socially constructed, while sex refers to those which are biologically determined. People are born female or male but learn to be girls and boys who grow into women and men. This learned behaviour makes up gender identity and determines gender roles.

Borgotta and Montgomery (200) define gender as the division of people into two categories, "men" and "women." Through interaction with caretakers, socialization in childhood, peer pressure in adolescence, and gendered work and family roles women and men are socially constructed to be different in behavior, attitudes, and emotions. The gendered social order is based on and maintains these differences.

On the other hand, inequality generally referred to as absence of equality; being unequal in amount, size, value or rank; lack of evenness, regularity or uniformity; lack of due proportion or uneven distribution of resources. (World Book 2002)

Gender inequality is therefore a situation of uneven distribution of income, lack of access to productive inputs, such as credit and education, lack of command over property or control over earned income as well as gender biases in labour market and social exclusion between men and women.(Ijaiya & Balogun, 2004).)

It also connotes a situation where women do not have the same rights and enlightenments as men to human, social, economic and cultural development and where women do not have equal voice in civil and political life. (Evans 2001)

GENDER INEQUALITIES IN EDUCATION IN INDIA
In India, the literacy rate has continuously been increasing. According to Census 2011, the literacy rate in India was about 74 percent as compared to about 65 percent in 2001 and 52 percent in 1991. The female literacy rate was 65 against the male literacy rate of 82. Though the male-female gap in literacy improved from 21.6 per cent in 2001 to around 17 per cent in 2011, it still remains large.

Table1 shows the state wise literacy rates of male and female and gender gap in literacy. Meghalaya (3.4) has the least literacy gap followed by Kerala (4) and Mizoram (4.3). On the other hand, this gap is alarmingly high in states like Rajasthan (27.8), Jharkhand (22.3), and Chhattisgarh (20.9)

TABLE1 : LITERACY RATES IN INDIA (Census 2011)				
State	**Literacy Rate (percent)**	**Male Literacy Rate (percent)**	**Female Literacy Rate (percent)**	**Gap**
Andaman & Nicobar Islands	86.3	90.1	81.8	8.3
Andhra Pradesh	67.7	75.6	59.7	15.9
Arunachal Pradesh	67.0	73.7	59.6	14.1
Assam	73.2	78.8	67.3	11.5
Bihar	63.8	73.5	53.3	20.2
Chandigarh	86.4	90.5	81.4	9.1
Chattisgarh	71.0	81.5	60.6	20.9
Dadra & Nagar Haveli	77.7	86.5	65.9	20.6
Daman & Diu	87.1	91.5	79.6	11.9
Delhi	86.3	91.0	80.9	10.1
Goa	87.4	92.8	81.8	11
Gujarat	79.3	87.2	70.7	16.5
Haryana	76.6	85.4	66.8	18.6
Himachal Pradesh	83.8	90.8	76.6	14.2
Jammu and Kashmir	68.7	78.3	58.0	20.3
Jharkhand	67.6	78.5	56.2	22.3
Karnataka	75.6	82.8	68.1	14.7
Kerala	93.9	96.0	92.0	4
Lakshadweep	92.3	96.1	88.2	7.9
Madhya Pradesh	70.6	80.5	60.0	20.5
Maharashtra	82.9	89.8	75.5	14.3
Manipur	79.8	86.5	73.2	13.3
Meghalaya	75.5	77.2	73.8	3.4
Mizoram	91.6	93.7	89.4	4.3
Nagaland	80.1	83.3	76.7	6.6
Orissa	73.5	82.4	64.4	18
Puducherry	86.5	92.1	81.2	10.9
Punjab	76.7	81.5	71.3	10.2
Rajasthan	67.1	80.5	52.7	27.8
Sikkim	82.2	87.3	76.4	10.9
Tamil Nadu	80.3	86.8	73.9	12.9
Tripura	87.8	92.2	83.1	9.1
Uttar Pradesh	69.7	79.2	59.3	19.9
Uttarakhand	79.6	88.3	70.7	17.6
West Bengal	77.1	82.7	71.2	11.5
INDIA	**74.04**	**82.14**	**65.46**	**16.68**

Source: Census 2011

Table 2 shows the literacy rates by sex for rural and urban areas. It is clear from the table that the female literacy rate is below male literacy rate for all the years be it urban or rural. The gap, however, is less wide in urban areas as compared to rural areas. This may be attributed to several factors like liberal attitude towards female education, better standard of living, higher aspiration level of young women etc. One disturbing fact evident from Table 2 is that over the period of time this gap in literacy didn't show a declining trend. In 1951, this gap was 18.30 and reached to alarmingly as high as 26.62 points in 1981. Though, in later years, this gap is declined but the progress is far from satisfactory. In 2011, this gap was 16.68 points. It means we were able to reduce this gap only by 1.62 points in a period of more than 60 years.

TABLE 2: LITERACY RATES BY SEX FOR RURAL AND URBAN AREAS IN INDIA
(1951, 1961, 1971, 1981, 1991, 2001, 2003 to 2007 and 2011)

Year	Male	Female	Persons	Gender Gap
1951				
Rural	19.02*	4.87*	12.10*	14.15
Urban	45.06*	22.33*	34.59*	22.73
Total	**27.16**	**8.86**	**18.33**	**18.30**
1961				
Rural	34.3	10.1	22.5	24.20
Urban	66	40.5	54.4	25.50
Total	**40.4**	**15.35**	**28.3**	**25.05**
1971				
Rural	48.6	15.5	27.9	33.10
Urban	69.8	48.8	60.2	21.00
Total	**45.96**	**21.97**	**34.45**	**23.99**
1981				
Rural	49.6	21.7	36	27.90
Urban	76.7	56.3	67.2	20.40
Total	**56.38**	**29.76**	**43.57**	**26.62**
1991				
Rural	57.87	30.62	44.69	27.25
Urban	81.09	64.05	73.1	17.04
Total	**64.13**	**39.29**	**52.21**	**24.84**
2001				
Rural	70.7	46.13	58.74	24.57
Urban	86.27	72.86	79.92	13.41
Total	**75.26**	**53.67**	**64.84**	**21.59**
2011#				
Rural	79	59	69	20
Urban	90	80	85	10
Total	-	-	-	

Note: Note : * : For 1951, the population male, female and persons refers to effective literacy rates and the break up of Rural, Urban and male-female components are crude literacy rates.
: In Percentage.

Source: Department of Secondary & Higher Education, Ministry of Human Resource Development, Govt. of India. & Ministry of Statistics & Programme Implementation, Govt. of India. (ON296)

GENDER INEQUALITIES BY LEVEL OF EDUCATION

Primary Education: This section we will analyzes the gender inequalities present in primary level of education.

TABLE 3: GROSS ENROLMENT RATIO/DROPOUT RATES IN SCHOOL EDUCATION IN INDIA
(2001-2002 to 2007-2008)

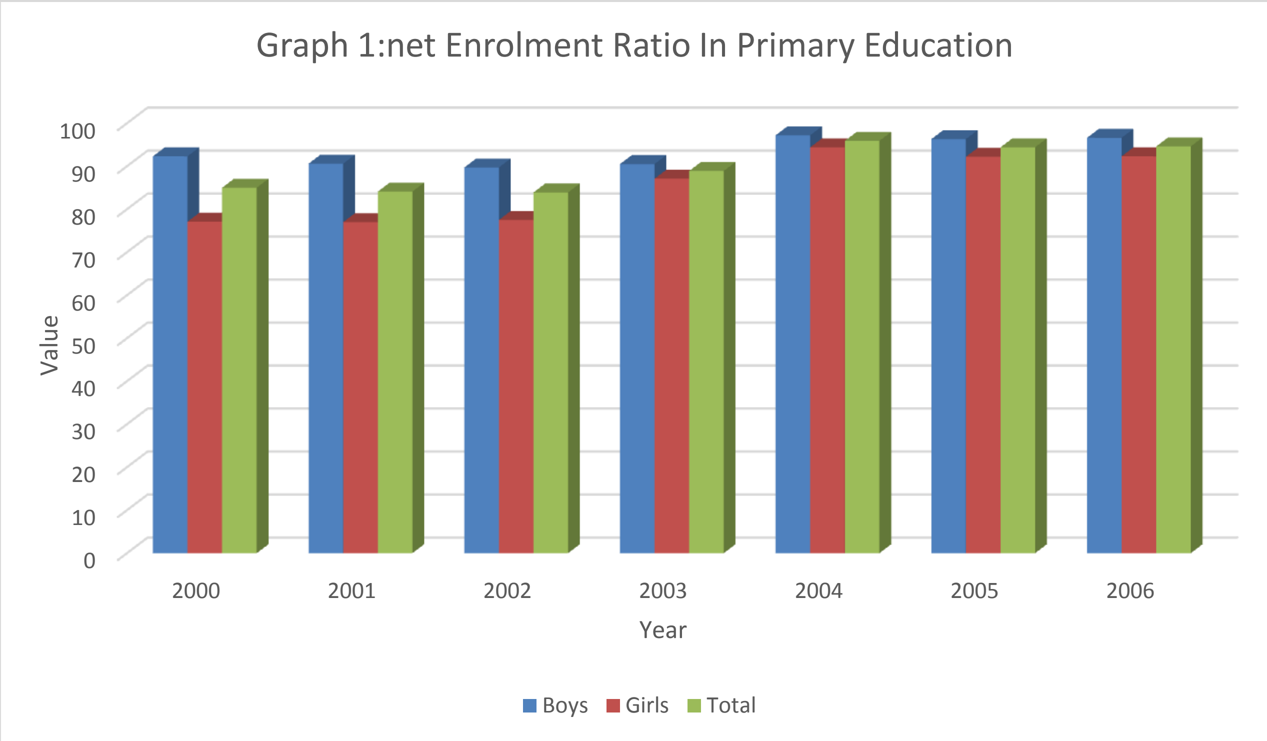
Classes	Boys	Girls	Total
2001-2002			
Gross Enrolment Ratio			
I-V	105.29	86.91	96.3
VI-VIII	67.77	52.09	60.2
Dropout Rates			
I-V	38.36	39.88	39.03
I-VIII	52.91	56.92	54.65
I-X	64.16	68.59	66.04
2002-2003			
Gross Enrolment Ratio			
I-V	97.53	93.07	95.39
VI-VIII	65.34	56.22	60.99
Dropout Rates			
I-V	35.85	33.72	34.89
I-VIII	52.28	53.45	52.79
I-X	60.72	64.97	62.58
2003-2004			
Gross Enrolment Ratio			
I-V	100.6	95.6	98.2
VI-VIII	66.8	57.6	62.4
Dropout Rates			
I-V	33.74	28.57	31.47
I-VIII	51.85	52.92	52.32
2004-2005			
Gross Enrolment Ratio			
I-V	110.7	104.7	107.8
VI-VIII	74.3	65.13	69.63
Dropout Rates			
I-V	31.81	25.42	29
I-VIII	50.49	51.28	50.84
I-X	60.41	63.88	61.92
2005-2006			
Gross Enrolment Ratio			
I-V	112.8	105.8	109.4
VI-VIII	75.2	66.4	71
Dropout Rates			
I-V	28.71	21.77	25.67
I-VIII	48.67	48.98	48.8
2006-2007			
Gross Enrolment Ratio			
I-V	114.4	107.8	111.2
VI-VIII	77.4	69.5	73.6
Dropout Rates			
I-V	24.41	26.56	25.43
I-VIII	46.58	45.33	46.03
2007-2008			
Gross Enrolment Ratio			
I-V	115.9	113.2	114.6
VI-VIII	80.6	74.1	77.5
Dropout Rates			
I-V	26.19	24.82	25.55
I-VIII	44.29	41.43	43.03

Source: Ministry of Human Resource Development, Govt. of India. & Planning Commission, Govt. of India

The total gross enrolment ratio was 96.3 at primary level and 60.2 at upper primary level in 2001-02. The gross enrolment ratio of boys was 105.29 at primary level and 67.77 at upper primary level. As against this, the gross enrolment ratio of girls was 86.91 at primary level and 52.09 at upper primary level for the same period. Since then, these ratios shows an increasing trend. In 2007-08, the total gross enrolment ratio was 114.6 at primary level and 77.5 at upper primary level. For boys this ratio was 115.9 at primary level and 80.6 at upper primary level. The same ratio for girls was 113.2 at primary level and 74.1 at upper primary level. (Look at the table 3)

The combined dropout ratio for boys and girls was 39.03 in 2001-02 at primary level. For boys and girls it was 38.36 and 39.88. At upper primary level the same ratios were 54.65, 52.91 and 56.92 respectively in 2001-02. In 2007-08. These ratios reduced 25.55, 26.19 and 24.82 at primary level. At upper primary level, the dropout ratios were 43.03 for both boys and girls, 44.29 for boys and 41.43 for girls. From the above analysis, we can safely conclude that girls are at parity with boys in enrolment at primary and upper primary level of education. In fact, the dropout rates for girls were lower than boys in 2007-08. This is a welcome development. But higher dropout rates for boys and girls still a matter of concern and we should make a check on it.

TABLE 4: NET ENROLMENT RATIO IN PRIMARY EDUCATION			
Year	Boys	Girls	Total
2000	92.3	77.1	85
2001	90.6	77	84.1
2002	89.7	77.5	83.9
2003	90.5	87.1	88.9
2004	97.2	94.4	95.9
2005	96.3	92.2	94.4
2006	96.6	92.3	94.6
2007	97.3	93.6	95.5
2008			96.9
Source: United Nations Statistics Division			



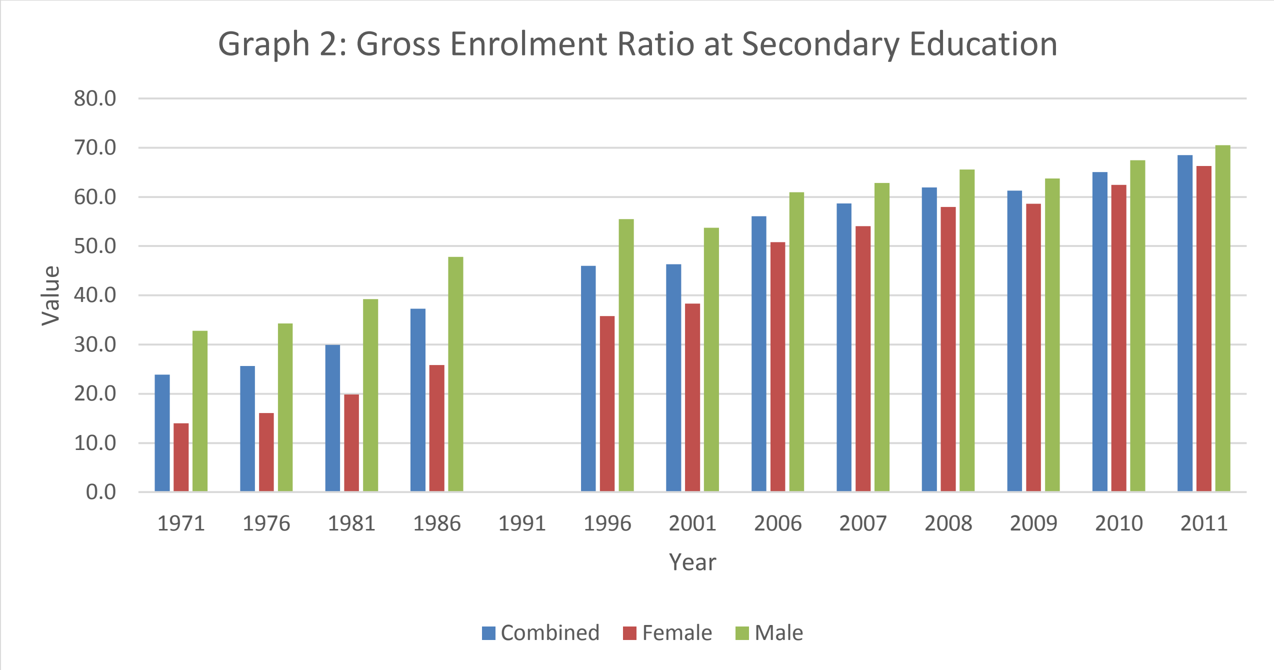
Source: Table 4

Table 4 and graph 1 shows the net enrolment ratios of boy and girl children. The graph clearly shows that NER for girls is low in comparison with boys, and even with national average. This is due to various social and cultural reasons and participation of the girl child in household work, including care for siblings, lack of lady teachers, and lack of suitable physical and social infrastructure. Further economic constraints lead to preferential access of boys to education.

The gender parity ratio, measured by the ratio of the number of girls in education to the number of boys in education has been consistently increasing albeit at a very slow pace. It was 0.84 in 2000 which increased to 0.97 in 2004.

Secondary Education: Table 5 and Graph 2 show the GER ratios and GPI at secondary level of education. The combined GER in 1971 was 23.86 in 1971 which increased to 68.51 in 2011. For women, the GER was as low as 14.0 in 1971 and sharply increased to 68.23 in 2011. As against this, the GER for male was 32.79 in 1971 and increased to 70.52 in 2011. The GPI for the corresponding period shows an increasing trend. It was 0.43 in 1971 and over the period of time it increased to 0.94.

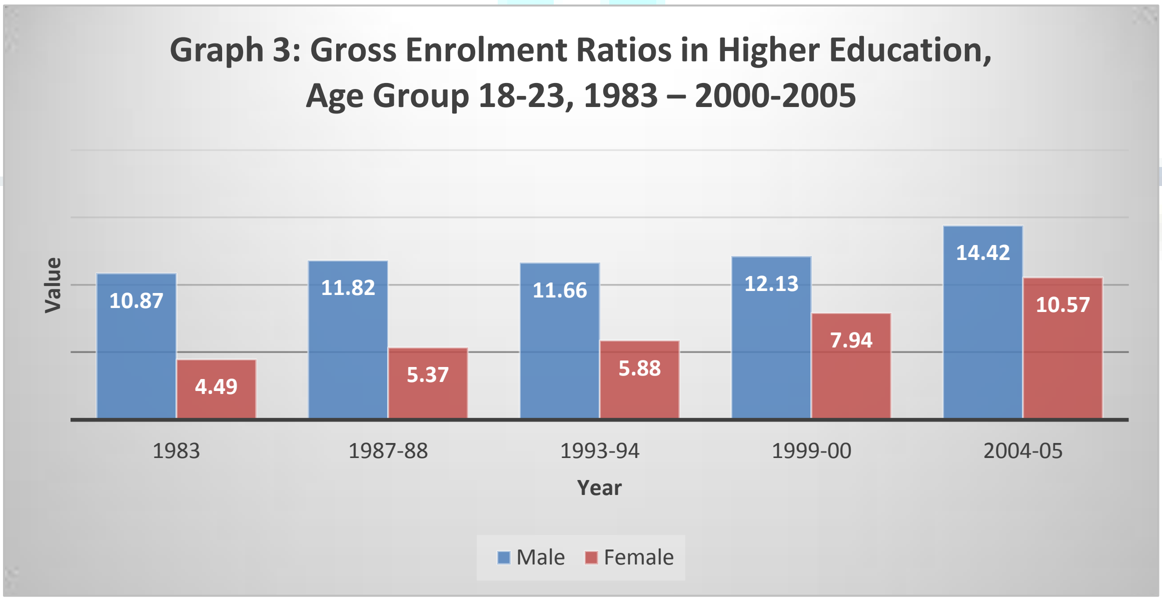
TABLE 5: GROSS ENROLMENT RATIO (GER) AND GENDER PARITY INDEX (GPI) IN SECONDARY EDUCATION				
	Combined	Female	Male	(GPI)
1971	23.85831	14.00923	32.79124	0.42722
1976	25.61829	16.11273	34.31645	0.46953
1981	29.93461	19.83104	39.2224	0.5056
1986	37.26948	25.86525	47.79034	0.54122
1991	..	..	..	..
1996	46.01932	35.81367	55.47372	0.6456
2001	46.32763	38.34231	53.72055	0.71374
2006	56.10067‡	50.81457‡	60.9429‡	0.83381‡
2007	58.65514	54.04058	62.86846	0.85958
2008	61.93096	57.93251	65.57123	0.88351
2009	61.29878	58.59064	63.75861	0.91894
2010	65.07206	62.42801	67.46943	0.92528
2011	68.50978	66.28902	70.52081	0.93999
Source: UNESCO Institute for Statistics, data extracted on 29 Jan 2015 15:39 UTC (GMT) from UIS/ISU				
Legend:				
‡: UIS Estimation				



Source: Table 5

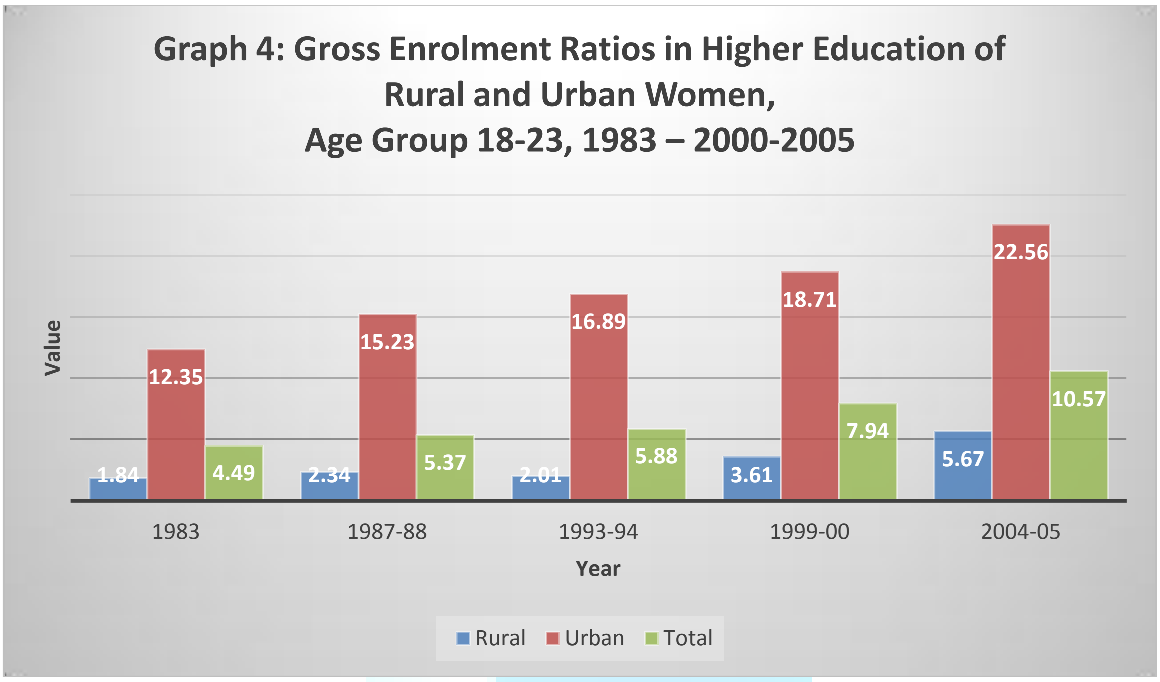
Higher Education: Table 6 shows Gross Enrolment Ratios in Higher Education for selected years.

TABLE 6: GROSS ENROLMENT RATIOS IN HIGHER EDUCATION, AGE GROUP 18-23, 1983 – 2000-2005				
	Year	Total	Rural	Urban
Male	1883	10.87	6.19	22.36
	1987-88	11.82	7.35	24.22
	1993-94	11.66	7.22	23.05
	1999-00	12.13	7.53	21.98
	2004-05	14.42	9.28	24.77
Female	1883	4.49	1.84	12.35
	1987-88	5.37	2.34	15.23
	1993-94	5.88	2.01	16.89
	1999-00	7.94	3.61	18.71
	2004-05	10.57	5.67	22.56
Total	1883	7.67	3.95	17.68
	1987-88	8.57	4.77	19.96
	1993-94	8.85	4.66	20.17
	1999-00	10.08	5.58	20.44
	2004-05	12.59	7.51	23.79
Source: Gender Differentials in Access to Higher Education' in HIGHER EDUCATION IN INDIA Issues Related to Expansion, Inclusiveness, Quality and Finance, UGC				



Source: Table 6

It can be seen from table 6 and graph 3 that the GER for women has progressively increased over the year. It was 4.49 in 1983 and increased to 10.57 in 2004-05 which is more than double of 1983 figure. The corresponding figure for men were 10.87 in 1983 and 14.42 in 2004-05. The GER of women has increased at a faster rate but it still remains extremely low. In fact, the GER of women in 2004-05 is slightly lower than what it was for men in 1983.
If we closely look at the table, we will find that the rural women was at a disadvantageous position vis a vis urban women. The GER for urban women in 1983 was 1.84 which increased to 5.67 in 2004-05. The corresponding figures for urban women was 12.35 in 1983 and 22.56 in 2004-05. This clearly shows the inequalities faced by rural women. They are double deprived- because they are women, they face the gender inequalities, because they are rural women, they face the rural urban inequalities.



Source: Table 6

CAUSES OF GENDER INEQUALITY
Problem of gender inequality and discrimination begins with access to schooling. This problem of inequality becomes worse as we move up to the higher level of education. There are number of social and cultural barriers which prevent women from accessing to education. Among these barriers include long distances to school, poor sanitation facilities and poverty.
Patriarchal Mindset: Male dominance or patriarchal mindset results in violation of basic rights of women including the rights to education.
Economic Backwardness of Rural Community: Over 70% of the world's very poor live in rural areas, and the population of the developing world is still more rural than urban, according to the UN's International Fund for Agricultural Development. The rural disadvantage is particularly strong in some communities. Apart from patriarchal mindset and male dominance, there are acute deficiency of proper educational facilities in rural and backward areas.
Undervaluation of female labour: The deeply embedded undervaluation of female labour, identified primarily with the reproductive or household sphere, underlies the belief in many communities that educating females bring low returns, as skills required in the reproductive sphere require domestic socialization and not many years of schooling. The gender division of labour continues to reward women less in the workplace. This has resulted in relatively lower female education and work participation reflecting the ideological bias against considering women as household bread-winners. Low valuation of female labour in the market place and association of female labour with fulfilling domestic responsibilities including child rearing has led to a deepseated cultural association of women with the institutions of marriage and family. (Walikhanna 2012)
Sexual harassment and violence: It is one of the major factor which prevents parents from sending their daughters to school. The problem becomes more critical when the schools and universities are far away from home.
Reinforcement of gender roles: Ideologies that shape female and male identities in Indian society are mutually reinforcing across institutions, such as the family, workplace, schools and community (Kabeer and Subrahmanian, 1999). Women are considered weak, dependent and shy. They are expected to confine to to home and do household works. They are not supposed to get higher education and go outside home. This thinking prevent in our society is a major barrier preventing women from their right to education.

GOVERNMENT SCHEMES FOR EDUCATION OF WOMEN
In this section, we will briefly discuss some policies and schemes of government of India for education of women.
1. SARVA SHIKSHA ABHIYAN (SSA)
Sarva Shikhsa Abhiyan is a government of India's falsgship programme for achievement of Universalisation of Elementary Education in a time bound manner, as mandated by 86th amendment to the Constitution of India making free and compulsory education to all children of 6-14 years age group, a fundamental right. SSA is being implemented in partnership with State governments to cover the entire country and address the needs of 192 million children in 1.1 million habitats.
The SSA programme is an endeavour to provide an opportunity for improving human capabilities of all children, through the provision of community-owned quality education in a mission mode. The Sarva Shiksha Abhiyan had been set with specific targets. These are:
- All children in school, Education Guarantee Centre, Alternate School or 'Back-to-School' camp by 2003.
- All children complete five years of primary schooling by 2007.
- Children complete eight years of elementary schooling by 2010.
- Focus on elementary education of satisfactory quality with emphasis on education for life.
- Bridge all gender and social category gaps at the primary stage by 2007 and at the elementary education level by 2010.
- Universal retention by 2010.

To achieve these objectives, strategies have been framed that include active involvement of local community groups and institutional capacity building for setting up of block level resource centres. These centres impart district elementary education plans.

The framework of SSA includes appointment of teachers, their training, motivating parents and students, provision of incentives, like, scholarships, uniforms, textbooks, etc. The programme also aims to open new schools in areas having inadequate schooling facilities and strengthen existing school infrastructure through the construction of additional class rooms, provision of toilets, drinking water facilities and so on.[1]

2. EDUCATION GUARANTEE SCHEME AND ALTERNATIVE AND INNOVATIVE EDUCATION

EGS and AIE are an important component of SSA to bring out-of school children in the fold of Elementary Education. The scheme envisages that child-wise planning is undertaken for each out-of-school children.

The EGS & AIE cover children in the age group of 6-14 years, however, for children with disabilities, it cover children upto the age of 18 years complying with the provisions of Persons with Disabilities (Equal Opportunities, Protection or Rights and full Participation) Act, 1995 of India. EGS & AIE is based on the assumption that the planning for universalization of elementary education (UEE) for all children in the 6-14 years age group should be done in a holistic manner. The EGS & AIE clearly states that every district should initially target enrolment of all children in the 6-8 years age group in formal schools only (with some motivational camps or bridge courses, if necessary). For elder children (9-11 years age) also, the effort should be towards mainstreaming (admitting children to formal schools) through appropriate interventions like bridge courses, residential camps etc. Thus, the thrust is on ensuring enrolment and retention of children in formal schools as far as possible. Of course, it is recognized that children in the 12-14 years age group (who have never been enrolled or have dropped out early) and certain difficult groups like street children, children who migrate, bonded child labour etc cannot be admitted into formal schools and would require alternative interventions for some time. Such an approach envisages that child-wise planning is undertaken for each 'out of school' child and the possibility of enrolment/mainstreaming of 'out of school' children into formal schools is explored first before deciding on the alternative approaches that are necessary. This would require that the non-formal and formal systems converge totally at all levels. The EGS & AIE accord a priority to setting up of EGS centres (primary level) in un-served habitations where no school exists within a radius of 1 km. and at least 15 children in the age group of 6-14 who are not going to schools are available. The funds for EGS & AIE are shared on a 75:25 basis between the central and state governments for all state run schools. (Sarkar 2012)

3. NATIONAL PROGRAMME FOR EDUCATION OF GIRLS AT AN ELEMENTARY LEVEL (NPEGEL)

National Programme for Education of Girls at an Elementary Level was started in September 3003 as an integral component of the Sarva Shiksha Abhiyan. The NPEGEL scheme is meant for the educationally backward blocks (EBB) where both girls who are in 'in' and 'out' of school, are targeted. The out of school girls include never enrolled and drop out girls. In the case of girls in elementary school, the thrust is on girls with low attendance rates and girls with low levels of achievement. Ensuring a positive self-image and to eliminate gender bias in the classroom is also in the design of the scheme. To impact on the enrolment and retention scenario, the NPEGEL scheme is a holistic effort to tackle the impediments to girls' education at the micro level through flexible, decentralised processes and decision making. It is well known that children become vulnerable to leaving school when they are not able to cope with the pace of learning in the class or feel neglected by teachers/peers in class. The scheme stresses the responsibility of teachers to spot such girls and pay special attention to bring them out of their state of vulnerability and prevent them from dropping out. Recognising the need for support services to help girls with responsibilities with regard to fuel, fodder, water, sibling care and paid and unpaid work provisions have been made for incentives that are decided locally. Just as gender sensitive teaching learning materials, introduction of additional subjects like self defence, life skills, legal rights, gender etc. have been provided in the scheme, efforts to ensure a supportive and gender sensitive classroom environment through systematic sensitization and monitoring the classroom is also inbuilt in it.[2]

4. THE KASTURBA GANDHI BALIKA VIDYALAYA (KGBV)

The Kasturba Gandhi Balika Vidyalaya (KGBV scheme was launched by the Government of India in August, 2004 for setting up residential schools at upper primary level for girls belonging predominantly to the SC, ST, OBC and minorities in difficult areas. The scheme of the KGBV ran as a separate scheme but in harmony with the Sarva Shiksha Abhiyan (SSA), National Programme for

Education of Girls at Elementary Level (NPEGEL) and Mahila Samakhya (MS) for the first two years, but has since 1st April, 2007 merged with the SSA programme as a separate component of that programme. The objective of KGBV is to ensure access and quality education to the girls of disadvantaged groups of society by setting up residential schools at upper primary level.

5. BETI BACHAO, BETI PADHAO (SAVE GIRL CHILD, EDUCATE GIRL CHILD)

Beti Bachao, Beti Padhao is a Government of India scheme that aims to generate awareness and improving the efficiency of delivery of welfare services meant for women. The scheme was initiated with an initial corpus of Rs 100 crore. Prime Minister Modi launched the programme on January 22, 2015 from Panipat, Haryana.

This scheme has the following objectives

- Prevent gender biased sex selective elimination
- Ensure survival & protection of the Girl Child
- Ensure education of the Girl Child

The Scheme has set the following targets

- Improve the SRB in 100 gender critical districts by 10 points in a year.
- Reduce Gender differentials in Under Five Child Mortality Rate from 8 points in 2011 to 4 points by 2017.
- Improve the Nutrition status of girls - by reducing number of underweight and anaemic girls under 5 years of age (from NFHS 3 levels).
- Ensure universalization of ICDS, girls' attendance and equal care monitored, using joint ICDS NRHM Mother Child Protection Cards.
- Increase the girl's enrolment in secondary education from 76% in 2013-14 to 79% by 2017.
- Provide girl's toilet in every school in 100 CSR districts by 2017.
- Promote a protective environment for Girl Children through implementation of Protection of Children from Sexual Offences (POCSO) Act 2012.
- Train Elected Representatives/ Grassroot functionaries as Community Champions to mobilize communities to improve CSR & promote Girl's education.

SUGGESTIONS FOR BRIDGING GENDER INEQUALITY IN EDUCATION

- Various measures are suggested for bridging the gender inequality in education and promoting the women's education.
- Creating proper social attitude among people especially in rural and backward areas.
- Providing adequate educational facilities to women especially in rural and backward areas
- Removing economic backwardness and reducing level of poverty
- Providing suitable curriculum which suits the needs and requirements of boys and girls.
- Providing incentives meritorious students in the form of scholarships.
- Provision should be made for adequate number of women teachers.
- Providing suitable facilities for education of adult women by opening adult literacy classes, teaching simple skills like sewing, knitting, handicrafts etc.
- Eradicating social ills which hinder the development of women's education.
- Improving transport facilities for women students and making it safe for them.
- Checking sexual harassment within and outside institutions.

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CORPORATE SOCIAL RESPONSIBILITY AND FISCAL INCENTIVES

DR. ÖZGE UYSAL ŞAHİN
RESEARCH ASST.
DEPARTMENT OF PUBLIC FINANCE
CANAKKALE ONSEKIZ MART UNIVERSITY
CANAKKALE

ABSTRACT

The term of corporate social responsibility (CSR) is not new. The CSR literature is still relatively immature. Its origins are based on the globalization debate of the 1990s. But CSR have become increasingly popular since the welfare state crisis. The welfare state crisis has made people search for alternatives of promoting and funding actions to respond social demands which cannot be met by the state. Thereby, CSR's importance has increased. This concept refers to the responsibility of companies towards people, society and the environment which are affected by these companies' practices. In this regard, companies can balance their profit with the country's sustainable development on a voluntary basis. Government's role is also important to reinforce CSR activities of firms. Especially, there is a need for all governments to use fiscal incentives in fostering CSR. In this framework, the statement of fiscal incentives in some countries and in Turkey is needy to be examined.

KEYWORDS

Corporate Social Responsibility, Fiscal Incentives, Turkey.

JEL CODES

H25, M14

INTRODUCTION

The debates about CSR and role of government in CSR activities have gained importance in the last years. But the concept of corporate social responsibility is not new. It was born when corporations were born and societies to adjust them (Bichta, 2003: p.3). Its uptrend is related to the crisis of welfare state and also globalization process. While the social needs and demands increase enormously, the state cannot respond these needs and demands sufficiently. Today, governments haven't adequate capabilities to fulfill them. So, private sector has had to respond these demands in recent years. It is expected from firms to contribute not merely to the economy through taxes and employment. They must also perform other social responsibilities.

There are different views about the role and responsibilities of business in society. Some have claimed that the business of business is business and that the best way of business to benefit society is based on increasing its profitability within a clear legal framework (Norwegian Ministry of Foreign Affairs, 2009: p.7). But this view lost its importance in recent years and CSR is on rise. Private sector started to interest in social and environmental policies. This concern for the social responsibility of private sector has increased with the globalization process.

CSR is regarded as a useful instrument which creates new ways of collaborating between governments, civil society and corporations can be taken part and so creating innovative mechanisms for governance (Zadek 2001). So, this concept refers to the responsibility of private sector for society and the environment which are affected by their activities.

The dominant CSR agenda mostly reflects the concerns of stakeholders in developed countries. But voluntary approaches to CSR standards are now transferring the dominant agenda to private sector in underdeveloped and developing countries via supply-chain relations and other kinds of private business interactions (Ward, 2004: p.3). Most of the underdeveloped and developing countries have weak governance, widespread poverty and high pollution. In these countries, the way companies perform some social responsibilities is of particular importance.

Governments must provide an enabling environment for CSR activities. Enabling environment means that a policy environment that encourages private sector to minimize environmental and social costs and effects (Fox et al, 2002: p. 1). In this regard, there are a variety of public policies across countries. These contain: government funds that encourage private sector for the implementation of CSR programs; voluntary guidelines or binding standards that guide private sector to fulfill social responsibilities, national campaigns that increase awareness about CSR issues, (Ascoli and Benzaken, 2009: p.1).

In this study, the role of government in promoting CSR and the fiscal incentives, as a public policy tool to encourage private sector's CSR activities, is investigated. The study is designed as: First of all, the concept of corporate social responsibility is assessed. Then, the role of government in promoting CSR and so different public policies is investigated. Fiscal incentive applications in different countries are also examined. Lastly, the available situation about fiscal incentives in Turkey is analyzed and the concluding remarks are made.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR, which is an umbrella term for a variety of different theories and practices means that responsibility of private sector for their society and the natural environment or for the behavior of others with whom they do business is brought into action normally on a voluntary basis beyond legal compliance (Matten and Crane, 2005). The voluntary aspect forms the differences between CSR and mandatory regulation. In terms of this aspect private sector firms follow certain standards and rules of behavior voluntarily, even though there is no mandatory regulation to do these CSR practices (Frynas, 2012). It means that there is no obligation for CSR activities, but these activities must be contrary to legal framework. In this regard, CSR generally refers to transparent private sector practices that are related to ethical values, correspond with legal arrangements and respect for people and the environment.

CSR has been associated with some concepts such as corporate citizenship, sustainable business, the triple bottom line, business ethics, environmental responsibility, social and environmental accountability and corporate accountability (Broomhill, 2007: p. 6). But the main idea of CSR is notably linked with the triple bottom line principle. This principle means that businesses (ought to) serve not only economic, but also social and environmental aims (Elkington 1994). This means that businesses are also responsible to stakeholders they are in relationship with. These stakeholders include their customers, employees, suppliers, NGOs, governments and the public (Steurer et al., 2008: p. 2). So, it can be said that CSR is also linked to the notions of sustainability and citizenship. In this regard, as it fulfills some responsibilities for citizens, it helps the continuity of these policies.

CSR is a dynamic concept and so, its meaning has changed over time. In first times, it focuses on philanthropy and external community affairs. Now, it includes mainstream business issues, such as brand, strategy, marketing, and general decision-making. In recent years, organizations are increasingly applying CSR as an integral component of their business strategies (UNEP, 2011: p.14). In this context, it can be claimed that there is no universally accepted definition of CSR. In general, CSR is a set of management practices that enables the private sector firms maximize the positive effects of their activities on society or ''operating a business in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business'' (BSR, 2001). In a World Business Council for Sustainable Development Report called as *Corporate Social Responsibility: Making Good Business Sense*, it is noted that CSR "is the continuing commitment by business to behave ethically and to contribute to economic development, while improving the quality of life of the workforce and their families, as well as the local community and society at large" (Holme and Watts, 2000: p. 8).

Eells and Walton (1961) argued that CSR refers to the "problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society." The World Bank considers CSR as the process of managing the costs and benefits of business activity to both internal (ie, employees, shareholders, investors) and external (institutions of public governance, community members, civil society groups, other enterprises) stakeholders. Setting the boundaries for how these costs and benefits are both in relationship with business policy and strategy and partly a question of public governance (Fox et al., 2002). Furthermore, Business for Social Responsibility, the America's largest organization devoted to CSR, defines CSR as: "business decision-making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment (Aaronson, 2003: p. 310)."

According to European Commission (2001), CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. Based on the definition of CSR, the firm must go beyond its legal framework. CSR contains a wide range of behaviors, such as being employee-friendly, environment friendly, mindful of ethics, respectful of communities where the firm's plants are taken place, and investor-friendly (Benabou and Tirole, 2010: p.1). These CSR activities are realized on a voluntary basis. The committee determined 12 separate CSR practices ranging from encouraging life-long learning to promoting respect for human rights (Murray, 2003: p. 9). The CSR areas can be listed like as health, safety, human rights, social housing, poverty, prevention of non-communicable diseases and also, workplace practices, environmental impact, corruption, community affairs, effective stakeholder dialogue (Cowe and Porritt, 2002).

As a result, CSR is a concept whereby companies consider not only traditional needs, also the interests of society by taking responsibility for the impact of their activities on customers, government agencies, employees, international organizations, media, future generations etc. In this regard, all profitable companies are encouraged to use their CSR which contribute to the social and environmental development of the country. So, Moon (2002) identified three levels of business motivation for applying CSR. These are firm specific, collective business interest and collective interest in society. He also put forward three reasons for governments to promote CSR: it can substitute for government effort; it can complement government effort and it can legitimize government policies. In this context, CSR has been developed in recent years. In this regard, the role of government in promoting CSR activities has become important.

THE ROLE OF GOVERNMENT IN PROMOTING CSR ACTIVITIES

Governments have started to interest in promoting CSR activities through their public policies in recent years. Partially due to the global financial crisis, companies have seen that the involvement of government in the business sector has increased. This trend is expected to continue into the future. In this sense, it is probably that government encouragement of CSR and good governance will continue to increase in the coming years (Ascoli and Benzaken, 2009: p.1).

Why governments care about CSR? Governments care about CSR because the respective business efforts can help to meet policy objectives on a voluntary basis. However, this question can be mainly answered with economic, political and social context of the economy as well as the ongoing influence of international factors including the development of global CSR standards and initiatives, the changes in consumer expectations and the ever increasing public focus on human rights, labor standards and environmental concerns (Ward, 2004: p.4). Moreover, there are also identified four causes why governments should seek to encourage CSR.

- *Social perspective*: CSR bring new strategies into existence to address gaps in public sector capacity (Ward, 2004: p.8). In addition, CSR is seen as the private sector's contribution to inclusive and sustainable development. So, governments can help the development of CSR policies in pursuit of this goal (Kasipillai and Rachagan, 2013: p. 4). In addition to this goal, we can also add human development and development assistance goals. Moreover, governments give importance to CSR because CSR is an important element to solve the obstacles in socioeconomic development and establish traditional values while building a modern economy (Welzel et al, 2007: p. 41).
- *Economic perspective*: The economic crises have caused a heavy pressure on government budgets and fiscal balances around the globe. So, it also causes to determine ways of sharing the burden of environmental and social improvement through collaborative actions with the private sector (Kasipillai and Rachagan, 2013: p. 4). In this regard, CSR becomes an important development because it is one of the ways in sharing responsibility. By taking some social and environmental responsibilities, it helps decreasing fiscal difficulties of governments. It also helps achieving equitable and sustainable growth. In addition, with improving a competitive advantage via the market access of CSR, business sector's export power can be increased.
- *Political Perspective*: Policy-makers are interested in promoting CSR practices because their role is to improve social, environmental and economic conditions for the society. CSR helps them to achieve this role. Furthermore, CSR policies are seen as an important complement for hard-law regulations because politicians usually don't desire new regulations. The soft-law character of CSR and CSR policies implies comparatively low political costs so there aren't seen any resistance by special interest groups (Steurer, 2010: p. 50-52). In addition, the interest of government in CSR enhance international political influence and reputation, respond to pressure from external actors and address gaps in government capacity (Welzel et al, 2007: p. 41).
- *Market competition*: CSR can play an important role in enhancing international and national competitiveness. It can be possible with (1) harmonizing national investment promotion strategies with the CSR interest of foreign investors, (2) turning the market access impacts of CSR to positive competitive advantage, and (3) aligning businesses' CSR practices with the broader public goods that are a fundamental factor of national competitiveness (Ward, 2004: p. 8): With appropriate public sector involvement and support, CSR can play as a positive catalyst for domestic enterprise development

Each of these reasons for public sector engagement in CSR has potential benefits for development processes in both high income and also middle- and low-income countries, but there is also a risk that CSR activities can undermine public sector roles. So, how an environment does government provides for CSR? Which roles does it play? How size is its roles? Before answering these questions, some issues about CSR must be clarified.

One of the issues to be clarified is the ''voluntary versus obligatory approach'' to CSR. According to voluntary approach, companies should adopt CSR strategies only on a voluntary basis. Advocates of this approach reject government intervention in promoting CSR. Based on the voluntary approach, governments should provide a minimum legal framework for trust which is also a vital value for the functioning of the market. There is no need to increase the government's role, because the market enables enough incentives for companies to care for their stakeholders in the interest of their shareholders (Gonzalez and Martinez, 2004: p. 276-277). Most authors claim that soft forms of government intervention must be used to shape the voluntary attitude of companies. This voluntary approach suggests the new roles for governments to promote CSR. In this regard, the role of government is viewed as collaborative and facilitating through the use of soft tools and means (Joseph, 2003). However, OECD (2001) expresses the public sector roles in CSR are: legal and regulatory incentives, tax incentives for NGO sector, issuing codes, publicizing initiatives that promote responsible practice and contributions to compliance expertise.

There are many other classifications about the role of governments in promoting CSR. For example, UK Committee of Inquiry (1999) defines the roles of governments are: using economic instruments and incentives, brokering voluntary agreements and codes, leading by examples and promoting good practice like education, encouraging partnerships: in supply chains and between stakeholders. Ascoli and Benzaken (2009) explain the policies of governments in CSR as: binding standards, forming voluntary guidelines, raising CSR awareness, using fiscal incentives and funds for CSR implementation, enforcing labor law, applying mandating policies, ensuring public recognition and making responsible investment. According to Fox et al. (2002), public sector roles in strengthening CSR can be divided into four broad categories. The four main roles must be fulfilled by governments: mandating, facilitating, partnering and endorsing:

- *Mandating:* Within the frame of mandating role, governments at different levels define minimum standards for business performance shaped with the legal framework (Fox et al, 2002: p. 3-6). In this regard, there are laws, regulations, penalties, and associated public sector institutions which relate to the control of some aspect of business investment or operations (Ward, 2004: 5).
- *Facilitating:* In the context of facilitating role, the public sector plays a catalytic role. In this sense, public sector agencies enable or incentivize private sector to get interested in the CSR activities or to drive social and environmental improvement. As facilitators, public sector bodies can encourage the engagement of key actors in the CSR agenda. Public sector bodies can also develop or support proper CSR management tools and mechanisms, such as benchmarks, voluntary product labeling schemes and guidelines for company management systems or reporting. In addition, they can also encourage pro-CSR markets by providing fiscal incentives and by applying its public procurement and investment leverage (Fox et al., 2002: p. 3-6).

- *Partnering:* The partnership is important for the CSR agenda. Strategic partnerships can get the complementary skills and resources of the public sector, the private sector and civil society together. So, complex social and environmental problems can be solved. In their partnership role, public sector bodies can act as participants, conveners or facilitators (Fox et al., 2002: p. 3-6)
- *Endorsing:* Public sector endorsement reflects a fourth public sector role in CSR policy. It means showing public political support for particular kinds of CSR practice in the marketplace. Endorsement can take many forms, including through policy documents, the "demonstration" effect of public procurement or public sector management activities, or direct recognition of the efforts of individual enterprises through award schemes (Fox et al. 2002: p. 3-6), and endorsing specific award schemes or nongovernmental metrics, indicators, guidelines and standards (Ward, 2004: p. 5).

These roles are vital for strengthening CSR activities of private sector. However, there are inevitable overlaps across these four roles. Especially, the lines between facilitating, partnering and endorsing are not always clear. So, it can be sometimes difficult to determine to which role the activity is due.

Public sector bodies can choose to address different CSR themes through their roles playing to promote CSR. This situation is shown in Table 1. There is classification of government initiatives under ten CSR agenda items. It builds and develops a significant matrix of possible activities for the public sector to perform in each role, based on the aspect of CSR being dealt with. These roles link governments to systems that include ''soft intervention'' policies reflecting the government role as user of soft tools and soft regulation forms. (Albareda et al, 2006: p. 387).

TABLE 1: CLASSIFICATION OF PUBLIC SECTOR ACTIVITIES

Public Sector Role / **CSR Theme**	**Mandating**	**Facilitating**	**Partnering**	**Endorsing**
Setting and Ensuring Compliance With Minimum Standards	Defining minimum standards and establishing targets; establishment of enforces; supporting citizen legal action.	Tax incentives and penalties, ensuring access to information, naming and shaming poor performers, frameworks for voluntary agreements, supporting civil society	To build capacity, working with multilateral agencies and civil society	
Public Policy Role of Business	Reforming political financing, ensuring legislation for voluntary action; mandatory disclosure of payments to public bodies.	Engaging private sector to public policy process; clearly defining societal priorities, including CSR elements in other political areas	Forums for public policy proposals	Containing private sector representatives in policy arena
Corporate Governance	Stock exchange regulations and codes; company law	Implementing international principles	Multi-stakeholder code development	
Responsible Investment	Guidelines for FDI; requirements for government loan guarantees	Facilitating legislation for SRI; guidelines for public investments; linking investment opportunities for SD policy	Public Private Partnerships	Endorsing metrics and indicators; supporting civil society initiatives
Philanthropy and Community Development	Mandating corporate corporations	Tax incentives; time bank schemes, league tables to strengthen peer pressure	Public Private Partnerships	Publicizing leading corporate givers
Stakeholder Engagement and Representation	Licensing requirements for stakeholder consultation	Supporting civil society engagement; defending key stakeholder interests in key forums	Facilitating dialogue and multi-stakeholder processes	Association with specific multi-stakeholder processes
Pro-CSR Production and Consumption	Pollution taxes,; command and control legislation driving pro-CSR innovation	Pro-CSR export initiatives; capacity building; business advisory services; enterprise development; public procurement; voluntary CSR labels; education and awareness raising; support for civil society action; tax incentives	Joint government-industry investment in capacity; developing sectoral guidelines	Public procurement; pro-CSR management in public sector bodies; labeling schemes
Pro-CSR Certification, "beyond compliance" Standards and Management Systems	Mandatory environmental management systems	Information and capacity building; supporting business-to-business partnering / mentoring; public procurement; tax and regulatory; incentives; supporting supply chain initiatives and voluntary certification	Engaging in standards-setting processes	Endorsing specific standards systems and approaches; public procurement and public sector practices
Pro-CSR Reporting and Transparency	Mandatory Reporting	Guidelines for voluntary reporting; informal incentives	Engaging in multi-stakeholder dialogue on guidelines	Supporting instruments for peer pressure; commending reporters
Multilateral Process, guidelines and Conventions	Implementing guidelines through legislation	Capacity building and technical support	Negotiating agreements; shared monitoring	Endorsing guidelines

Source: Fox et al. 2002: p. 4

There are also other CSR policy themes. These are identified as (Steurer et al., 2008: p. 4):

- Raise awareness and build capacities for CSR among companies and stakeholders;
- Foster philanthropy and charity;
- Foster disclosure and transparency on economic, social and environmental issues of business activities;
- Foster Socially Responsible Investment (SRI), which is investment practices taking social, environmental and/or other ethical criteria (such as the exclusion of companies producing tobacco, alcohol or weaponry) into account;
- Lead by example (or "walk the talk");
  - Making public procurement more sustainable;
  - Applying SRI principles to government funds;
  - Adopting CSR management systems and audits in government institutions, and
  - Reporting on the SD performance of government bodies.

Governments consider the following areas as central in CSR policies: respecting human rights; upholding core labour standards and ensuring decent working conditions; taking environmental concerns into account; combating corruption and maximizing transparency (Norwegian Ministry of Foreign Affairs, 2009: p. 8). In this context, when they determine public policies for CSR, they give priority to these areas.

CSR policies are employed with five types of policy instruments used in their four roles. These instruments are economic, informational and legal policy instruments (Howlett and Ramesh 1993; Bemelmans-Videc et al. 1997; Jordan et al. 2003):

- *Informational instruments* (or "sermons", metaphorically speaking). These instruments are due to the resource of knowledge. Their rationale is moral. Examples of these instruments are campaigns, websites or trainings.

- *Economic instruments* (or "carrots"): These instruments are due to the resources of the taxing authority and money. Their rationale is to influence behavior with financial incentives and market forces. Examples of these instruments are subsidies, taxes, tax abatements and awards.
- *Legal instruments* (or "sticks"): They imply the desired choices and actions by making use of the state's legislative, executive and judicial powers. Examples of these instruments are laws, directives and regulations.

The economic and informational instruments have mostly soft characteristics. If legal CSR instruments don't have a mandating character, they are either not universally binding or enforcement is non-existent or weak. All three instruments can also be taken place in the context of CSR policies. There are also two other instruments (Steurer, 2010):

- *Partnering instruments* (or "ties"): These instruments are due to co-regulatory networking rationale. In this regard, different actors want to work together for joint objectives. Due to the voluntary character of CSR, it can be claimed that CSR policies make extensive use of stakeholder forums, negotiated agreements, and public-private partnerships (Fox et al. 2002).
- *Adding hybrid instruments* (or "adhesives"). They are important because numerous government initiatives on CSR combine and arrange two or several other instruments as mentioned above (Rittberger and Richardson 2003). The most significant hybrid CSR initiatives are CSR platforms, centers, and strategies.

Recently, the focus of CSR policy-making has shifted from traditional, regulatory approaches (legal instruments) to soft-law instruments (informational and partnering instruments) (Jordan et al., 2003). As most governments claim that CSR is a voluntary business approach, so the soft-law approach must be applied in particular to CSR policies. Therefore, mandating instruments are only necessary for CSR awareness raising initiatives (Berger et al., 2007: p. 11).

As a result, it can be said that with the support of governments to encourage CSR, companies can increase the impact of their CSR strategy and ensure its sustainability. In addition, this situation can lead to more efficient solutions for public policy goals, such as social problems. It is also important for national competitiveness of a country to compete for foreign investment and position their exports globally. Based on these benefits, it is argued that the government role in strengthening CSR is important. The policy tools used by the governments must be selected and used carefully. Otherwise, it causes retraction of companies to apply CSR policies or not apply this policy well. In this context, the fiscal incentives of governments to promote CSR are significant policy tools. In this part of the study, these fiscal incentives and samples from different countries are examined. Then, the situation about fiscal incentives in Turkey is investigated.

CORPORATE SOCIAL RESPONSIBILITY AND FISCAL INCENTIVES

Governments' roles are important for encouraging and facilitating social and environmentally responsible private sector. Legislation, regulation and taxation are significant tools applied by government to promote and protect social objectives (Bichta, 2003: p.9). Among them, fiscal incentives, such as taxation, are especially important for the encouragement and rise of CSR activities. So, the existed central and regional incentives should be reinforced for CSR. In this way, governments can create the environment for business to realize CSR activities.

Tax incentives for the CSR programs of private sector corporations are one of the most important fiscal incentive tools. They can help providing employment creation, gender balance, work-personal life balance and environmental protection (Albareda et al., 2007: p. 398). For example, in a tax system, a Government can promote CSR, by the adoption of environmentally-friendly tax policies, such as taxes on consumption of fossil fuels or taxes on polluting processes and reliefs for socially desirable expenditure (Kasipillai and Rachagan, 2013: p. 4)

The corporate tax is in general a legitimate tool for the government to encourage private sector corporations to fulfill certain social responsibilities. But there are different views about corporate tax incentives for firms. The first is the artificial entity view. Under this view the corporation is primarily a creature of the state and is granted certain privileges because it does not want to do certain actions itself. To promote corporate CSR activities, the state must impose taxes on the corporation use the corporate tax as a regulatory device (Avi-Yonah, 2006: p. 3). Those corporations are had to realize some public purpose and the state can legitimately influence their behavior via the tax system.

The second one is real entity view. Under the real entity view, the corporation is similar to an individual citizen who has rights and obligations. The corporation is an entity separate from both the state and its shareholders. A corporation has to pay taxes like an individual citizen,. The state may not call for the corporation to engage in CSR, but it can encourage corporations to do so and regulate their behaviors such as individual behavior through the tax system (Avi-Yonah, 2006: p. 3). As all CSR forms are legitimate under the real entity view, this form of regulation is the most justified way for the state to promote CSR activities.

The third view is the aggregate or nexus of contracts view. According to this view, corporation is merely an aggregate of its individual members or shareholders. Under the aggregate view of the corporation, CSR is an illegitimate activity by managers to tax shareholders without their consent. Managers can be accused to being unaccountable to the shareholders who elected them. So, the state cannot encourage corporations to engage in CSR via the tax system. The state can use taxation as a regulatory tool. It aligns its interests with those of the shareholders by promising an increased profit (resulting from lower taxes) to shareholders from those corporations performing CSR activities. Since 1990s governments have increasingly applied to tax incentives as a way of encouraging corporations to engage in CSR activities that have positive externalities, like protecting the environment (Avi-Yonah, 2006: p. 2-5 and 26).

Based on these three views, it can be said that the state may use tax incentives as a policy tool to promote CSR activities of firms. But the justifications of the state intervention to CSR activities by taxes change. The state's intervention degree is also different to each of these views. Today, many governments offer corporate tax relief to companies which practice socially responsible policies. Tax breaks can also be engaged by governments for CSR activities. In this context, raising awareness and building capacities for CSR can be possible. This is especially common in developed countries. But the governments in developing **countries have increasingly encouraged private sector corporations through tax system. This situation would make CSR compulsory and justify government intervention to CSR activities.**

To promote CSR activities of business, some governments (United Kingdom, Belgium, and Germany) encourage disclosure of social and environmental performance through an indirect way such as forcing pension funds to disclose whether they are following any ethical criteria when designing their portfolios (Gonzalez and Martinez, 2004: p. 284). In addition, allocating funds for the promotion of CSR activities is another important tool in increasing CSR awareness throughout the private sector. In some situations, it also makes possible governments and private sector companies to collaborate. This collaboration can help improving the relationship between these two actors in countries where the two sectors are not usually engaged (Ascoli and Benzaken, 2009: p.5).

There are also other fiscal incentives engaged by governments to encourage CSR activities such as subsidies, grants, export credits related to CSR activities and awards for CSR reports. Besides raising awareness and building capacities for CSR, these public policy instruments also improve disclosure and transparency, foster socially responsible investments and lead by public procurement (Steurer, 2010).

The effect of fiscal incentives can be explained with an example: should companies lay off redundant employees rather than redeploy them or retain them for new jobs? Lying off redundant employees by companies can cause substantial costs on former employees, their families and communities. In this case, government may help firms internalize the social costs of these layoffs by increasing the unemployment-insurance premiums on companies which engage in. In addition, if the society demands companies to find new jobs for employees, government can ensure these companies tax deductions or credits. In this way, the government can be an arbiter of business responsibility to society through the use of tax incentives or tax credits (Bichta, 2003: p. 24). Otherwise, social costs of lying off would be big for both government and community. İn this situation, the role taken by government is to promote CSR. The public policy and the instruments in applying this public policy such as fiscal incentives are important.

There are some challenges about the public sector's role in creating the right incentives for CSR activities. For example, it can be difficult to verify compliance and implement evaluation mechanisms. The lack of a reliable compliance mechanism could significantly weaken the initiative. In addition, it is difficult to quantify the advantages of such policies if evaluation mechanisms are absent. (Ascoli and Benzaken, 2011: p. 5). Recent experience has shown that such incentives usually fail. For instance, the temporary amnesty for repatriating corporate profits with a minimal tax rate offered for many failed to allow corporations to create more jobs. Also, such incentives cost the government very much and it could cause other social responsibilities (Avi-Yonah, 2006: p. 27). Lastly, the role of the public sector should be to provide incentives that encourage the focus to be on long-term sustainability.

FISCAL INCENTIVES FOR CORPORATE SOCIAL RESPONSIBILITY IN SOME COUNTRIES

To strengthen CSR activities, some arrangements must be made by governments. While some countries have established strict rules to promote CSR business, other countries have not an adequate regulatory framework regarding CSR activities. In addition, most countries already offer some incentives for companies to engage in socially responsible policies. Especially fiscal incentives, such as tax relief, subsidies or awards, are important public policy tools to encourage CSR activities. In this context, the fiscal incentives for CSR in some country are analyzed in this part of the study.

Austria: Companies that try to improve CSR practices are awarded annually with the Trigos (Gerald et al., 2007: p. 4). Austria companies with good performance are also authorized to subsidies and other grants.

Australia: In Australia, tax deductions are given only for specific industries. For instance, the Australian Income Tax Act 1997 (ITAA97) enables deductions for certain gifts of money and property valued at AUD$2 or more. They are made to specified charities, public institutions (like universities, public hospitals etc.) and other eligible entities (Kasipillai and Rachagan, 2013: p. 2-3).

Brazil: As a CRS activity, Brazil's Zero Hunger program gives private sector entities incentives for contributing to the program. Also, in the U.K. government's socially responsible investments are financed with pension funds (Ascoli and Benzaken, 2011: p. 6).

Belgium: Belgium Federal Government established the Kringloopfonds (KF-FESD) in 2003 which is an initiative that fosters social and sustainable funds. The main objective of this incentive is to encourage investors focusing on social issues with easy access to credits and venture capital below the market interest rates (Steurer et al, 2008: 19). In addition, pension funds are used to promote CSR activities in Belgium (Gonzalez and Martinez, 2004: p. 282-283).

China: The Asian Development Bank (ADB) has claimed that China must be socially responsible and take comprehensive fiscal, economic and legal measures to realize targets for lowering pollution. One of the recommendations made by ADB is to reform the pricing of resources and to form a green taxation system. In this regard, China's tax department has offered a pollution levy and such a move would raise raw-material prices. Concordantly, the ADB has argued that there were a number of notable environmental achievements in China (Kasipillai and Rachagan, 2013: p. 2-3).

Germany: Pension funds are used for social, ethical or environmental aims (Gonzalez and Martinez, 2004: p. 282-283).

Malaysia: The Malaysian Government indirectly provides tax incentives to private sector to promote CSR programs. In this frame, donations are made to charities or non-trading institutions from income earned. But, the amount that is deducted to such gifts made by corporations is limited to %10 of their total income in the relevant year. In most cases, donations are made for purposes different from carrying out their business (Kasipillai and Rachagan, 2013: p. 2-3).

Netherlands: The Green Funds Scheme was developed jointly by the Ministry of Finance, the Ministry of Agriculture, Nature and Food Quality and the Dutch Ministry of Housing, Spatial Planning and the Environment. This scheme was put into force by the Dutch tax office in 1995. Its aim is to promote green investments in the Netherlands with tax exemptions, and to make stakeholders notice that green investments are profitable both for investors and the environment. People can participate to the Green Funds Scheme, by saving money or by borrowing it for green projects. Environmental, technical and financial terms have to be met by the projects accepted in the scheme and they must be innovative. If the government assumes a project to be successful, it gives tax reductions for savers and borrowers. Tax reductions for investors are 1.2% on capital gains tax, and tax reduction for borrowers is of 1.3% on the value of the green investment. Moreover, banks also play an important role in the Green Funds Scheme. On the one hand, green bonds, green certificates are offered by these banks at fixed value, terms and favorable interest rates for savers. On the other hand, green loans are granted at lower interest rates to investors. Furthermore, banks which take tax-exempt funds are made to invest at least 70% of the respective assets in certified green projects (Steurer et al, 2008: p. 19). In addition, the Dutch government has linked the provision of export credit guarantees with CSR activities. Export credits and access to other trade subsidies are conditioned to ensure CSRs by companies (Murray, 2003: p. 20).

New Zealand: In New Zealand, making contributions for donations and so forth social activities are encouraged by the availability of a tax rebate for individuals and by a tax deduction for companies (Kasipillai and Rachagan, 2013: p. 2-3).

Sweden: Swedish companies are met with CSR when they want to export or invest abroad. Export credits and state guarantees for foreign investments are given only if private sector entities accept to sign an anti-corruption agreement. In this way, the government can raise awareness of companies for CSR (Gerald et al., 2007: p. 4; Steurer, 2008:1 p.10). Another example is Business Development Agency in Sweden has distributed funds to 50 small and medium enterprises to promote CSR (Ascoli and Benzaken, 2011: p. 4-5).

Singapore: Singapore Impact for CSR which is a national society committed to promote social responsible activities by corporations formed by the government in 2005. In this way, it can be possible to raise awareness about its activities in this island nation. Gifts of shares listed on the Singapore Exchange (SGX) which are ready to trade in Singapore, to approved IPCs are tax-deductible (Kasipillai and Rachagan, 2013: p. 2-3).

United Kingdom: In the UK, the government asserts UK private sector companies to take account of their economic, social and environmental impacts. In this way, it wants to respond the key sustainable development challenges based on their core competences (Kasipillai and Rachagan, 2013: p. 2-3). In both the United Kingdom and Ireland, government action is seen as developing, facilitating, and providing incentives for CSR. In their role as facilitators, the governments provide incentives, called as soft regulations to encourage CSR actions. In this context, they take tax measures (Albareda et al., 2007: p. 402).

FISCAL INCENTIVES FOR CSR IN TURKEY

Turkey hasn't taken qualified steps for CSR practices. Inspired of the rapid upraise of CSR, Turkey must make a lot of arrangements and encourage private sector to promote CSR activities. The weak of a regulatory arrangement for CSR activities and the lack of other indirect incentives explain the misbalance between private, public and non-government initiatives. Nevertheless, the awareness of business about CSR started to rise. Many companies which recognize that the society expect the support and efforts from business world about the issues of education, health, environment and family violence, has performed studies providing efficient solutions in recent years. Similarly, media organizations also promote CSR activities by making voluntary activities themselves or taking place some CSR studies of other companies in their broadcast. In this way, the awareness and the quality related to CSR activities has risen.

Not sufficient, but the government has made some arrangements to encourage CSR activities. In this sense, tax incentives that are motivational tool for social projects in educational field are especially in evidence. Tax incentives about CSR are determined in article 89 of Income Tax Act. Based on this article, institutions which are seen as performing some activities for social benefit in the fields of such as education, health, scientific researches, art and culture have some tax breaks. These tax breaks are only valid for charity activities.

Tax incentives for corporate social responsibility are also determined in article 10, named as "The other Deductions", of Corporate Tax Law in Turkey. The outgoings related to corporate social responsibility can be deducted on tax assessment of company's earnings. These are shown in Table 1.

TABLE 2: THE TAX INCENTİVES FOR CORPORATE SOCIAL RESPONSIBILITY IN CORPORATE TAX LAW

Deductions	Amount/Percent
R&D Expenditures	% 100
Sponsorship Expenditures	For Amateur Sports Branches-all R&D expenditures For Professional Sports Branches-% 50
Donations and aids for general and special budget public administrations, special provincial administrations, municipalities and villages, foundations given tax exemption by the Council of Ministers, philanthropic associations, organizations and institutions making scientific research and development activities.	Maximum %5 of annual corporation profit to all aids
• Schools, • health facilities, • dormitories and kindergartens having minimum 100 bed capacity, • youth hostels • rest homes • nursing and rehabilitation centers • sanctuaries only constructed with the permission and audit of local authority • expenditures and all aids and donations for the construction and continuance of the facilities giving religious education in the audit of Directorate of Religious Affairs and also the youth centers and the youth and scouting camps in respect of Ministry of Youth and Sports which are made for general and special budget public administrations, special provincial administrations, municipalities and villages, foundations given tax exemption by the Council of Ministers, philanthropic associations, organizations and institutions making scientific research and development activities are deducted from taxation.	% 100
The activities which are made by general and special budget public administrations, special provincial administrations, municipalities and villages, foundations given tax exemption by the Council of Ministers, philanthropic associations, organizations and institutions making scientific research and development activities or approved by Ministry of Culture and Tourism are: ✓ Achievement of non-commercial national or international organizations related to art and cultural activities, ✓ Preparation, publication of research and compilation on, ensuring the distribution and promotion domestically and abroad of visual, auditory or printed materials consisting of those produced by magnetic, electronic and information technology such as book, catalogs, brochures, films, tapes, CDs and DVDs about .Turkey or Turkey's civilization accumulation, culture, art, history, literature, architecture and intangible cultural heritage. ✓ The preservation and transfer to electronic media of incitement and rare books and the bringing these works to Ministry of Culture and Tourism collection ✓ Maintenance, repair, kept alive, relief, restoration, restitution making projects and transport of immovable cultural property under the Cultural and Natural Heritage Conservation Act (Act Number 2836) ✓ Rescue excavations, scientific excavations and surveys, ✓ Works about the conservation of Turkish cultural real assets abroad or the bringing of cultural heritages of our country to Turkey Creation of Culture inventory studies, ✓ Providing to the collection and security of the products and works in the areas of contemporary and traditional crafts and also fine arts with movable cultural properties and under the Cultural and Natural Heritage Conservation Act to the Ministry of Culture and Tourism, ✓ The production and activities in the areas of intangible cultural heritage, arts, cinema, contemporary and traditional crafts, the construction, maintenance and repair of research, education or practice centers, workshops, establishing studios and movie plateau in these areas and also the film production with the supply of all types of vehicles and equipment, ✓ The construction, repair and modernization works of the plants such as library, museum, art gallery and cultural center or cinema, theater, opera and concerts where cultural and artistic activities are exhibited,	% 100 of expanditures and also donations and aids
Kind and cash donations to the aid campaigns arranged by Prime Ministry and Council of Ministers	% 100
Cash donations and aid for Turkish Red Crescent and Turkish Green Crescent Society except their commercial enterprises	% 100
Wage payments made to employees with mental or psychological disabilities who are difficult to acquire in the labor market and are employed in protected workplaces according to the Law on Disabled (Act Number 5378)	% 100 of annual gross amount

Source: 5520 Numbered Corporate Tax Law of Turkish Republic, 2006, Article 10,

As shown in Tabl1 1, the examples of these deductions in the Corporate Tax Law: tax incentives regarded as corporate social responsibility incentives; companies' R&D activities; sponsorship activities for sports clubs; welfare activities for agencies and institutes working general interest; activities providing the construction and continuance of schools, sanctuaries, dormitories, rest homes, rehabilitation centers and youth and scouting centers; cultural activities; supports for aid campaigns promoted by government; aids for Turkish Red Crescent and Turkish Green Crescent Society; and payoffs to disabled personnel.

CONCLUSION

CSR is seen as a third way between socialism and capitalism. It enables social protection while promoting national economic competitiveness. Competitiveness is very important for many countries. So, they are investing in CSR to develop their comparative advantage against to other countries. With CSR, the private sector has become an active partner of the government in a scarcity world. In this way, private sector can easily contribute to economic growth, opportunity and sustainability.

The CSR agenda have now come a turning point in which the public sector becomes as a centrally important actor again. Governments play the role of mandating, facilitating or endorsing to encourage the business in adopting CSR. In addition, a new approach to the role of governments promoting CSR has also appeared under the new forms of public–private partnership. Furthermore, as they perform these activities, they use many instruments. Besides legal and informational instruments, governments try to use both taxing and spending to encourage private entities for CSR activities. These fiscal incentives (subsidies, awards, tax incentives and tax relief) are soft CSR public policy tools to promote CSR approach have important effect to encourage CSR activities of business. In this way, many countries, especially developed countries, seek solutions for social problems.

In Turkey, some arrangements are made and different incentives are formed for CSR activities of private sector. Especially, fiscal incentives have wide coverage and play important role to encourage CSR. In this regard, tax incentives come to the front. But, the promoting system for CSR activities has been still inadequacy. The main problem is a lack of a systemic approach and coordinated national framework. The comprehensive and coordinated national strategies to promote CSR are still inadequate and unqualified, with the government fulfilling unregulated policies that fail to take CSR in a comprehensive manner. Therefore, some measures must be taken and arrangements must be reorganized. Before anything else, CSR policies must be seen as a key element of a broader transition to new governance forms that is started to be seen in many political areas.

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PERFORMANCE CONTRACTING IN THE PUBLIC SCHOOLS IN KENYA: GAINING THE TEACHERS' ACCEPTANCE

HARUN KAUMBUTHU MUTEA
RESEARCH SCHOLAR
KENYA METHODIST UNIVERSITY
MERU

ABSTRACT

A Performance Contract is a freely negotiated performance agreement between the employer and the employee. It clearly specifies the intentions, obligations, responsibilities and powers of the parties. The concept of performance Contracting was first introduced in the management of state corporations in 1989.Two parastatals signed it; Kenya Railways in April 1989 and National Cereals and Produce Board in November 1990 but failed. The performance contracts of Kenya Railways Corporation and the National Cereals and Produce Board had failed because of lack of political goodwill to drive this process (it was perceived as donor-driven). It was re-introduced in state corporations on a pilot basis in 2004. Sixteen state corporations signed the performance contracts by December 2004. Currently it is being implemented in a total of four hundred and sixty two (462) public institutions. However teachers have resisted introduction of performance contracting in public schools. The paper has adopted literature review method to establish reasons for refusal hence recommend ways of gaining teachers acceptance. The reasons offered for the refusal include inadequacy of performance measurement criteria, disparities in operating environment sabotage by trade unions and teachers' low exposure to what performance contracting entails among others. Based on these reasons it has been recommended that a more acceptable tool for measuring teachers' performance is developed, teachers are trained on what performance contracting entails, adequate resources are availed in time, the government strives to win the support of unions and targets are set depending on the unique environment in which each school operate.

KEYWORDS

Education, Evaluation, Performance Contracting, Public Schools.

INTRODUCTION

Performance Contracting is a branch of management science referred to as Management Control Systems and is a contractual agreement to execute a service according to agreed-upon terms, within an established time period, and with a stipulated use of resources and performance standards. Performance contracting is one element of broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs (Domberger, 1998 as cited by Letangule and Letting, 2012). A performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting managerial and operational autonomy to managers (Letangule and Letting, 2012 citing Greer et al., 1999)

Performance Contract System originated in France in the late 1960s. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced to India (OECD, 1997). It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana and now Kenya. Performance contracting has been found to be quite successful in a large and diverse set of countries such as France, Pakistan, South Africa, Australia, Canada, Malaysia, South Korea, Ghana, and India, for example. However, the debate about 'subjective' versus 'objective' measures of performance still continues, whether performance is measured in the context of a PC or otherwise (Van Dooren and and Van de Walle, 2008). The definition of Performance Contracts itself has been a subject of considerable debate among the scholars and human resource practitioners. Performance Contracting is a branch of management science referred to as Management Control Systems. It is an agreement between two parties that clearly specify their mutual performance obligations. Kobia and Mahammed (2006) quoting Suresh Kumar (1994) defines performance contract as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures forces improvement of performance managements and industries by making the autonomy and accountability aspect clearer and more transparent.

Applied to the public sector, performance contract is a freely negotiated performance agreement between government, acting as the owner of the agency and the agent. It clearly specifies the intentions, obligations, responsibilities and powers of the parties. It addresses economic, social and other tasks to be discharged for economic or other desired gain. The fundamental principle of performance contracting is the devolved management style where emphasis is management by outcome rather than management by processes. It therefore provides a framework for changing behaviors in the context of devolved management structures (Kobia & Mohammed, 2006). It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers. Therefore, public officials can apply it as a management tool for ensuring accountability for results since it measures the extent to which they achieve targeted results (Public Sector Reforms and Performance Contracting website, www.psrpc.go.ke).

PERFORMANCE CONTRACTING IN KENYA

The government accords high priority to economic recovery and improving the performance of public service to deliver results to the people. Up to this point, the goal of public sector reform was the restoration of its glory so as to equip it well in order to play a pivotal role in national development. This called for fundamental changes in the way the public sector operates in institutional organization and relationships, and in individual and collective behaviour of those serving in the sector. The aim of reform is to enhance efficiency and effectiveness together with probity and integrity. In an effort to achieve the objectives and targets of Economic Recovery Strategy (ERS) and to manage performance challenges in public service, the Government adopted performance contracting (PC) in public service as a strategy for improving service delivery to Kenyans.

Performance contracting was first introduced in Kenya in the year 1989 when two parastatals: Kenya Railways in April 1989 and National Cereals and Produce Board in November 1990 signed it. However, it failed because of lack of political goodwill to drive this process (it was perceived as donor-driven), the PC's did not conform to the requirements of the three sub-systems of PC's as they lacked the performance incentive system and there was no provision for the impact of external factors such as changes in government policy, inflation and exchange rate fluctuations that would have made evaluation fair (Kobia and Mohammed, 2006). Kenya decided to re-introduce performance contracting in 2003.The process of performance contracting commenced with the establishment of a Performance Contracts Steering Committee in August 2003 and the issue of Legal Notice No. 93, The State Corporations (Performance Contracting) Regulations, August 2004.

The government made a decision to introduce PC in state corporations on a pilot basis in 2004. Sixteen state corporations signed the PC's by December 2004. The criteria for selecting the pilot companies included representation of diverse sectors and corporations, the government extended the process to public service beginning with permanent secretaries and accounting officers. . Currently it is being implemented in a total of four hundred and sixty two (462) public institutions (Kobia and Mohammed, 2006).

The Government in general and Ministries in particular had committed to efficient service delivery to citizens. In doing so, Ministries were implementing the performance contract signed by Ministers and Permanent Secretaries on one hand, and by the Head of Public Service and Secretary to the Cabinet, and countersigned by the Prime Minister on behalf of the government on the other hand. Internally, all Heads of Departments have signed Performance Contract with the Permanent Secretary. The internal Performance Contract and Annual Work-Plans translate the ministerial contract into a performance measurement instrument to be realized through the service delivery charter. Initially, the Ministries had no scorecard that guided the daily, weekly, monthly, quarterly, and annual work performance and therefore evidence gathered so far revealed that it needed to go an extra mile to deliver on the promises made to the public (Republic of Kenya, 2008)

PERFORMANCE CONTRACTING AND PUBLIC SECONDARY SCHOOLS
There has been a persistent belief that the fundamental issues and problems in education could be resolved or at least better managed if schools and those who teach in them were more 'accountable' (Wangui 2012 citing Wagner, 1989. Wagner (ibid) further asserts that there is general agreement that school performance and the quality of school program rues are best understood in terms of results and output and that agencies, have a right to know about these results and the cost/benefits associated with their schools. He also points out that many proposals on accountability focus on the accountability of teachers because they assume that teachers are responsible for student performance. Of the various forms of accountability proposed for education, the concept of performance contracting is often cited as the most effective strategy to assure accountability for results (CER, 1997 as cited by Wangui, 2012).

In Education, PC involves first establishing a fairly definitive set of performance or learning objectives, followed by evaluating or measuring student progress - which reflects teacher performance- toward the set objectives over a period of time. There is then reporting of the progress as measured after which rewards are assigned or withheld on the basis of such performance. The teachers are mainly held accountable because it is assumed they are responsible for the management of the school plant and student performance - the output which defines the school quality (Eshiwani, 1993 as cited by Wangui 2012).

When the Teachers' Service Commission (TSC), a government organization responsible for employment of teachers serving in the public schools wanted to introduce performance contracting in 2007, the Kenya National Union of Teachers (KNUT), strongly objected and the decision was shelved (Nyamu, 2007, Nafukho et al., 2009)

ISSUES OF PERFORMANCE MEASUREMENT
According to Wango (2009), accountability for performance in schools focuses on the accountability of teachers because they assume that teachers are responsible for the students' performance. In Kenya effectiveness of secondary schools is measured through schools mean scores in the national examinations. Schools with high mean scores are seen to be effective. According to Goddard and Emerson (1992) in Wangui (2012), individual teacher performance is generally evaluated in terms of students' performance in their subject areas. In particular, high student achievement scores in the examinations are taken to be an indication of good performance.

However various scholars in the field of education have criticized the view that teachers' performance can be determined through students' scores in examinations, Wagner (Ibid) argues that a diagnosis of the schools performance problem that focuses on outputs (Students' performance) fails to inform about the antecedent causes (inputs and practice). Eshiwani (Ibid) agrees with the Wagner's views, he points out that learning is not an exclusive responsibility of teachers and it is not solely as a result of their classroom experiences. They propose that parents, students themselves and other groups bear responsibility for the experiences that students have while they are in school which also influence learning as well as behaviour. Other factors that the scholars mention as influencing students performance include the economic advantage available resources, emotional well being, intelligence of the child language proficiencies and class size among others (Pordgusky and Solmon, 2006).

There exists argument among educators that students learn more from schools than just academic skills that achievement examinations measure. wagner (Ibid) argues that there are important excellences in education that cannot be defined in behavioral terms since they are of an indeterminate nature. He therefore opines that performance contracting as a form of educational accounting would either be unacceptable as an educational practice or limited in its application to the extent that such excellences do exist. Pordgusky and Solmon, (2006) raised similar concerns- that test scores are a very narrow indicator of a child's performance (and the teachers' performance to the extent that it is used to gauge the teachers performance). Furthermore the unwritten curriculum might be more important and longer lasting than any other subject learned.

STATEMENT OF THE PROBLEM
The benefits of performance contracting cannot be overemphasized. The various government institutions that have embraced performance contracting attest to its benefits. As Oswago (2005) observed; Persistent resistance to performance contracting by Kenyan teachers has led to speculations that "teachers do not fully understand the concept and benefits of PC or that if they do, then they have fundamental reasons for the outright rejection of the idea." This paper therefore sought to establish reasons underlying the teachers' resistance to this strategy and make recommendations on what can be done to win the teachers' acceptance

RESEARCH OBJECTIVES
The aim of the study is to recommend measures that the government can put in place to overcome the teachers' resistance to performance contracting. The study therefore aimed at addressing the following specific objectives:
1. To find out from empirical studies what teachers cite as the main reasons for refusing to sign performance contracts.
2. To establish the attitude of the teachers towards performance contracting were all their concerns to be addressed.
3. To make suggestions on measures that can be put in place to mitigate the teachers' apathy to performance contracting.

METHODOLOGY
The methodology used in this paper is the review of performance contracting empirical literature. The paper particularly focused on studies that aimed at establishing the reasons for the resistance by the public school teachers to assign the performance contracts. A total of ten such studies were reviewed and content analysis done to establish the most common factors found to be the cause of teachers' resistance to the signing of performance contracts and these formed the basis of the recommendations.

THEORETICAL LITERATURE REVIEW
1. SCIENTIFIC MANAGEMENT THEORY
The main proponent of this theory was Fredrick Winslow Taylor in 1911. The theory has its roots in the industrial revolution which begun in England in around 1750 AD. The proponents' main concerns were: increasing the productivity of individuals performing work; and increasing the productivity of organizations within which work was performed (Taylor, 1911). The theory posits that, workers should be assigned tasks which are clearly defined and that will take a day's effort to complete, and should be given standard conditions to complete the task. This theory underpins performance contracting because the aim of performance contracting concept in the public sector is to increase efficiency and productivity of government employees. Just like the theory suggests that workers be assigned clearly defined tasks, PC too does the same as the employees negotiate targets with the government. Just as the theory suggests that the tasks assigned should take a day's effort to complete, in PC too, the targets have to be met within a specified period of time – usually one year. Provision of resources by the government in order for negotiated targets to be met is a replica of the assertion by the scientific theory that standard conditions have to be provided for the target to be met.
2. GOAL SETTING THEORY
Locke (1968) first proposed the idea that working towards goals was in itself a motivator. His research indicated that performance improved when individuals set specific rather than vague goals for themselves. When these specific goals are demanding, performance was even better. Other important factors include goal-

commitment, which is the extent to which the individual is commitment to pursuing the goal even when things get tough and self efficacy, which is the perception that one has the ability to achieve the goal. Goal commitment is likely to be enhanced when goals are made public and when they are set by the individual rather than imposed externally. Goals motivate people to develop strategies that will enable them to perform at the required goal levels (Lunenburg, 2011). This theory effectively underpin performance contracting strategy: In performance contracting model, Performance contracts (PCs) or agreements specify standards of performance or quantifiable targets which a government requires public officials or the management of public/state-owned agencies or ministries/departments to meet over a stated period of time, (The targets negotiated in PCs can be equated the goals advocated for in the goal theory) and also provides incentives for achieving these targets (Hope, 2001, 2008). Further as the goals become motivating if set by the employee and not imposed from outside, similarly in performance contracting the employees freely negotiate the targets to be met with the government.

EMPIRICAL LITERATURE REVIEW

In a paper presented in the African Association for Public Administration and Management in Arusha on 4th – 8th December 2006 Kobia and Mohammed (2006) in their paper titled "the kenyan experience with performance contracting" observed that: a solid legal framework, which sets out the basic premises and the status of the contract, may avoid ad hoc and fragmented solutions. The currents arrangements lack enforcement legal capacities. Sanctions can be questioned as in the case of the 7 senior officers from Kenya Revenue Authority who are seeking legal redress after jobs were terminated as a results of not meeting the their performance targets.

Stability of resources enhances the motivating effect of the contract. When resources are not available or availed late, the staff involved gets frustrated. The majority of respondents in the public service expressed this view. Some of the problems experienced during the implementation of the performance contract include lack of adequate resources, resources not being released on time; some performance targets were highly ambitious and unplanned transfer of staff. Respondents went ahead to suggest ways of ensuring performance contract is successful in their work place. Some of the suggestions given by a significant (over 30) number of participants include continuous training on PC, allocation of adequate resources; develop a reward system for performers, increase salaries, enhance teamwork and availing the resources on time in that order. however the data was collected from civil servants that had already signed the performance contracts and there was no mention of to whether given a choice they would freely sign performance contracts. Further 280 respondents is a very small percentage of the civil servants and therefore may not be sufficient for generalization.

Gaconi (2007) did a descriptive study on the Challenges Facing the implementation of performance contracting in the teaching profession in Kenya. The study established the following as some of the major challenges that are being experienced in the implementation of PC: Lack of sensitization of the teachers by the government, lack of resources as well as late release of fund by the government for projects, sabotage by the teachers union as well as lack of a well thought-out reward system for the best performers by the government, among others. This implementation is perceived to be a good idea by all government officials but union officials were disappointed that they have not been incorporated into the process by the government. However the study had a serious limitation in that it used a sample size of only 23 drawn from the union officials and PC steering committee from the ministry of education.

Nzyoka (2009) in his study on Teachers' Opposition to PC in Yatta- Kenya established that teachers were opposed to introduction to PC due to different operational environments for schools and difficulty in setting targets. Other challenges identified in the implementation of PC in Kenya include limited resources, highly ambitious targets, inadequate training of staff involved and negative attitude due to disparities between PC and other performance management tools and instruments (Kenya PC Review Report, 2010).

Rono (2011) did a case study of Kaiboi techinical training institute on factors shaping the teachers' attitude towards PCs in tertiary institutions in Kenya. She used a sample of thirty one respondents. The chi square results training to handle performance contracting had a significant relationship with teachers' attitudes towards PCs. However the study found out that teachers had a favourable attitude towards performance contracts. Roselenty, M. L (2011) did a study on factors influencing tutors' perceptions towards performance contracting in public teacher training colleges in western and rift valley provinces of Kenya. The study found out that challenges facing implementation of performance contracts included resources not being well allocated, information on the policy is skewed and proper management structures are not in place at the institutions to carry out the process.

Wangui (2012) carried out a study on the teachers' perception of performance contracting in public secondary schools in Laikipia Central district. The following the findings; big proportion of the teachers had a relatively low exposure to PC procedures and did not clearly understand what PC entails. Most of the respondents had not seen a PC document and had not received any training in PC. The teachers' main sources of information on the proposal to introduce PC to teachers, was the media and union officials. A significant number of teachers also expressed doubt over whether PC could effectively evaluate teachers' performance and an equally large number were of the opinion that PC would be used to dismiss ineffective teachers. The study established that there was great reluctance by teachers to accept PC, with the majority indicating that teachers and schools should not be placed on PC. Among the reasons given for the reluctance was that the evaluation process to be employed may not be all-inclusive of the many activities and responsibilities involved in teaching, and may only focus on academic aspects. Others were of the opinion that teachers were already being adequately evaluated through the national examinations and inspections carried out by the quality assurance and standards directorate.

A study by Oyugo (2012) on factors influencing the teachers, levels of preparedness in signing performance contract in public secondary schools in Migori district – Kenya found sensitization on PCs, physical facilities and rewards and sanctions as among the factors that influence the teachers levels of preparedness in signing performance contracts. The study was employed a descriptive survey design in which a total of 236 respondents comprising of six education officers at the district, 111 heads of departments and 126 secondary schools teachers. The study concluded that teachers are not against PCs per se but are ill prepared to enter into contract with the government.

Gatere et al (2013) in their study titled "The impact of performance contracts on service delivery at the teachers service commission in Kenya sought to find out from the respondents understanding of performance contracting. It was found out that a majority of respondents claimed to have a good understanding of the concept of Performance Contracting process; while 18% of the respondents had a fair understanding and that only a few (4%) did not understand. This enhanced understanding maybe attributed to the explanatory guide of performance contracting process in meetings and/or by the supervisor. This may, in essence, have ensured that there was a widespread understanding of the performance-contracting concept. It was noted that a majority of the respondents had not attended any training though it was encouraging that about a third of the respondents had been trained on performance contracting. Training on performance contracting would be assumed to be important because it would deepen the understanding of performance contracting concept. The fact that training had not been conducted for such a majority of the staff was therefore worrisome. They also discovered some of the challenges their respondents faced during the implementation of performance contracts.

One of the challenges cited by respondents included inadequate consultation or lack of involvement when drafting targets for Performance Contracts. This was further emphasized by those who stated that there was lack of ownership of the targets amongst staff since they were not involved in the formulation of the targets in the performance contract. This might explain why some targets are never achieved. Limited resources in terms of staff, working tools, finance amongst others also proved a challenge when meeting the set targets. Communication and especially feedback to the service areas was cited as difficult because they did not know how they had fared in meeting their targets. Bureaucratic procedures in the procurement of needed goods and services caused delays or poor achievement in meeting agreed upon targets.

Mbugua and Kalai (2013) did a study of factors influencing the implementation of performance contracts in primary teacher colleges in Kenya. The study was a descriptive survey where a sample size of 56 was surveyed using judgmental sampling method. The findings of the study indicate that the administrative experience and the level of training in performance contracting influence the implementation of PCs to a very large extent. Age and level of education were rated as influencing implementation of PCs to a large extent. A sample of 58 from all the colleges in Kenya is relatively a small sample and also the judgmental sampling may limit the generalisability of the results.

Mugambi et al (2014) did a descriptive study titled "Nexus between resources and acceptance of performance contracting in Kenyan secondary schools" where they sampled 73 out of the 239 teachers employed by the government in public secondary schools in Imenti central district of Meru county. The study sought to establish whether the respondents' school required additional resources from the government to accept performance contracting. The study findings indicated that 69% of the respondents felt that their schools required additional resources from the government to accept performance contracting. Results revealed that financial resources, human resources, learning resources and physical resources were all required for acceptance of performance contract to take place in the respondents' schools. Results of Pearson moment correlation analysis showed that acceptance of performance contracting was positively correlated with resources while regression analysis results revealed that resources were statistically significant in explaining acceptance of performance contracting by employees in secondary schools.

However the R-square of 42.9% is an indication that resources are not the only prerequisite for teachers to accept performance contracting. The author of this paper has therefore included empirical literature from other authors in an attempt to obtain as many reasons as possible to why secondary school teachers have refused to sign performance contracts. The study could also have extended its sample to other districts to ensure that local conditions do not influence the opinion of teachers towards performance contracting. Muthee (Undated) did an exploratory study titled "Challenges affecting the implementation of performance contracts in Kiambu district Kenya where he sampled 132 out of a total population of 1227 teachers. The study identified negative influence by trade unions, lack of training of teachers in performance contracting and unclear or non-existence guidelines as the factors that affect the implementation of performance contracts.

THE TABLE BELOW SUMMARIZES THE MAJOR FINDINGS OF THE ARTICLES REVIEWED

AUTHOR	ARTICLE TITLE	MAJOR FINDINGS (Why the Resistance)
Kobia M, Mohammed N(2006),	The Kenyan Experience With Performance Contracting	• Stability of resources the influence motivating effect of the contracts. • Some performance targets highly ambitious
Gaconi, W. (2007).	Challenges Facing the Implementation of Performance Contracting in the Teaching Profession in Kenya	• Trade Unions sabotage PC implementation because they were not involved in it. • There is lack sensitization of teachers on the PC concept.
Nzyoka, B.M. (2009).	An Investigation into Teachers Opposition to Introduction of Performance Contracting	• Different operational environments for schools. • Difficulties in setting targets • Limited resources • highly ambitious targets and • Inadequate training of staff
Rono, A (2011)	Factors shaping the teachers' attitude towards PCs in tertiary institutions in Kenya.	• training to handle performance contracting had a significant relationship with teachers' attitudes towards PCs.
Wangui, M.P (2012)	Teachers' Perception of Performance Contracting In Public Secondary Schools	• Low exposure to PC procedures • Doubt over whether PCs can effectively evaluate teacher' performance.
Oyugo, O.J. (2012)	factors influencing the teachers levels of preparedness in signing performance contract in public secondary schools in Migori district – Kenya	• sensitization on PCs, • Physical facilities and • Lack of rewards and sanctions
Gatere, A.W, Keraro, V.N and Gakure, R.W (2013)	The Impact of Performance Contracts on Service delivery of the Teachers Service Commission in Kenya	• There was lack of involvement of employees during target setting. • Limited resources in terms staff, working tools and finance. • Poor communication and especially feedback. • Bureaucratic procedures in the procurement processes.
Mbugua,J.N and Kalai, J.M (2013)	Individual Factors influencing Implementation of PCs in Primary teacher colleges-Kenya	• Administrative experience and • The level of training in performance contracting influence the implementation of PCs to a very large extent
Mugambi,H.N, Gakure,R.W and Orwa, G.O. (2014)	Nexus between resources and acceptance of performance contracting in Kenyan secondary schools	• Financial resources, human resources, learning resources and physical resources are all required for the acceptance of PCs by teachers.
Muthee, K.M (Undated)	Challenges affecting the implementation of performance contracts in Kiambu district Kenya	• negative influence by trade unions, • lack of training of teachers in performance contracting and • unclear or non-existence guidelines

DISCUSSION
From literature reviewed pertinent issues on teachers' reluctance to sign performance contracting emerge. All the ten empirical studies found that teachers had relatively low exposure to performance contracting procedures and do no clearly understand what it entails. Research has shown that teachers are seldom trained on performance contracting. Similarly there is very poor flow of information from the ministry of education or the teachers' employer in Kenya (Teacher Service Commission) regarding performance contracting. Teachers are left to obtain information from the media that may not be necessarily objective or may not be exhaustive in their coverage of the issue. The other source of information on performance contracting for the teachers is the trade union officials who are themselves already biased against the idea because they claim that they were not incorporated by the government in the process.

There is evidence that acceptance of performance contracting is positively correlated to availability of sufficient resources (financial, human, learning and physical resources). Other than sufficiency, timely provision of the resources is also important in the acceptance of performance contracting by the teachers. But time and again we hear of secondary school principals complaining that the amount allocated by the government per students through the free secondary education program is never enough to run the operations of the school. They too often complain of the delay in the disbursement of the allocated funds. The government therefore can win teachers acceptance of the performance contracts by provision of the necessary resources and in good time and that during the evaluation the results are weighted down in terms of the extent to which the resources the government undertook to supply and how timely they were availed to the schools. Other reasons cited as causing the teachers resistance to performance contracting include: Lack rewards to those who would meet their targets. As an incentive the government could have devised a reward to teachers who meet their targets and sanctions for those who fail to meet their targets without sufficient reasons. Other probable causes of teachers' outright rejection of PCs as per the reviewed literature include lack of their involvement in the planning process, sabotage by trade unions, highly ambitious targets as well as different operational environments in different schools. Various studies have pointed out that all in all teachers are not opposed to performance contracting but the issues mentioned above need to be addressed to make the performance contracting in public schools a success.

CONCLUSION
It emerges that a more acceptable tool for measuring the teacher's performance need to be developed. A tool akin to the balanced score card need to be developed for evaluation of school performance where emphasize is not only on the academic performance of students (just as balanced scorecard does not over emphasize on profits) but one in which other aspects of education are included. Further the students examination scores should be weighted taking into account the antecedents of academic performance. The indeterminate aspects of the teachers' performance should also be included in the evaluation through

proxy. For example the government can adopt the Singapore model where teachers' grades are based on the criteria of performance (students' test results, teacher observation and feedback from stakeholders); contribution to extra- curricular activities); and estimated potential.

To alleviate the impact of low exposure of teachers to performance contracting, it is recommended that the government rolls out a capacity building programme to reach all the teachers so that they are able to make informed decisions. The government can roll out a programme similar to the SMASE (Strengthening of Mathematics And Science Education) programme. That targeted in servicing of all science and mathematics teachers in Kenya and it achieved considerable success. This implies that it is possible to train all the teachers in Kenya on performance contracting before further attempts are made to introduce it to the teachers.

If the teachers unions agreed to the introduction of performance contracting in public schools, teachers would most likely accept it too. Government should therefore strive to win support of the teachers' unions regarding the introduction of performance contract to secondary schools. In fact reaching a compromise with the trade unions is among the recommended ways of reducing resistance to change. The government as the Principle should in the course of negotiating the performance targets undertake to provide all the necessary resource for the attainment of such agreed targets to the schools. There should be an agreement to match each unit of the target score required of the teacher/school to each unit of the resource supplied by the principle and in the right time. And that failure to timely provision of the resources will be matched by likelihood of failure to meet the agreed performance target.

As regards the disparity in the operating environment of various schools, it is recommended that the performance targets should be contingent upon the conditions of each school. The level of difficulties in each area as well as the entry behavior of the students should be critically analysed and the performance targets set in accordance to the circumstances of each school and the ranking of the schools at the end of the period under consideration only compares schools with similar operating conditions to avoid frustrating those schools that put a lot of effort to meet the targets but get limited the environment in which they operate.

Finally, that performance contracting is a useful strategy of improving service delivery in the public sector is not in doubt. The government has introduced and re-introduced this strategic response to the hitherto ineffective public service. Performance contracting as a tool for measuring the efficiency has gained momentum since its re-introduction in the year 2003 and there is evidence that despite the challenges, it has contributed to improving service delivery and management of public resources. It has also enhanced accountability. However attempts to introduce this practice in the public secondary schools has been met with resistance and so far the government has not succeed in convincing the teachers or even coercing them to adopt this strategy. Hopefully the suggestions made in this study can assist the government in making teachers accept the performance contracting strategy.

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VENTURE CAPITAL FINANCING IN INDIA: AN OVERVIEW

SANJEEV KUMAR
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
SCHOOL OF BUSINESS STUDIES
CENTRAL UNIVERSITY OF KARNATAKA
GULBARGA

ABSTRACT

Finance is said to be a key factor in industrial development of a country, finance works as a life blood of a business, and hence the development of any organisation depends on the availability of finance with it. In order to meet the financial needs of entrepreneurs with sound and innovative business proposals, venture capitalist not only invests money into such proposal, they will also assist the entrepreneurs in decision making. Venture capital is an external source of finance to the entrepreneurs. The venture capital offers its wings of financial and managerial support to entrepreneur with the sound business plans which involves high risk meanwhile promises high possible returns and promising future growth. Venture capital broadly implies an investment of long term, equity finance in high risk projects with high possible rewards. The role of venture capital in innovation and creativity is very significant as it promotes entrepreneur's innovative and creative business plans by providing seed finance. Here, an attempt is made to explain, how venture capital financing works? In how many ways one can get access to venture capital finance? How important venture capital is for an entrepreneur? And at what stage of business one gets venture capital assistance? And with all that, an effort is also made to describe the regulatory aspects of venture capital financing in India.

KEYWORDS

Venture capital financing, entrepreneurship, innovation, industrial development, investment.

INTRODUCTION

Venture capital is an external source of finance to the entrepreneurs. The venture capital offers its wings of financial and managerial support to entrepreneur with the sound business plans which involves high risk meanwhile high possible returns and promising future growth. Venture capital is a form of equity financing in which the fund manager actively participates in the venture being financed. The venture capitalist directs the flow of funds in such a venture that has high growth potentials and promising returns. The risk element in venture capital financing is very high and the possibilities of earning return on the investment will also be very high but uncertain. Venture capitalist is responsible for managing the investor's fund and assisting the entrepreneur by providing finance and managerial assistance. Venture capital financing plays a vital role in the technological and industrial development of a country especially in the developing countries like India. Developing Indian economy has witnessed the progress of venture capital activities in recent days.

ORIGIN OF VENTURE CAPITAL FINANCING IN INDIA

The process of venture capital financing has basically started in USA and hence it is called the birth place of venture capital financing. However, in India a committee on development of small scale and medium entrepreneurs urged the development of venture capital in India in 1972. The committee is popularly known as "***Bhatt Committee***". The committee recommended the creation of venture capital to help the new entrepreneurs and technologist in setting up enterprises. This was the beginning to venture capital financing in India, since then remarkable changes have been seen in Indian venture capital financing activities. A brief summery on the development of venture capital financing after 1972 has been explained as below.

- Risk Capital Foundation is the first venture capital fund launched in 1975 by IFCI (Industrial Finance Corporation of India); this fund was aimed at supplementing promoters' equity to promote the new industries. In the year 1988, Risk Capital Foundation was renamed as Risk Capital and Technology Finance Corporation Ltd.
- Seed capital scheme is the venture capital fund and was introduced by IDBI (Industrial Development Bank of India) in 1976 to promote the new industries.
- ICICI setup venture capital scheme in the year 1986 with a view to encourage the technocrats in the private sector to enter into new fields of high technology.
- In the year 1988 ICICI in association with Unit Trust of India (UTI) formed a venture capital subsidiary named Technological Development and Information Company Ltd (TDICI) to take over the venture capital financing activities of ICICI Ltd. TDICI is now popularly known as ICICI Venture Funds Management Company Ltd based in Bangalore.
- The venture capital financing of India experienced a strong base in 80's the result of which showed a big change in Indian venture capital financing activities.
- As on 31st March, 2012 there are 208 Venture capital funds are registered with SEBI and are operating throughout India.

The key advantages of having Venture Capital in an economy are

- It facilitates Capital formations by injecting long term equity finance for solid future growth of a company.
- Venture capitalist as a business partner share both risks and rewards, hence the venture capitalist minimizes the entrepreneur's risk of big losses.
- Venture capitalist helps and supports the entrepreneur in managerial decision making and plays a vital role in tackling critical problems.
- It motivates and supports innovative business proposals and helps in maximum utilisation of resources.

REGULATION ON VENTURE CAPITAL IN INDIA

Venture capital activities in India are regulated by *SECURITIES AND EXCHANGE BOARD OF INDIA (VENTURE CAPITAL FUNDS) REGULATIONS, 1996*. The regulation was enforced in 1996 and it lays down all obligations and restrictions related to venture capital financing in India.

WORKING OF VENTURE CAPITAL FINANCING

Venture capital funding is a process, where the pooled investments of angel investor will be made available to money seekers to support their sound business ideas. Procedure for Venture capital financing can be described as:

1. The investors invest money (subject to SEBI (Venture capital funds) Regulations, 1996) in a venture capital fund.
2. The domestic venture capital fund must get the certificate of registration from SEBI for carrying any venture capital activity.
3. The fund is generally created as a trust and the fund will be invested in a predetermined sector subject to SEBI (Venture capital funds) Regulations, 1996.
4. These funds are generally managed by Asset Management Company
5. Finally, the generated returns on the investments (ROI) of the trust are distributed among the investors.

IMPORTANCE OF VENTURE CAPITAL FINANCING IN INDUSTRIAL DEVELOPMENT

The changing technological and political environment of last few decades suggests that venture capital firms are significantly contributing to the success of start-up companies as well as economic growth of nation.

LONG TERM SOURCE OF FINANCE

Venture capital financing is a long term investment process. Venture capitalist provides a strong capital base for future growth of a company. Basically the investments made by venture capitalist will be long term in nature. They keep their investments with company until it grows up and enters into capital market.

MANAGERIAL SUPPORT

Role of venture capital financing is very vital in the development of industries not because of financial assistances but also for managerial support to entrepreneurs. Venture capitalist actively participates in managerial activities and helps Investee Company to choose a better alternative among many.

BUSINESS PARTNER

Venture capitalist promotes a good business plan by providing finance and takes an active participation in the management of the company as well as provides the expertise and qualities of a good banker, technologist and a good manager. The prime objective of the venture capitalist is gain high returns and they literally acts as a good partner to the entrepreneur.

TECHNOLOGICAL DEVELOPMENT

According to a Report of the Committee on Innovation and Technology, the technology ventures can go through several stages of maturation, each one with a different type of financial requirement, the very early stage financing is seldom provided by venture funds and often comes from angel investors, a category that can, in principle include official agencies that provide low cost seed capital. Hence, the venture capital plays a critical role in technology innovation and development.

PROMOTES INNOVATION

Venture capital financing differs from the traditional methods of borrowing and lending money. Venture capitalist invests in such a business which promises the future growth and a high profitability, most of the innovative proposals are preferably taken up and will be invested with the financial, technical and managerial assistance until the firm grows up and capable of being entered into stock market.

METHODS OF VENTURE CAPITAL FINANCING

Venture capitalist will have two passions viz. risk and rewards. All their decisions are met by balancing one against the other. The various methods of venture capital financing in India is presented as below.

EQUITY PARTICIPATION

This is the most common method of venture capital financing. Under this method venture capitalist invests their financial and managerial efforts by obtaining equity share capital of the firm. The effective control and ownership of the venture remains with the entrepreneur and the proper inputs will be given by the venture capitalist at right time. Their main intention behind the equity participation is to make huge capital gains by selling the investment either to the promoters or to the general public. This method favours the venture capitalist to earn the high returns on their investment and facilitates the investors for an active participation in management activities of the firm.

CONVENTIONAL LOAN

Under this method venture capitalist invest money in new venture for the fixed percentage of interest. This method would be the most unsuitable form of financing risky ventures.

CONDITIONAL LOAN

This is the another method of venture capital financing, here the venture capitalist invest their money into the new business as loan, the investee has to pay no interest against the loan rather it needs to pay the royalty ranging from 2% to 15% of the sales and the rate of royalty and the payment schedule is decided after looking gestation period and the repayment capacity of the firm. The sale of the investee company determines the royalty of the venture capitalist. Once the company starts generating huge sale and yield high turnover, the promoters opt for the high rate of interest (20% P.A) as an alternative of royalty on sales. Under this method venture capitalist earns fewer returns on investments as compare to equity participation method.

INCOME NOTES

This method is the combination of both conditional and conventional methods of venture financing. Under this method of financing, an entrepreneur is liable of paying both fixed rate of interest and royalty on sales. It is a unique method followed by venture capitalist where they get interest and royalty substantially at lower rate.

OTHER FINANCING METHODS

Indian financial system started witnessing new practices in venture capital followed by some venture capitalist like participation in fully or partly convertible debenture and participation in cumulative convertible preference share, etc.

STAGES OF VENTURE CAPITAL FINANCING

It is very common that every enterprise passes through different stages of business life cycle. Hence, there are different stages of investment entries to venture capitalist; different venture capital firm has a different kind of attitude towards the venture capital investment. The stages of venture capital financing can be divided as follows:

SEED FINANCE STAGE

This is the first stage of venture capital financing, where the entrepreneur conceptualizes and develops his/her vision for the innovative venture. It is the very initial stage of the firm, actual business production does not take place at this stage.

START-UP FINANCE STAGE

At this stage entrepreneur seeks finance to establish and to start-up business activities. In this stage all the initial steps were being taken for commencing the business operations. The risk involvement will be very high for venture capitalist, but the valuable inputs of venture capital helps entrepreneur to operationalize the business activities.

GROWTH STAGE

Venture capital financing may take place when entrepreneur seeks financial assistance. Under this stage the business activities of the firm get start with a positive return and hence the venture capitalist prefers to invest in the company that have started a positive cash flow or earnings.

EXPANSION STAGE

This is another stage where the venture capitalist invests their vital inputs for the business development. The financial insufficiency of the entrepreneur will be met by the venture capitalist for the business expansion.

BRIDGE/ PRE-PUBLIC STAGE

In general, this is said to be the last stage of venture capital financing. At this stage the firm gains certain market share, in order to exit the investments with venture the venture capitalist helps promoter to go public and they (venture capitalist) divest their share for a high return.

CONCLUSION

Indian financial system is witnessing many changes, in this unstable economic environment venture capital financing is positively emerging and also mobilising economy of the nation. Development and growth of industries can be achieved by providing needful capital; venture capital financing is becoming a trendy business to the one, who is ready to bear the heavy risk and high reward. Venture capital financing in India can be found in the various sectors such as IT sector, Telecom, Media and entertainment, Health care sector, Real estate, BFSI and many others. The risk element in these sectors is very high, in order to minimize the risk of investment losses many investors do not like to invest in risk involved ventures but venture capitalist takes a stand and contributes to the development of risky venture. Therefore, venture capital financing is playing a key role in the development of industrial sector and contributing to economic development of the nation.

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STUDY SUCCESS OF PRIME MINISTER NARENDRA BHAI MODI IN FESTIVAL OF INDIAN DEMOCRACY: LOK SABHA ELECTION 2014

JAY GANESH TRIPATHI
RESEARCH SCHOLAR
SOBHIT UNIVERSITY
MEERUT

ABSTRACT

This study is based on a great effort taken by Shri Narendra Modi for achieving mission 272+. Shri Narendra Modi used his all political weapon. He focused on youth voter who played a very important role in Shri Narendra Modi's victory. According to BJP, Modi traveled 3 Lakh K.M. during the election campaign, which shows his strong effort. Glorious victory in U.P., win 71 out of 80 seats, 26 out of 26 in Gujarat, 25 out of 25 in Rajasthan, 27 out of 29 in Madhya Pradesh etc. During election campaign many debate organized by different news channels model of development. A lot of discuss taken place during that time period. Shri Narendra Modi organized over all election campaign with his team and worked day and night for the success of Mission 272+.

KEYWORDS

Indian democracy, lok sabha elections 2014.

OVERVIEW OF LOK SABHA ELECTION 2014

The biggest festival of **Indian democracy"Lok Sabha election"** was held from 7 April to 12 May 2014, this was the longest election in the Indian history, running in nine phases from 7 April to 12 May 2014. According to the Election Commission of India, total elector 833,062877 people were eligible to vote, with an increase of 100 million voters since the last general election in 2009, making this the largest-ever election in the world.

TABLE 1

Male Elector	Male voter	Male turn out	Female Elector	Female voter	Female turn out	Total Elector	Total Voter	Total Turnout
436,538,842	293,227,266	67.17%	396,524,035	260,574,535	65.7%	833,062,877	553,801,801	66.48%

Around 23.1 million of the total eligible voters were aged 18–19 years. The average election turnout over all nine phases was around 66.38% the highest in the history of Indian general elections from 1952.The counting of vote was held at 989 counting centre in all over India.Male turnout was 67.17% and female turnout 65.7%.

ISSUES IN ELECTION 2014

Important issues during the election campaign included corruption is biggest issue, high inflation, security of women,terrorism,lack of jobs, economic slowdown, religious division and communalism, and infrastructure such as roads, electricity and water, and some local issues of different states.

SPENDING LIMIT OF CANDIDATE: Limit of election expenditure by a candidate for Parliamentary Constituencies to ₹7 million in bigger states and to ₹5.4 million in smaller states and all union territories except Delhi.

ELECTION EXPENSES: In general election cost of Government Rs.3,426 cr.which is 131% more than Rs.1483 cr.spend on 2009 polls.

NATIONAL DEMOCRATIC ALLIANCE (*PERFORMANCE IN LOK SABHA ELECTION 2014 IN LEADERSHIP OF NARENDRA BHAI MODI)*

The **National Democratic Alliance**,is an alliance of 29 parties led by the Bharatiya Janata Party, won a biggest victory, taking 335 seats, The BJP itself won 282 seats, the first time since last three decade. In 1984 congress won 414. It's first time any non-congress party has won enough seats to govern without the support of other parties. The United Progressive Alliance, led by the Indian National Congress, won 58 seats, It's worst performance by Congress from 1952 won only 44 seats, It was also the second-worst defeat of a sitting government in independent India.

The BJP secured 39% support from first time voters, while Congress received 19% of the first time votes.

TABLE 2

Party	Won In Yr.'14	Vote Turnout	% Vote(All over India)	▲ / ▼ (vote% swing)	Seat(▲ ▼) (yr.'09 → yr.'14)
NDA	**336**				
Bharatiya Janata Party	282	171,657,549	31.0%	▲ 12.2%(166)	166 ▲
UPA	**59**				
congress	44	106,938,242	19.3%	▼ 9.3%(162)	162 ▼
Others	**148**	**269,205,813**	**30.99%**		**25 ▲**
AITC	34	21,259,684	3.8%	▲ 0.6%	15 ▲
AIADMK	37	18,115,825	3.3%	▲ 1.6%	28 ▲
BJD	20	9,491,497	1.7%	▲ 0.1%	06 ▲
SP	5	18,672,916	3.4%		08 ▼
NOTA		6,000,197	1.1%		

Out of the 87 Lok Sabha seats in the country identified by the Centre for the Study of Developing Societies (CSDS) as having a high percentage of Muslim voters, the BJP won 45.

FIG. 1

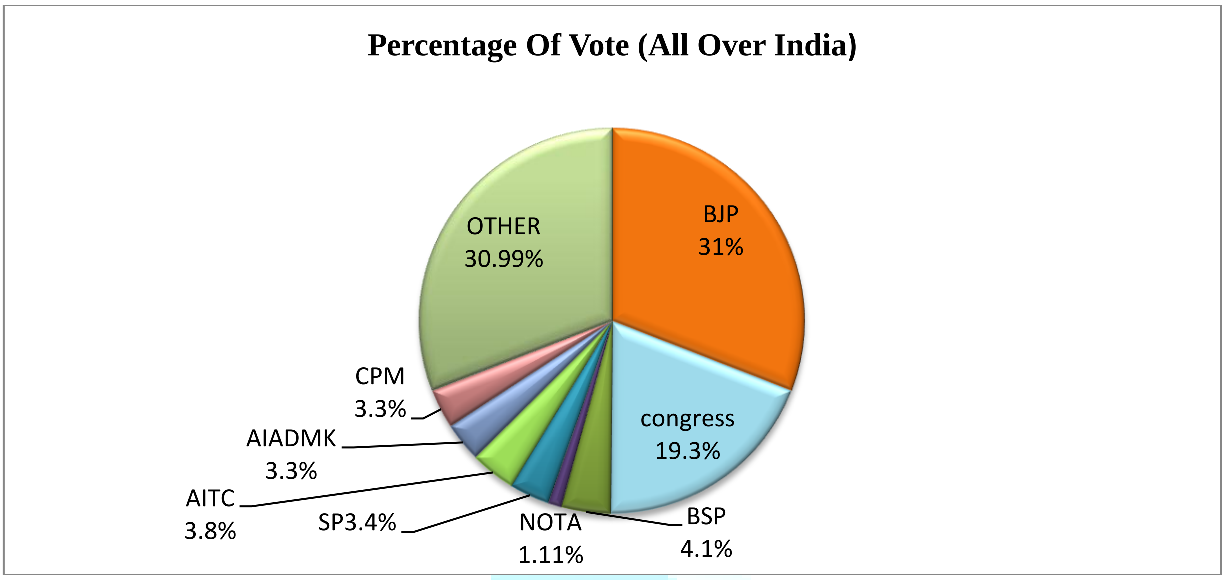

FIG. 2

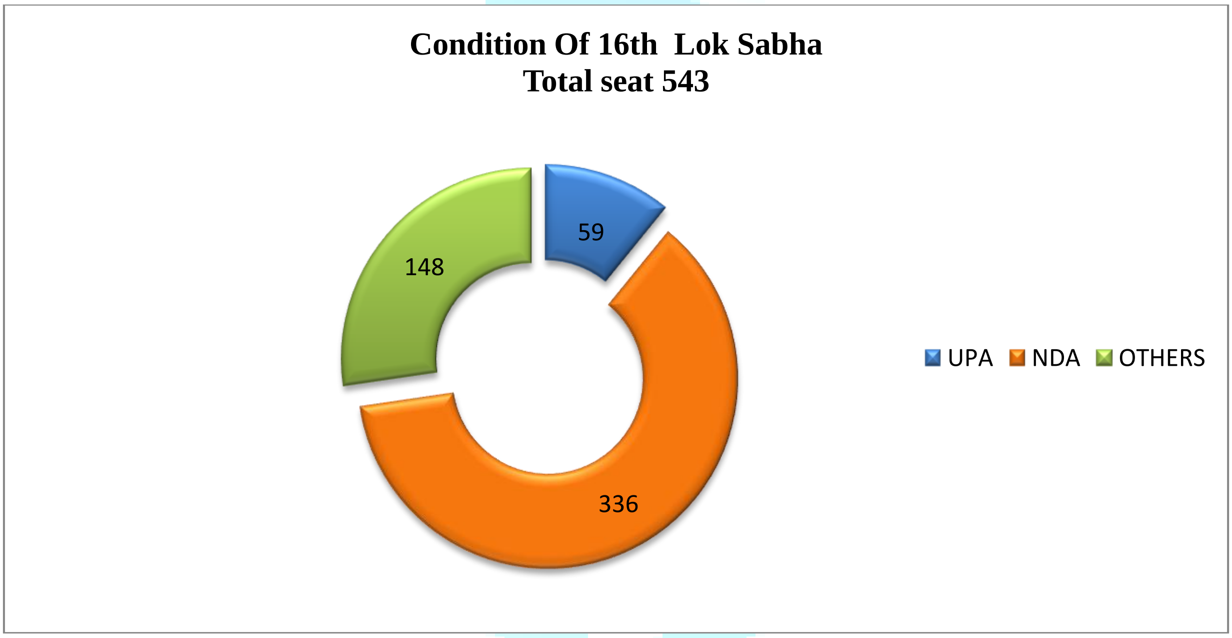

TABLE 3: PERFORMANCE OF BJP IN LOK SABHA ELECTION 2014 COMPARISON TO 2009

States	2009	2014	▲/▼
Bihar	12	22	▲10
Delhi	00	07	▲07
Gujarat	15	26	▲11
Himachal Pradesh	03	04	▲01
Karnataka	19	17	▼02
Madhya Pradesh	16	27	▲11
Maharashtra	09	23	▲14
Punjab	01	02	▲01
Rajasthan	04	25	▲21
Uttar Pradesh	10	71	▲61
Uttarakhand	00	05	▲05
Others states	27	53	▲26

MODI AND THE BHARATIYA JANATA PARTY MANIFESTO

The Bharatiya Janata Party (BJP) released its manifesto for the 2014 Lok Sabha elections on 7 April 2014. **Dr. (Prof.) Murli Manohar Joshi** was Chairman of Manifesto Committee -2014
Here are the highlights:With vision of “Sabka Saath,SabkaVikas”.

BJP PLEDGE

- Ek Bharat - Shreshtha Bharat
- Vibrant and Participatory Democracy
- Empowered and Inspired People

- Inclusive and Sustainable Development
- Quality life in Villages and Cities
- Basic Amenities to All
- Flourishing Agriculture
- Productive Youth
- Involved Women
- Robust physical and social Infrastructure
- Innovative and Technologically driven
- The party promised to set up a Price Stabilization Fund and to evolve a single 'National Agriculture Market' to check price rise and go for e-Governance, policy-driven governance and simplification of the tax regime to prevent corruption.
- The party reiterates its stand to explore all possibilities within framework of Constitution to facilitate construction of the Ram Temple in Ayodhya.
- Reiterating its stand on Article 370 and discussing with all stakeholders for abrogation of the Article.
- Ensuring minimisation of black money and setting up of a task force for this purpose.
- Putting in place strict measures and special courts to stop hoarding and black marketing.
- Encouraging and empowering youth for self employment and transforming employment exchanges into career centres.
- BJP to draft a Uniform Civil Code drawing upon the best traditions and harmonising them with the modern times.
- Foreign policy will be guided through pragmatism and doctrines of mutually beneficial and interlocking relationships.

SHRI NARENDRA MODI AND ELECTION CAMPAIGNS 2014

Shri Narendra Modi covered over 3 lakh kilometers from 15th sep.'13 to 10th may'14.Modi ji would have addressed 5827 ralies,programmes.3D rallies/chai pecharcha.He visited 25 states out of 28 states with unique Vision of Abki bar Modi Sarkar. He asked people of India to gave him 300+"Kamal" from all over India.Lok sabha election was been as unprecedented innovation as seen during 3D rallies and Chai pe Charcha Programmes. He had changed the way Indian look at election campaigns forever. Social media played a vital role during whole election campaigns.

Neither the rain nor the sizzling sun could stop them from attending his rallies. Every inch of rally ground evan spring,pole and roof –tops covered by people, they cheer and amid loud applause when Shri Narendra Modi Speaks. Shri Narendra Modi also participated in several interviews with print and electronics media. He wanted to reach every corner and every people of the country by using communication channels. He used technology in his election campaigns. Starting his first election railly from15th September,when he addressed people of India.

Shri Narendra Modi addressed the people of country " it would be the first time people born in independent India will run the nation. You have faith in me and I have faith in you and together we will work to fulfill our dreams. The people have given their verdict, and it says we have to take India forward".

Table 4

	Number
Initial Rallies	38
Bharat Vijay Rallies	200
Others Rallies and Programmes	240
3D Rallies	1350
Chai Pe Charcha	4000
Road show in Varansi and Vadodara	2
Total	**5830**
Total K.M. visited	**3,00,000**

The crowds that thronged Shri Narendra Modi's rallies shattered records and made history everywhere he spoke. NDA in the Lok Sabha elections in the Hindi belt won 201 of 225 seats.

NARENDRAMODI'S AND GUJARAT MODEL OF DEVELOPMENT-HIGHLIGHTS

Gujarat development journey has received tremendous praix both across India and the world. Under Shri Narendra Modi's leadership Gujarat was known for its development oriented governance where the people made active partners and stakeholders in the development journey. Gujarat model of development celebrates the collective effort of the people of Gujarat. Gujarat development journey is characterized as development oriented, inclusive and participative optimum use of technology was made to minimize corruption, incress pace of development.Devlopment of Gujrat is not centered on any one sector. All the sector namely agriculture, industries and services made and equal and active contribution towards the growth of Gujarat.A firm believer in youth and development,Modi Ji devoted a lot of efforts towards enhancing the skill development among the youth.

Over the years, Gujrat has won several awards from the central government, International bodies, reputed thik tank the united Nation.

- 24 x 7, three phase power to ALL homes in Gujarat
- Canal top solar panels :1km stretch - 1MW energy, 16% more efficiency, 6 acres land saved, 9 Mil Lt water saved
- Stable financial health ofcompanies in the power business,thus assured power
- More than 10% growth consistently for last ten years and steep-changein farm incomes
- Only state whose groundwater table has risen
- Drinking water dependence(75% ground to 85% surface water)
- Transformation of Sabarmati River 1,200 Cost per Km(Rs.Cr.)
- Lowest rape rate per capita in Gujarat among all 28 states and even all UTs 0.8 National Crime Records Bureau
- Lowest Unemployment in Gujarat1.0%

Source: Ministry of Labour & Employment, Employment & Unemployment Survey 2011-12

- Gujarat has the Healthiest Childrenmalnutrition was 38.77% in 2012
- Improved sex ratiofor incremental births(0-6 year group)
- Female literacy: 58%to 71% in 2001-11
- 100% enrollment of girl child, school drop out rate reduced to low single digits
- 86 skill development centersoperationalized in last 2 years,300 more in next 2 years
- Gujarat becoming the Auto hubof India with Brands like Nano,Maruti, Ford, etc.
- Institutional deliveries up from47% to 95% (750,000+throughChiranjeevi Scheme)

SHRI NARENDRA MODI AND SOCIAL MEDIA

Social media, hologram avatar and click Selfi Shri Narendra Modi to woo the voters, who were everything in this election. Social media contest, the idea of making weapons of BJP election campaign raised.

Shri Narendra Modi on the lines of Obama ' Yes We Can ' made his master plan. Narendra Modi is active on Twitter and Facebook.These two platforms of Social media has played a big role in the election. Not only Narendra Modi's but BJP election campaign also centered in social media.

Shri Narendra Modi alone is dominating Twitter. Modi ji till January 1, 2014 are 58 million tweets. About, 11.8 million tweets tagged Shri Narendra Modi. Modi's popularity zoomed after March .Counting the number of Followers of Modi 16th day of May was 39.87 million, reached 40.2 million Followers at an appointed time to achieve such a record at the end of the day. Shri Narendra Modi himself answer questions on Twitter, as well as people also send direct messages to him. Recently, when world leaders congratulated him on winning the Modi himself via tweets and messages thanked them. Shri Narendra Modi put more than 100 rallies at the same time via 3D hologram technology. Modi has accomplished this several times during the campaign. Shri Narendra Modi campaigning using this technology to reach the masses and made a big jump.

The new trend has started in the world Selfi Narendra Modi never hesitate to share their Selfi. Modi tweeted after the voting in Vadodara Selfi gone viral. More than 3 thousand to Expand him. With the Selfi Modi began to trend on Twitter. But the most popular Selfi of Modi and his mother was Expand that to 12 thousand people,40 thousand people told his favorites.

Social media is part of the online game play. 'Modi Run' is one of those games. More than 50 thousand people have downloaded. Shri Narendra Modi in this game runs in all states of India. Social media is a weapon in the elections of 2014, Modi has proved quite effective in reaching out to voters. Shri Narendra Modi have a large proportion of young voters on their account by social media.

SHRI NARENDRA MODI,ELECTION AND CONTROVERSY

- On polling day by Shri Narendra Modi has shown party symbol after casting vote in Gandinagar.A FIR filed by local administration against modi ji.
- In eight phase of election campaign in Faizabad near Ayodhya picture of Lord Ram on stage it's create controversy
- In last Phase Election commission did not give permission for railly in Varanasi city so a silent protest did by BJP followers.
- Shri Narendra Modi stoked another controversy yet on the polling day in last phase election by releasing a video message for seeking vote for BJP.

CONCLUSION

Shri Narendra Modi won elections in several assumptions have been demolished, as well as many nations think it also forced to change their policies. Shri Narendra Modi won election by a historical margin in Vadodara by over 5.70 lakh votes, the highest margin in the 2014 polls and the second highest in any Lok Sabha election and in Varanasi Modi's nearest challenger Kejriwal was swept away when he lost by more than 3.7 lakh votes. Many nations also changed their policy with the victory of Shri Narendra Modi ,they opened its doors. The results of elections to dazzle America because there had never imagined such a situation.India's newly appointed Prime Minister Shri Narendra Modi and concentration abilities are renowned for their conclusive. The Lok Sabha election 2014 has earned the distinction of recording the highest voter turnout ever at 66.4%.This surpluses the 64% voter turnout witnessed in the 1984 polled held in extraordinary circumstances. This time election is between who's in favour of Shri Narendra Modi and those are not in favour.After 1984 its first time peoples are showing interest in election campaign. Shri Narendra Modi promoted himself as a model of development and want to reach every corner and every individual of the country, Not only elders but children were talking about election they told Abki Bar Modi Sarkar.It's because of aggressive campaign did by Shri Narendra Modi.It's also because of in last 10 yr failure of UPA government.

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