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SHG BANK LINKAGE PROGRAMME: A PROGRESSIVE OUT LOOK OF SELECTIVE COMMERCIAL BANKS IN ANDHRA PRADESH

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ABSTRACT

The recent Indian economic perspectives tells the development have pointed towards the importance of micro finance in the empowerment of the rural community. The movement of Self-help groups (SHGs) as the most effective tools for financial inclusion was started last two decades ago with NGOs promoting self help groups. The results from these self-help groups (SHGs) are promising and have become a focus of intense examination as it is proving to be an effective method of poverty eradication. One method of access to micro finance by the rural community, rural women in particular, is the Self Help Group-Bank linkage programme, where banks provide finance to the groups for undertaking economic activities. SHG Bank Linkage programme has enhanced tremendously and recovery is comparatively higher. It means most successfully running programme in India. The present study reviews SHG-Bank Linkage Programme, a progressive out look of selective Commercial Banks (State Bank of India, Syndicate Bank) in Andhra Pradesh. After analyzing the data it came to conclude that in all aspects state bank of India and syndicate bank play very important role in A.P. and in India. The Micro level loan needed people most probably live at rural areas. Here, it is high time to take step for the government through bank to develop micro finance and protect weaker sections in the society by liberalizing loan policies. SHGs can also try to properly repay the bank loans it helps successfully reduce outstanding amount and improve the financial status of the lending banks. The most "bankable" clients and most willing to help each other for a better tomorrow.

KEYWORDS

SHGs, Micro-finance, SHG- Bank-linkage programme, women empowerment, Andhra Pradesh, India State Bank of India, Syndicate Bank.

INTRODUCTION

The Self-Help Group (SHG) movement originated in Bangladesh under the Leadership of Noble Laureate Mohamed Yunus. It is a noble mission- an innovative concept that has its roots in Bangladesh and also touched every part of the globe. In order to achieve the mission of reaching those families who did not access to credit by any formal financial institution and, therefore, were dependent on informal sources and moneylenders.

SHG-BANK LINKAGE PROGRAMME IN INDIA

As linking of SHGs with Bank finance has emerged as one of the best alternative credit delivery system to weaker sections, the Bank has focused attention to link more SHGs with Bank finance.

The National Bank for Agriculture and Rural Development (NABARD) introduced the "SHG - Bank Linkage Programme" as a pilot project in 1992. As a follow up of the recommendations of the group, financing to SHGs was mainstreamed into the operations of the banks by Reserve Bank of India in April 1996. It was stipulated that micro credit extended by banks to individual borrowers directly, or through any intermediary, would be reckoned as part of their priority sector lending.

RBI had advised commercial banks to participate actively in this programme. Subsequently, this programme was further extended to all Regional Rural Banks (RRBs) and cooperative banks. SHGs through the network of commercial banks, RRBs cooperative banks, NABARD and NGOs has been largely supply driven as well as a recent approach in the provision of financial services to the poor.

The SHG-Bank Linkage Programme is considered as most successful, promising and widely accepted model in India. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD is widely accepted model as one of the largest and successful one in the world.

The journey traversed so far by the NABARD promoted Self- Help Group-Bank Linkage Programme crossed many milestones-from linking a pilot of 500 SHGs of rural poor two decades ago to reach over seven million groups last year. The poor in the country have demonstrated that inspire of being poor; they are, perhaps, the most 'bankable' clients and most willing to help each other for a better tomorrow.

The Self-Help Group movement in India is sui generis because it is a savings-first programme with credit being its logical corollary. Touching over 9.44 crore households, it has become the largest Microfinance programme in the world.

SELF-HELP GROUPS (SHGs) IN ANDHRA PRADESH

Andhra Pradesh has launched many innovative poverty alleviation strategies in the 1980s by concentrating more on welfare schemes. An important aspect of all these innovative poverty alleviation strategies is the focus on women empowerment (social and economic) through Self-Help Groups. The government of Andhra Pradesh is implementing a state wide rural poverty eradication programme based on social mobilization and empowerment of rural poor women this programme is popularly known as Development of women and children in rural areas (DWCRA) program (a sub-component of the centrally-sponsored integrated rural development program) is introduced Andhra Pradesh Government in 1982. SHG-Bank linkage program (SBLP) started as pilot project 1992. Through under the program of National Bank for Agriculture and Rural Development (NABARD). Government of India merged all the development programs in to one program i.e. "swarn gayanti gram swaraj yojana "in April 1999.

In 2000 SHG promotion in A.P. was massively expanded with the launch Andhra Pradesh district poverty initiatives project (APDPIP). The program known locally as "VELUGU" meaning "light" in Telugu. In 2004 Indira kranthi Patham (IKP, formerly velugu) which aims at enhancing assets, capabilities and the ability of the poor to deal with shocks and risks. This programme has contributed to the improvement in women's empowerment at the household and community level. Unlike most other parts of the country where NGOs have played a major role in organizing women around savings and credit, in Andhra Pradesh the state machinery got actively involved. The polity not only gave the mandate to this movement, it also got the bureaucracy involved in the effort in an active manner and gave it the necessary freedom. As the resources at the command of the state, including both financial and non-financial resources, is very high, this could

give a major impetus to the movement. 'Velugu' or Indira Kranthi Pathakam (IKP) IKP is implemented by society for Elimination of Rural poverty of Andhra Pradesh.

REVIEW OF LITERATURE

Several researches have been conducted A Study on the SHG Bank Linkage Program. A brief review of few significant works is done in this section.

Sakshikumar (2013) reveals that Micro credit has made women more productive by providing them opportunity to be self –dependent in terms of their finance, helping them earn, making them aware of their rights and making them independent which in turn has empowered them. Women are now included into socio-economic activities of the country and they are contributing to family income. They are involved in decision-making process in the family and are able to exercise more control over their reproductive rights.

B. Venkatappa and G. Sivaiah (2011) in their paper "Self Help groups through DWCRA in Andhra Pradesh" review that rural development implies both the economic betterment of people as well as greater social transformation. In order to provide the rural people with better prospects for economic development.

Dhillon (2010) observed that the Banks perceive poor rural women as higher risky group with limited liability to pay back their loans. The loans demanded by poor people are small in size and not sufficient to cover the transaction cost. Collateral requirements are difficult for women as the property is generally registered in the names of the male members of the family.

D' Espallier, Guerin and Mersland (2009) postulates that women are better borrowers in comparison to men in terms of utilizations of the loan amount in order to improve the family's life quality.

E.A. Parmeshwara ET. al. (2006) opined that there is need for combined efforts of both Commercial banks and specialized MFIs. Both can supplement in increasing the outreach. NABARD should show interest to motivate the bank people to co-operate and supply microfinance to the SHGs. According to him there is need to check subsidy oriented SHGs particularly in SGSY.

Sanghwan (2006) studied the extent financial inclusion across various states. He also tried to examine the role of SHG bank linkage programme in achieving financial inclusion. The study suggested a significant role of SHG led programme in achieving financial inclusion. Beside this, it also tried to examine the role of other factors like banking density, financial literacy and per capita income in achieving financial inclusion.

Puhazhendi and Badatya (2002) observed a significant improvements in the savings SHG members during post SHG situations. The programme also improves the borrowing pattern of SHG member households in terms of strengthening credit widening and credit deepening.

Nanda Y S,(2001) A study was conducted in Karnataka, Andhra Pradesh and Tamil Nadu covering 637 groups (509 women groups). The study observed that- The highest participation in group activities was by women. Membership of SHGs came from poor sections of the society. The loan recovery in case of almost all groups was 100 per cent. The groups charged interest on loan in the range of 18-36 per cent p.a. The weekly meetings were conducted regularly.

Puhazhendi and Satyasai (2000) studied the improvement in level of income of SHG members between pre and post SHG situations.

Kempson and Whyley (1998) argued that possibility of financial exclusion is more likely to occur in the lower income section of society than amongst others. Beside this, geographical factors and income inequality are also important factors in determining financial inclusion of a country.

T. Hanumantha Rao, has made study on "Self-Help Groups, Role of the Andhra Pradesh Grameen Vikas Bank," It is often believed that poor people do not or cannot save money and despite their needs being very small, have to depend on moneylenders. However, it has been observed that the poor can save; maybe small amounts and a concerted effort must be made to help them do so in a systematic way. Their meager savings can be kept in a safe place and used in the time of need. Towards this end, the Andhra Pradesh Grameen Vikas Bank (APGVB) has provided broad interventionist schemes like Palamitra, Suvridha Vikas, and so on, to help make a difference in the lives of women SHG members in rural areas. The present article tries to explain the role of the APGVB in linking with SHGs and the impact created by its initiatives.

Mahendra Varman P, in his paper titled, "Impact of Self-Help Groups on Formal Banking Habits", makes a modest attempt to examine whether there is any, association between the growth of SHGs and the increase in female bank deposit accounts and whether SHGs have a tendency to influence account holding in formal banks. In the process, the paper tries to trace the socio-economic factors that determine deposit and credit account holdings in formal banks among individuals and households. The analysis also reveals that being a member in SHGs and more importantly having leadership experience in SHGs greatly influences the bank account holding. Leadership experience in SHGs would also improve an individual's banking habits.

OBJECTIVES OF THE STUDY

The study specially aims at:

- ❖ Reviewing the historical back ground of micro finance in Andhra Pradesh and India.
- ❖ Studying the growth and development of the SHG –Bank Linkage Programme state level and national level.
- ❖ Examining the progress of SHGs through Bank Linkage in agency - wise.
- ❖ Analyzing the performance of SHGs in various financial aspects like financing, savings, loan disbursements etc
- ❖ Observing the financial inclusion performance of and syndicate bank in state and national.
- ❖ Recommendations for further improvement of SHGs Andhra Pradesh and India.

RESEARCH METHODOLOGY

The present study is intended to analyses the progressive of SHG-Bank Linkage Programme of select commercial banks (SBI and Syndicate Bank) in Andhra Pradesh. For the purpose of identifying the growth of SHGs in A.P. the data at all India level are also collected and compared. These banks are selected purposely. For the purpose of successful completion of this research paper the study aimed to gather information from secondary data.

DATA SOURCES

The related secondary data has gathered from NABARD Annual Reports, Status of microfinance in India Published by NABARD Micro Credit Innovations Department (MCID), Society for Elimination of Rural Poverty (SERP), director census operation, and Govt. of AP websites, the Journals like SEDME, Banking Finance, Monthly Public Opinion and Websites etc.

PROGRESS OF SHGs BANK-LINKAGE PROGRAMME IN INDIA AND ANDHRA PRADESH

Self-Help Group (SHG) Movement originated in Bangladesh under the Leadership of the Noble Laureate Mohamed Yunus. SHG-Bank Linkage Programme was started on the basis of the recommendation of S.K.Kalia Committee. NABARD has started SHG-Bank Linkage Programme as an Action Research Project in 1989. In February 1992, NABARD launched a Pilot Project linking 500 SHGs with banking systems across the country. NABARD refinance the banks, which lend of SHGs. SHGs linkage programme has come a long way since 1992 passing through stages of pilot (1992-95), mainstreaming (1995-1998) and expansion phase (1998 onwards) and emerged as the biggest micro-finance programme in terms of outreach linking 1,26,98,746 SHGs link with banks up to 2013-14. This has enabled estimated 12crore poor households in the country to gain access to micro-finance facilities from the formal banking system.

The SHG Bank Linkage Programme (SBLP) which started as a pilot programme in 1992 has developed at a very fast rate. In this section the impact of SHG–Bank Linkage Programme in India was assessed based on the physical performance, financial performance and performance of women SHGs under SBLP during the period 1992 – 93 to 2013-14 through different parameters.

The SBLP growth in India and Andhra Pradesh, the share of Andhra Pradesh in the programme with respect to all India figures is presented inTable-1

TABLE-1: PROGRESS OF MICROFINANCE THROUGH SHG-BANK LINKAGE PROGRAMME IN INDIA AND IN ANDHRA PRADESH

| S.NO. | Years | Andhra Pradesh | | | | INDIA | | | |
|-------|---------|----------------|---------------------|------------|------------|-------------|---------------------|------------|------------|
| | | No. of SHGs | Increase / decrease | Percentage | Cumulative | No. of SHGs | Increase / decrease | Percentage | Cumulative |
| 1 | 1992-93 | 35 | ----- | | 35 | 255 | ----- | | 255 |
| 2 | 1993-94 | 102 | 191.43 | | 137 | 365 | 43.14 | | 620 |
| 3 | 1994-95 | 105 | 2.94 | | 242 | 1502 | 311.51 | | 2122 |
| 4 | 1995-96 | 147 | 40.00 | | 389 | 2635 | 75.43 | | 4757 |
| 5 | 1996-97 | 434 | 195.24 | | 823 | 3841 | 45.77 | | 8598 |
| 6 | 1997-98 | 1322 | 204.61 | | 2145 | 5719 | 48.89 | | 14317 |
| 7 | 1998-99 | 6579 | 397.66 | | 8724 | 18678 | 226.60 | | 32995 |
| 8 | 1999-00 | 29242 | 344.47 | | 37966 | 81780 | 337.84 | | 114775 |
| 9 | 2000-01 | 84939 | 190.47 | | 122905 | 149050 | 82.26 | | 263825 |
| 10 | 2001-02 | 117352 | 38.16 | | 240257 | 197653 | 32.61 | | 461478 |
| 11 | 2002-03 | 165429 | 40.97 | | 405686 | 255882 | 29.46 | | 717360 |
| 12 | 2003-04 | 231336 | 39.84 | | 637022 | 361731 | 41.37 | | 1079091 |
| 13 | 2004-05 | 261254 | 12.93 | | 925733 | 539365 | 49.11 | | 1618456 |
| 14 | 2005-06 | 2,88,711 | 10.51 | | 1292222 | 620109 | 14.97 | | 2238565 |
| 15 | 2006-07 | 3,66,489 | 26.94 | | 1723737 | 1105749 | 78.32 | | 3344314 |
| 16 | 2007-08 | 4,31,515 | 17.74 | | 2207338 | 1227770 | 11.04 | | 4572084 |
| 17 | 2008-09 | 4,83,601 | 12.07 | | 2620963 | 1609586 | 31.10 | | 6181670 |
| 18 | 2009-10 | 4,13,625 | -14.47 | | 3034588 | 1586822 | -1.41 | | 7768492 |
| 19 | 2010-11 | 3,89,444 | -5.85 | | 3424032 | 1196134 | -24.62 | | 8964626 |
| 20 | 2011-12 | 3,52,485 | -9.49 | | 3776517 | 1147878 | -4.03 | | 10112504 |
| 21 | 2012-13 | 4,42,032 | 25.40 | | 4218549 | 1219821 | 6.27 | | 11332325 |
| 22 | 2013-14 | 3,58,940 | -18.80 | | 4577489 | 1366421 | 12.02 | | 12698746 |

Source: progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

The SHGs maintain the record of transactions on a daily basis in written format. NABARD initiated the SHGs in 1986-87. From 1991-92 NABARD linked the SHGs with banks. The main intention of this linkage was to tap the potential of SHGs and take the banking to the doorsteps of the poor. The SHG had small savings and hence the banks provided the credit for SHG and the SHG in turn to its members. As the SHG monitored the usage and repayment of credit to its members, it helped to improve the standard of living of the members of SHG.

The above table-1 shows the progress of SHG- Bank -Linkage from 1992-93 to 2003-14. In the initially there was a slow progress in the programme up to 1999. As only 32,995 self help groups were bank linked during the period 1992 to 1999. Since then the programme has been growing rapidly and the number of SHGs bank -linkage was increased from 81,780 in 1999-2000 to 13,66,421 as on 2013-2014. It can be known from the table that the percentage of growth of SHGs is highest in the year 1999-00 (i.e. 337.84) and was lowest percentage of growth when compared to the previous year is negative (-24.62) in the year 2010-11. This indicates that there is uneven growth in number of SHGs in the country. The cumulative number of SHG-Bank linkage has increased from the figure of 255 SHGs as on 1992-93 to 1,26,98,746 SHGs as on 2013-2014. The commercial banks and other banks should increase the tempo of financing to SHGs. It leads to reach the poorest of poor.

The self help movement is deep-rooted in southern states of the country. Since its humble origins two decades ago, the SBLP has grown manifold. Since the launch of SBLP, the southern states of Andhra Pradesh, Tamil Nadu, Kerala and Karnataka have shown interest in SBLP and thus maintaining their early start advantage. In 2014, these states hold 59% of the Bank Linked SHGs. the share of Andhra Pradesh in the programme with respect to all India figures is presented in Table-1. in the initially there was a slow progress in the programme up to 1999. as only 8724 self help groups were bank linked during the period 1992 to 1999. Since then the programme has been growing rapidly and the number of SHGs bank -linkage was increased from 29242 SHGs in 1999-2000 to 3,58,940 SHGs as on 2013-2014. It can be known from the table that the percentage of growth of SHGs is highest in the year 1998-99 (i.e. 397.66) and was lowest percentage of growth when compared to the previous year is negative (-18.80) in the year 2013-14. This indicates that there is uneven growth in number of SHGs in the country. The cumulative number of SHG-Bank linkage has increased from the figure of 35 SHGs as on 1992-93 to 45,77,489 SHGs as on 2013-2014. The commercial banks and other banks should increase the tempo of financing to SHGs. It leads to reach the poorest of poor.

When compared the share of Andhra Pradesh in the programme with respect to all India only 26% SHGs linked to banks up to 1999 and the all India SBLP share of Andhra Pradesh has peaked in the year 2003-04 with a share of 63.95 per cent. This share is gradually tapering down as other states are picking up the SBLP implementation. The SBLP share has come down to 42.40 per cent for the year 2008-09 and 30.70 per cent for the year 2011-12 but the percentage of share is increase to 36% in the year 2013-14. In fact number of SHGs linked with the programme has continuously increased year after year reaching a record number of 1366421 in all India and Similarly 3,58,940 in Andhra Pradesh during 2013-14. It shows that SHG bank linkage programme has been recognized as one of the most successful and rapidly growing micro finance mode in Andhra Pradesh and India.

PROGRESS OF MICROFINANCE-SAVINGS IN ANDHRA PRADESH AND INDIA

Though there are different models for purveying microfinance, the Self-Help Group Bank Linkage Programme has emerged as the major programme in the country. It is being implemented by commercial banks, regional rural banks (RRBs), and cooperative banks. The researcher has chosen State bank of India and Syndicate bank as a sample banks. When compared the share of SBI and syndicate bank in attract microfinance-savings from SHGs in state level and national level SBI play a successive role to attract more and more SHGs with saving accounts than other banks. Followed by syndicate bank and play a very important role in encourage microfinance to attract large number of SHGs with saving accounts.

Progress of Microfinance - Savings of SHGs with State Bank of India and Syndicate Banks Position in Andhra Pradesh and in India explain in the below table-2

TABLE-2: PROGRESS OF MICROFINANCE - SAVINGS OF SHGS WITH SBI AND SYNDICATE BANKS POSITION IN ANDHRA PRADESH AND IN INDIA (2008-2014) (Amount Rs. crore)

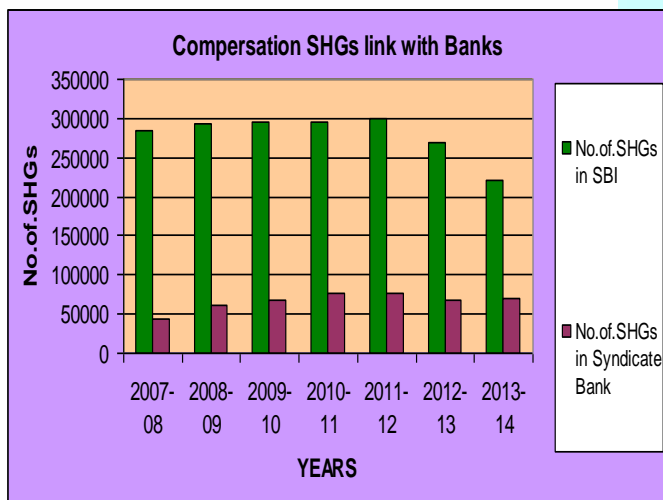
| Year | Andhra Pradesh | | | | India | | | |
|---------|---------------------|---------------------|----------------|---------------------|---------------------|---------------------|----------------|---------------------|
| | State Bank of India | | Syndicate Bank | | State Bank of India | | Syndicate Bank | |
| | No. of SHGs | Savings Amount (Rs) | No. of SHGs | Savings Amount (Rs) | No. of SHGs | Savings Amount (Rs) | No. of SHGs | Savings Amount (Rs) |
| 2007-08 | 283306 | 240.35 | 43028 | 112.61 | 934506 | 667.52 | 94318 | 141.96 |
| 2008-09 | 293456 | 240.61 | 60797 | 102.27 | 1109207 | 734.72 | 115015 | 159.30 |
| 2009-10 | 294378 | 240.68 | 66854 | 107.51 | 1216891 | 846.50 | 121601 | 176.38 |
| 2010-11 | 295752 | 240.80 | 77362 | 35.55 | 1270604 | 829.26 | 139965 | 130.12 |
| 2011-12 | 300122 | 299.41 | 76709 | 21.56 | 1351792 | 934.06 | 138936 | 91.04 |
| 2012-13 | 268462 | 416.60 | 68184 | 27.10 | 716898 | 909.51 | 127605 | 100.10 |
| 2013-14 | 221250 | 566.22 | 68950 | 27.28 | 598832 | 897.63 | 129872 | 122.33 |

Source: progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

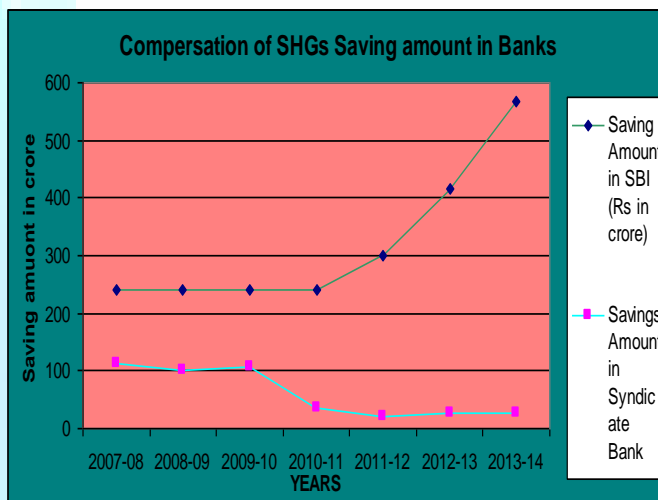
The above table-2 shows SHGs savings with State Bank of India and Syndicate Banks in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. According to the Status of Micro Finance in India 2007-2008 to 2013-14 released by The National Bank for Agriculture and Rural Development (NABARD) in various years. There are 2,21,250 SHGs held savings bank accounts with total savings of Rs. 566.22 crore link with State bank of India and 68,950 SHGs held savings bank accounts with total savings of Rs 27.28 crore link with Syndicate bank in Andhra Pradesh. Highest 3,00,122 SHGs with State Bank of India in the year 2011-12. Highest Rs 566.22 crore(63.08% national share) savings with State Bank of India in the year 2013-14 and same way Highest 77362 SHGs held saving bank account in the year 2010-11, but highest saving amount Rs 112.61 crore (79.35% all India share) with Syndicate Bank in the year 2007-08. Lowest 2,21,250 SHGs with State Bank of India in the year 2013-14. Lowest 240.35 crore (36% national share) savings with State Bank of India in the year 2007-08 and same way Lowest SHGs 43028 with Syndicate bank in the year2007-08 and Lowest Rs 21.56 crore(24% all India share) savings with Syndicate Bank in the year 2011-12 In Andhra Pradesh. There are 5,98,832 SHGs held savings bank accounts with total savings of Rs. 897.63 crore link with State bank of India and 1,29,872 SHGs held savings bank accounts with total savings of Rs 122.33 crore link with Syndicate bank in all India level. Highest 13,51,792 SHGs Rs 934.06 crore savings with State Bank of India in the year 2011-12 and same way Highest 1,39,965 SHGs in the year 2010-11, but highest saving amount Rs176.38 crore with Syndicate Bank in the year 2009-10. Lowest 598832 SHGs in the year 2013-14, lowest savings amount Rs 667.52 crore with State Bank of India in the year 2007-08 and same way Lowest SHGs 94318 with Syndicate bank in the year2007-08 and Lowest Rs 91.04 crore savings with Syndicate Bank in the year 2011-12.

Progress of SHGs savings with SBI and Syndicate Banks in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. With above table-2 data Shows in charts below.

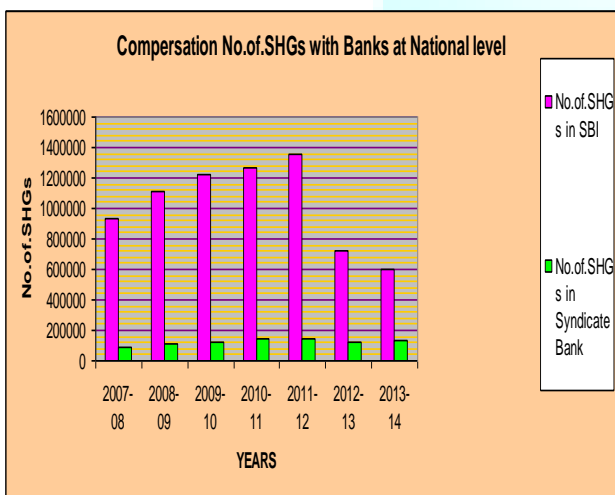
COLUMN CHART-1: PROGRESS OF NO. OF SHGs IN A.P.



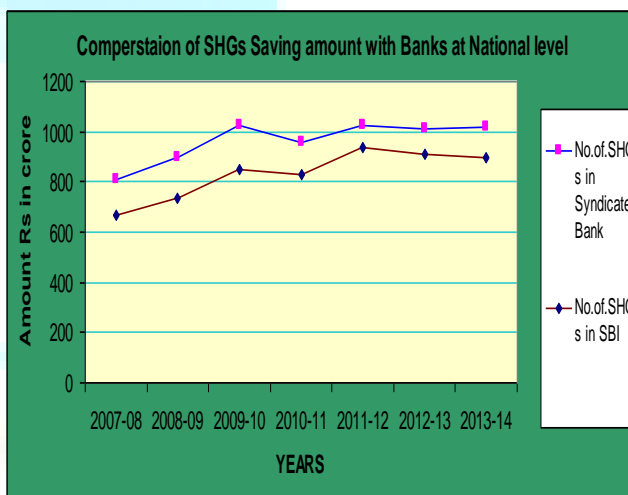
LINE CHART-2: PROGRESS OF SHGs SAVINGS IN A.P.



COLUMN CHART-3: PROGRESS OF NO. OF SHGs IN INDIA



LINE CHART-4: PROGRESS OF SHGs SAVINGS IN INDIA



Source: NABARD progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

PROGRESS OF MICROFINANCE – LOANS DIBURSED TO SHGs IN ANDHRA PRADESH AND INDIA

Financial inclusion can be defined as the process of ensuring access to financial services and timely availability of adequate credit where needed by vulnerable Groups such as weaker sections and low income groups at an affordable cost. During the last decade, India had recorded a tremendous growth of SHGs. There are about 99 million families have covered under SHGs. The state of Andhra Pradesh has been the focus of attention on the world map primarily due to its proactive government and significant strides made by its SHGs. The Government of Andhra Pradesh has taken up the theme of women’s empowerment as one of the main agenda items to tackle rural poverty and socio-economic issues. The researcher discusses the Progress of Microfinance -loans disbursed to SHGs with State Bank of India and Syndicate Banks Position in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. As per the provisional information made available by National Bank for Agriculture and Rural Development (NABARD) in various years reports on the Status of Micro Finance in India 2007-2008 to 2013-14 which is shown table-3.

TABLE-3: PROGRESS OF MICROFINANCE LOANS DISBURSED TO SHGs WITH SBI & SYNDICATE BANKS POSITION IN ANDHRA PRADESH AND ALL INDIA (2008-14) (Amount Rs crore)

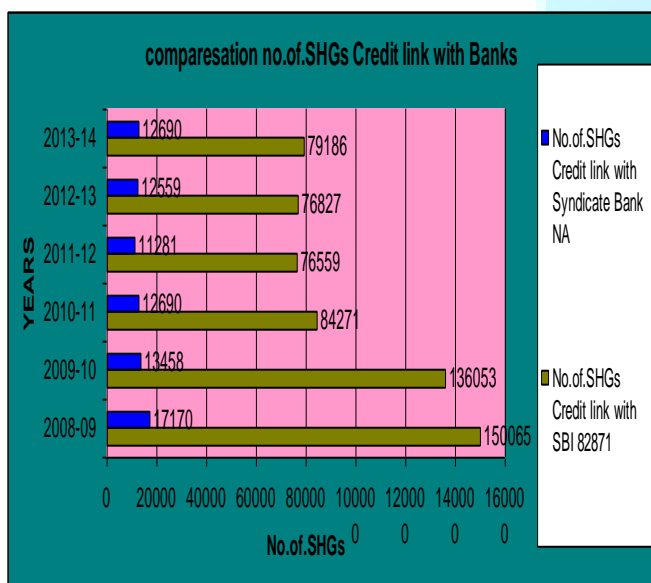
| Year | Andhra Pradesh | | | | All India | | | |
|---------|---------------------|-----------------------------|----------------|-----------------------------|---------------------|-----------------------------|----------------|-----------------------------|
| | State Bank of India | | Syndicate Bank | | State Bank of India | | Syndicate Bank | |
| | No. of SHGs | Loans Disbursed Amount (Rs) | No. of SHGs | Loans Disbursed Amount (Rs) | No. of SHGs | Loans Disbursed Amount (Rs) | No. of SHGs | Loans Disbursed Amount (Rs) |
| 2007-08 | 82871 | 834.12 | NA | NA | 283339 | 1749.29 | 5219 | 37.30 |
| 2008-09 | 150065 | 1427.00 | 17170 | 183.09 | 323673 | 2410.18 | 21725 | 251.55 |
| 2009-10 | 136053 | 1662.24 | 13458 | 189.41 | 292857 | 2821.19 | 17998 | 271.42 |
| 2010-11 | 84271 | 1538.38 | 12690 | 261.32 | 173558 | 2563.00 | 16635 | 343.06 |
| 2011-12 | 76559 | 1741.35 | 11281 | 249.80 | 151415 | 2749.65 | 16053 | 359.35 |
| 2012-13 | 76827 | 1920.35 | 12559 | 321.41 | 131722 | 2676.66 | 15679 | 388.47 |
| 2013-14 | 79186 | 2108.07 | 12690 | 261.32 | 112807 | 2566.13 | 35935 | 1214.02 |

Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

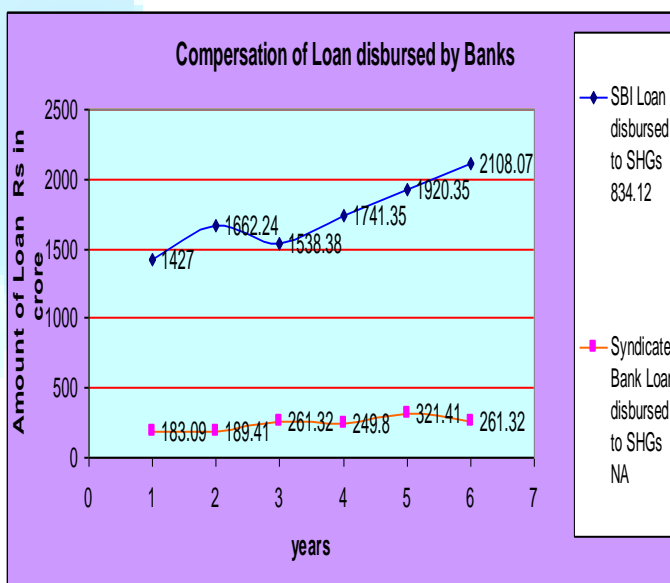
It can be observed from the above table the number of Self help groups linked with bank loan for the respective years. It is indicated from the table that the number of SHGs credit linked is inconsistent where as bank loan provided to such SHGs is increasing. The amount Loans Disbursed with State Bank of India to of SHGS increased from Rs 834.12 crore (47.68% of national share) to Rs 2108.07 crore (82% of all India share) and the amount Loans Disbursed with Syndicate Bank to of SHGS decreased from Rs 183.09 crore (73% of national share) to Rs 261.32 crore (21.53% of all India share) in Andhra Pradesh. The amount Loans Disbursed with State Bank of India to of SHGS increased from Rs 1749.29 crore to Rs 2566.13 crore. Over all 47% increased in 7 years. And the amount Loans Disbursed with Syndicate Bank to of SHGS increased from Rs 37.30 crore to Rs 1214.02 crore. In all India level abnormal change is proud. It is evident from the above table that there is positive growth with respect to the number of SHGs credit linked to banks except for year 2010-11. Based on the above analysis it can be concluded that State Bank of India play dominate role in micro-credit as compared to the Syndicate Bank. Syndicate Bank plays only a marginal role in state level and country level. Shows the table that the financial inclusion attained through SHGs is scalable and sustainable. If a serious impact on the economic conditions of the rural poor has to be made.

The above table-3 data is analysis in the following charts.

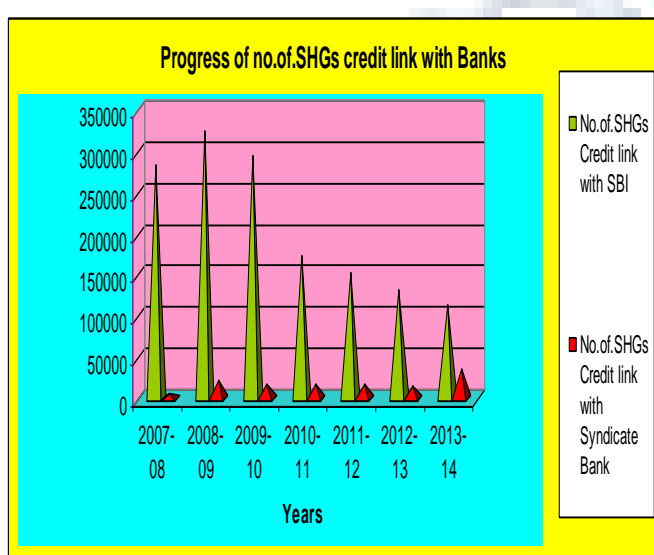
CONE CHART-5: PROGRESS OF NO. OF SHGs IN STATE LEVEL



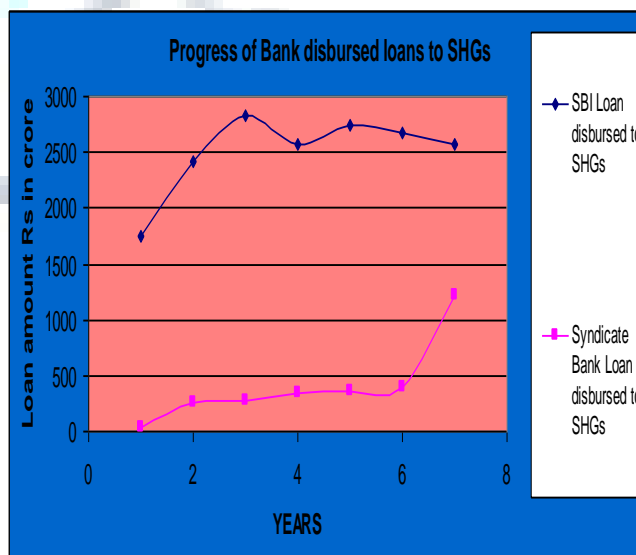
LINE CHART-6: BANKS LOAN DISBURSED TO SHGs IN A.P.



CONE CHART-7: PROGRESS OF NO. OF SHGs IN NATIONAL LEVEL



LINE CHART-8: BANKS LOAN DISBURSED TO SHGs IN INDIA



Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

PROGRESS OF MICROFINANCE – LOANS OUTSTANDING AGAINST SHGs IN ANDHRA PRADESH AND INDIA

The Government of India should implement all micro-finance schemes effectively and systematically. Women in India have been somewhat neglected repayment of the loan amount in time. Microfinance -loans disbursed to SHGs on the bases of joint liability groups (JLGs) even though the recovery rate of the loans declined. The SHG Bank Linkage Model has made considerable progress its inception from the period of 2007-08 to 2013-14 all India wise and Andhra Pradesh outstanding number of credit linked SHGs and amount of loans with Banks is presented in Table4-given below.

TABLE-4: PROGRESS OF MICROFINANCE LOANS OUTSTANDING AGAINST SHGs WITH SBI AND SYNDICATE BANKS POSITION IN A.P. AND IN INDIA (2008-2014)
(Amount Rs crore)

| Year | Andhra Pradesh | | | | All India | | | |
|---------|---------------------|--------------------------------|----------------|--------------------------------|---------------------|--------------------------------|----------------|--------------------------------|
| | State Bank of India | | Syndicate Bank | | State Bank of India | | Syndicate Bank | |
| | No. of SHGs | Loans outstanding Amount (Rs) | No. of SHGs | Loans outstanding Amount (Rs) | No. of SHGs | Loans outstanding Amount (Rs) | No. of SHGs | Loans outstanding Amount (Rs) |
| 2007-08 | 158240 | 1061.16 | NA | NA | 1031832 | 3469.09 | 19558 | 182.80 |
| 2008-09 | 241434 | 1997.34 | 55361 | 493.19 | 1038377 | 4733.25 | 77083 | 699.95 |
| 2009-10 | 301215 | 2588.22 | 64505 | 613.67 | 1061878 | 5892.89 | 89646 | 873.29 |
| 2010-11 | 490666 | 2879.22 | 75435 | 726.91 | 1060383 | 5470.99 | 103141 | 1059.43 |
| 2011-12 | 258026 | 3014.82 | 73938 | 859.03 | 589284 | 5658.05 | 101700 | 1221.07 |
| 2012-13 | 241781 | 3198.90 | 65190 | 1026.92 | 545215 | 5600.28 | 92734 | 1381.86 |
| 2013-14 | 221960 | 3326.47 | 65752 | 1292.90 | 446807 | 5133.57 | 90861 | 1652.26 |

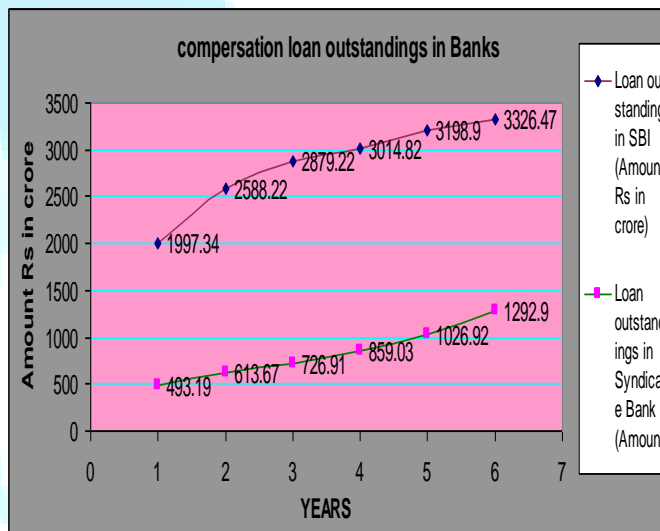
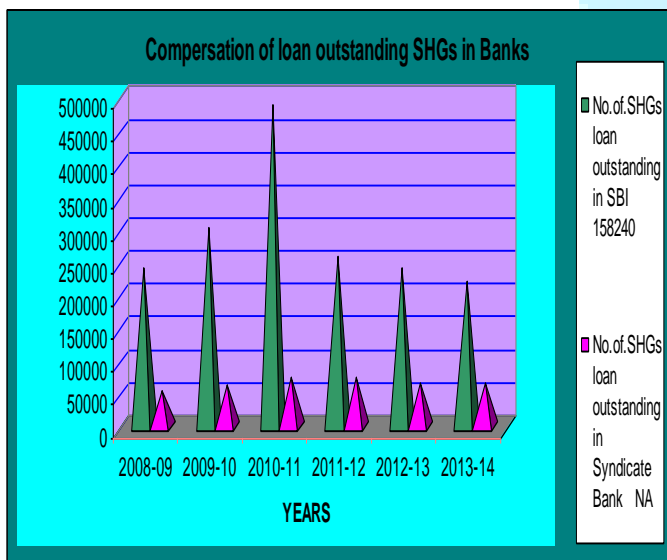
Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

The above table explains loans outstanding against SHGs in SBI and Syndicate Banks. In Andhra Pradesh State Bank of India Highest number of SHGs 4,90,666 (46.27% of national share) in the year 2010-11. Highest loans outstanding amount Rs 3,326.47 crore (64.79% of all India share) in the year 2013-14. Lowest number of SHGs 1,58,240 (15.34% of national share) loans outstanding amount Rs 1,061.16 crore (31% all India share) in the year 2007-08. In the same way Syndicate Bank Highest number of SHGs 75,435(73.05% of national share) in the year2010-11. Highest loans outstanding amount Rs 1,292.90 crore in the year 2013-14. Lowest number of SHGs 55,361(72% of all India share) loans outstanding amount Rs 493.19 crore (70.46% of national share) in the year 2007-08. In all India level State Bank of India Highest number of SHGs 10,61,878 loans outstanding amount Rs 5, 892.89 crore in the year 2009-10. Lowest number of SHGs 4,46,807 in the year 2013-14 and lowest loans outstanding amount Rs 3,469.09 crore in the year 2007-08. In the same way Syndicate Bank Highest number of SHGs 1,03,141 in the year 2010-11. Highest loans outstanding amount Rs 1,652.26 crore in the year 2013-14. Lowest number of SHGs 19,558 loans outstanding amount Rs 182.80 crore in the year 2007-08.

Loans outstanding against SHGs with SBI and Syndicate Banks Position in Andhra Pradesh and in India with above table-4 data Shows in charts below.

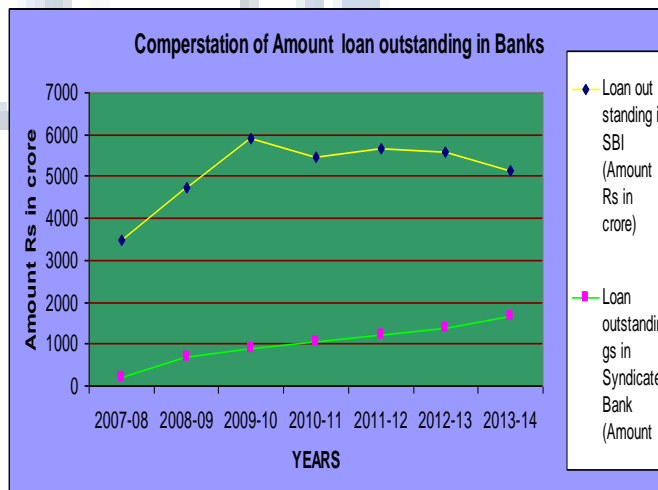
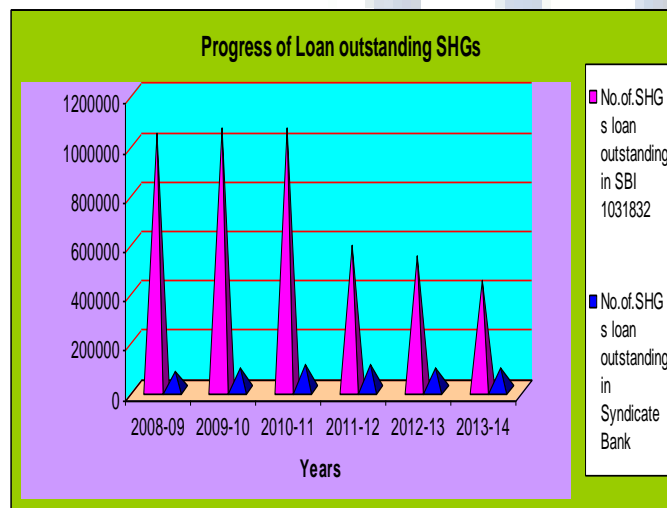
PYRAMID CHART-9: LOAN OUTSTANDING SHGS IN A.P.

LINE CHART-10: BANKS LOAN DISBURSED TO SHGS IN STATE LEVEL



Pyramid chart-11: Loan Outstanding SHGs in India

Line chart-12: Bank wise Loan outstanding amount in national level



Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

ISSUE IN SHG – BANK LINKAGE PROGRAMME**RESTRICTION IN LOAN SIZE/PERIOD**

The commercial banks took a long time to clearly recognize and internalize the concept. The SHG model is primarily a savings based model. The commercial banks have been following largely 1:4 savings-credit ratios SHGs having lower savings ability find the lending ratio highly restrictive. As a result, many SHGs are unable to access credit adequately. This is forcing SHG members to restrict loan size/period. The formal system has to tune itself to the needs of SHGs and their members. This calls for adopting highly proactive and innovative policies to deal with the SHGs.

QUALITY OF SHGs

Due to the fast growth of the SHG Bank Linkage Program, the quality of SHGs has come under stress. This is reflected particularly in indicators such as the poor maintenance of books and accounts etc. Significant financial investment and technical support is required for meeting this challenge.

MANAGING FUNDS

Managing funds of SHGs has been found to be ranging from weak to average. Internal controls at SHGs and SHG Federations are lacking. SHG are accessing external borrowings through SHG bank Linkage and then lends these funds to its members, there have been cases of poor cash flow management to repay debt. There is a need for systematic monitoring of SHGs with the help of latest technology like smart cards, biometric IDs, mobile handsets etc.

GOVERNANCE

Since SHGs are informal organizations, there is lack of proper governance. The members of SHGs do not have much experience with establishing formalized monitoring and review functions or complying with legal regulations. As the loans being disbursed to SHGs is growing, a strong governance system is needed.

ATTITUDE OF BANKERS

Banks are unable to understand fully the commercial importance of SHG lending and they feel that the SHG lending is being carried to fulfill the social obligations. The participation of commercial banks into the microfinance intervention requires change in their conventional attitude towards the poor.

SUSTAINABILITY

The financial sustainability of an SHG depends mainly on its repayment patterns. Only when SHGs make timely repayments to banks do they gain access to bigger loans. The ability to make timely repayments to banks, in turn, depends on the repayment patterns of the individual members. In order to ensure sustainability of the SHGs, their activities and linkages, there should be better transparency in the books of accounts maintained at the group level. These books should reflect the position of deposits in members accounts, interest paid on savings, distribution of corpus or operating surplus among members, ever greening of loan accounts, etc.

FINDINGS OF THE STUDY

- Initially there was a slow progress in the programme up to 1999 as only 32,995 groups were credit linked in India 8,724 groups were credit linked in Andhra Pradesh during the period from 1992 to 1999.
- The commercial banks are the major partners to link the SHGs i.e., 52.00 percent.
- More than fifty per cent of the respondents expressed that they were motivated to join in the groups by the NGOs. Banks and Government departments have played minimal role in motivating the women to join in SHGs
- NGOs play an important role in SHG formation, linking the groups with the banks, arranging for loans and imparting training to start income generating activities.
- Education of the respondents, period of membership in the SHG and loan amount significantly influence the awareness about the role of NGO.
- Recovery of loans by banks is excellent without any default. Other loans issued to the members are also rapid without any delay.
- The women status has improved through these SHGs.

CONCLUSION

SHG-Bank linkage programme has emerged as the biggest micro-finance programme in India enabling about millions poor households to gain access to micro-finance facilities from the formal banking system. Over the years, it has become an accepted part of rural finance and a potential tool for inclusive finance and human development and reducing dependency on money lenders, easy access to credit to their members and savings and moderate economic benefits. The process of forming and nurturing small, homogeneous and participatory SHGs enable the poor especially the women from poor households, to collectively identify and analyses the problems they face in the perspective of their social and economic environment. At present about 90 percent of SHGs members are women. Through active participation of women in this programme, the process of economic empowerment of women in India can be successfully achieved.

Based on the above analysis it can be concluded that SBI play a lead role to attract more and more SHGs with saving accounts than other banks. Followed by syndicate bank and play a very important role in encourage microfinance to attract large number of SHGs with saving accounts. Partly the decline can be attributed to the continued decline in the number of SHGs being extended fresh loans by banks over the last 7 years. Successfully reduced outstanding amount and improve the financial status of the both banks. State Bank of India play dominate role in micro-credit as compared to the Syndicate Bank. Syndicate Bank plays only a significant role country level.

Though SHGs model was more popular among the southern states especial Andhra Pradesh. The government of Andhra Pradesh is implementing a state wide rural poverty eradication programme based on social mobilization and empowerment of rural poor women this programme is popularly known as Development of women and children in rural areas (DWCRA) program. One of the main agenda items to tackle rural poverty and socio-economic issues. 'Velugu' or Indira Kranthi Pathakam (IKP) IKP is implemented by society for Elimination of Rural poverty of Andhra Pradesh. This programme has contributed to the improvement in women's empowerment at the household and community level.

Women participation in Self Help Groups have obviously created tremendous impact upon the life pattern and style of poor women and have empowered them at various levels not only as individuals but also as members of the family members of the community and the society as whole. It is concluded that women have attained empowerment in economic, social and psychological spheres after forming SHGs, which a true reflection of women empowerment.

The journey traversed so far by the NABARD promoted Self- Help Group-Bank Linkage Programme crossed many milestones touching over 9.44 crore households, there fore it has become the largest Microfinance programme in the world.

RECOMMENDATIONS

The following suggestions are made for women empowerment and effective implementation of Self Help Groups in India in particular in Andhra Pradesh and general.

- Build capacities of established local institutions, especially the Gram Sabha/Gram Panchayat and line departments, shall be established to operate in a more inclusive manner in addressing the needs of the poor.
- Government shall be accompanied of all anti-poverty programs, policies, projects and initiatives at state, and country level.
- The Government shall implement all micro-finance schemes effectively and systematically.
- Women shall be educate towards their opportunities and upgrade their knowledge according to the social and technology changes.
- Banks also need to explore ways to generate and utilize local knowledge and information for effective loan monitoring and risk mitigation.
- Care shall be taken to see that the credit is used for the purposes mentioned in the actual plan submitted in the banks.
- There is a need to have proper regulating authority at each level saving, depositing, lending of money, which will help in long term sustainability of the sector and in avoiding any misuse of money.

- Minimal or zero balance saving bank accounts shall be initiated for all the poor individual. The government can play a major role in this. This step would not only create a safe window for them but also help them to multiply their money.
- The interest rate on the loan amount should be brought down to minimum extent.
- It is there must be a minimum period of moratorium between the grant of the loan and the commencement of its repayment.

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A STUDY ON CONSUMER BEHAVIOUR TOWARDS INTERNATIONAL BRAND OF HOME APPLIANCES AT VELLORE CITY

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ABSTRACT

This research work entitled "A study on consumer behaviour towards international brand of home appliances at Vellore City carried out by the researcher to have a clear insight into the brand preference and to understand the consumer behaviour towards purchasing International brand of Home appliances. This study is mainly deals with knowing purchase and post purchase behaviour. It also opens the various factors which can affect the purchase decision of consumer towards international Home Appliances Brands. Further, this study covers various factors influencing consumers towards international brands of home appliances in Vellore district. The study area is confined to the sample population in Vellore City. Only five items of home appliances: Air conditioner, Washing Machines, Refrigerators, Washing Machines and Television are taken into consideration. A well structured Questionnaire is used to collect primary data. Sample size is 100, variance and confidence methods are used for Determining sample size. The researcher adopted simple random sampling for the study. The data was analyzed using the statistical tools like percentage analysis, chi square and ANOVA. This study provides the exceptions of consumer and up to how much level of these expectations met and also helps to know whether they recommend International brands to other or not. This Study assisted to know the different services offered by International home appliance companies.

KEYWORDS

International Brand, consumer behaviour, post purchase behaviour, Services offered.

1. INTRODUCTION

Consumer Behavior is defined as "the interplay of forces that takes place during a consumption process, within a consumers self and his environment. Consumer research takes places at every phase of utilization process, before the purchase, during the purchase and after the purchase. The varying demographic profile of the population in terms of education, income, size of family and so on, are very imperative by what will be more substantive in days to come will be the psychographics of customers that is how they feel, think or behave. Marketers will have to continually monitor and comprehend the primary Psychographics to map their relevant industries are moving and decide what required to be done, by way of toting up value that stimulates customers to buy the company's products and empower the potential industry structure. The acquaintances of the consumer behavior assists the marketer to understand how consumers think, feel and select from alternatives like products, brands and the like and how the consumers are predisposed by their environment, the reference groups, family, and salespersons and so on.

This study is mainly deals with knowing purchase and post purchase behaviour. Changing preference of customers in today's scenario is unpredictable as there are so many best option for customer in home appliances selection. The competition is cutthroat in term of price, promotional strategies. The International brands find India to be a potential hub to market their products. But then too the consumer behaviour has to be know which him attracted towards International brands. Major Appliance brands include such companies as Whirlpool, Samsung, Godrej & LG. A smaller number of distributors control groups of these brands

2. LITERATURE REVIEW

Mujahid-Mukhtar E, Mukhtar H (1991) has observed role of decision making for household durables: good measure of women's power within a household in Pakistan. It is their influence in the purchase of new home improvement technology good (cars, appliances, etc.), who's expense and life-long nature makes their purchase an important decision. The study identified various cultural and economic factors that affect women's decision making power: urban women, women in nuclear families, educated women, and working women generally have more decision making power than rural women, women in extended families, illiterate women, and unemployed women.

Belch And Belch, has analyzed that, Consumer behaviour is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires.

Leon G. Schiffman & Leslie Lazar Kanuk, "Consumer behaviour can be defined as the behaviour that consumer display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs".

According to BEARDEN, "The mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants."

According to LEON G SCHIFFMAN "The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

According to Solomon, "Consumer behaviour is the process involved when individual or groups select, purchase, use, or dispose of products, services, ideas or experiences to satisfy needs and wants".

3. OBJECTIVES OF THE STUDY

1. To Study the consumer behavior towards International brand of home appliances in Vellore City.
2. To find out factors that influence buying decision of home appliances.
3. To examine the change in consumer behavior due to International Brand.

4. SCOPE OF THE STUDY

- This Report will help to understand the consumer behaviour towards purchasing new Home appliances. It also opens the various factors which can affect the purchase decision.

- This Report provides a frame of mind of people, what are the exceptions of consumer and up to how much level this expectation met. To know whether they recommend to other or not.
- The Study facilitated to acquaint about the customer’s outlook and opinion. This Study assisted to know the dissimilar services offered by home appliance companies.

5. RESEARCH METHODOLOGY

RESEARCH DESIGN

Descriptive Research Design

SAMPLING METHOD

The researcher adopted simple random sampling for the study

SAMPLE SIZE

Sample size is 150, variance and confidence methods are used for Determining sample size.

RESEARCH INSTRUMENT

The research instrument that is used in this study is questionnaire. A well structured Questionnaire is used to collect primary data The instrument consisted of 19 items with five-point Likert-like scale and 10 item with multiple option scale with intensities varying through.

COLLECTION OF DATA

The data collected are mostly primary and rarely secondary data.

RESEARCH AREA

The research was conducted at Vellore.

STATISTICAL TOOLS

- ANOVA
- SIMPLE PERCENTAGE ANALYSIS.

6. DATA ANALYSIS AND INTERPRETATION

TABLE 6.1: FREQUENCY DISTRIBUTION OF THE RESPONDENTS BASED ON THE AGE OF THE CUSTOMER

| Description | Respondents | Percent |
|----------------|-------------|---------|
| Below 20 years | 9 | 6.0 |
| 21-30 years | 82 | 54.7 |
| 31-40 years | 49 | 32.7 |
| Above 40 years | 10 | 6.7 |
| Total | 150 | 100.0 |

The table 6.1 shows that 54.7% fall in the category of 21-30 years in age 32.7% in 31-40 years, Only 6.7% are in the age group Of Above 40 years and 6% are Below 20 years, Thereby the usage of home appliances is more in the young population.

TABLE 6.2: FREQUENCY DISTRIBUTION OF THE RESPONDENTS BASED ON THE CUSTOMER QUALIFICATION

| Description | Respondents | Percent |
|------------------|-------------|---------|
| SSLC | 11 | 7.3 |
| Higher secondary | 14 | 9.3 |
| Diploma | 36 | 24.0 |
| Graduate | 49 | 32.7 |
| Postgraduate | 31 | 20.7 |
| Others | 9 | 6.0 |
| Total | 150 | 100.0 |

The table 6.2 shows that 49 respondents reported that they graduate, this represent 32.7%, 36 respondents reported that they diploma, this represent 24%, 31 respondents reported that they postgraduate, this represent 20.7%, 14 respondents reported that they higher secondary, this represent 16.7%, 11 respondents reported that they SSLC, they represent 7.3%, 9 respondents reported that they others, they represent 6%.

TABLE 6.3: FREQUENCY DISTRIBUTION OF THE RESPONDENTS BASED ON THE PURCHASE OF PRODUCT

| Description | Respondents | Percent |
|-----------------------|-------------|---------|
| Brand name | 58 | 38.7 |
| Price | 42 | 28.0 |
| Quality | 21 | 14.0 |
| Offers/discount | 11 | 7.3 |
| Availability | 11 | 7.3 |
| Post purchase service | 7 | 4.7 |
| Total | 150 | 100.0 |

The table 6.2 shows that 58 respondents are reported that they purchase the product based on Brand name this represents 38.7%, 42 respondents are reported that they purchase the product based on price this represents 28%, 21 respondents are reported that they purchase the product based on quality this represents 14%, 11 respondents are reported that they purchase the product based on offers/discounts this represents 7.3%, 11 respondents are reported that they purchase the product based on availability this represents 7.3%, 7 respondents are reported that they purchase the product based on post purchase service this represents 4.7%.

TABLE 6.4: ANOVA FOR INTERNATIONAL BRAND GREATLY EXPRESS THEIR INDIVIDUALITY BASED ON THEIR OCCUPATION

| Source of variance | Sum of Squares | df | Mean Square | F | Sig. |
|--------------------|----------------|-----|-------------|------|------|
| Between Groups | 1.963 | 4 | .491 | .345 | .847 |
| Within Groups | 206.330 | 145 | 1.423 | | |
| Total | 208.293 | 149 | | | |

Interpretation

H₀- There is no significant difference between the mean values International brand greatly express their Individuality based on their Occupation.

H₁- There is significant difference between the mean values International brand greatly express their Individuality based on their Occupation.

Result

P =.847

$P > .05$
 Since P value (.847) is greater than the .05 at 5% level of significance. Null hypothesis is accepted. Therefore there is no significant difference between the mean values International brand greatly express their Individuality based on their Occupation.

TABLE 6.5: ANOVA DESCRIPTIVE FOR INTERNATIONAL PRODUCT ARE BETTER THAN DOMESTIC PRODUCTS BASED ON THE AGE OF CUSTOMER

| Source of variance | Sum of Squares | Df | Mean Square | F | Sig. |
|--------------------|----------------|-----|-------------|------|------|
| Between Groups | 1.954 | 4 | .488 | .983 | .419 |
| Within Groups | 72.046 | 145 | .497 | | |
| Total | 74.000 | 149 | | | |

Interpretation

H_0 - There is no significant difference between the mean values of international product are better than domestic products based on their age of customer.

H_1 - There is significant difference between the mean values of international product are better than domestic products based on their age of customer.

RESULT

$P = .419$

$P > .05$

Since P value (.419) is greater than the .05 at 5% level of significance. Null hypothesis is accepted. There is no significant difference between the mean values of international product are better than domestic products based on their age of customer.

RESULTS AND DISCUSSION

International brand Home appliances is better than domestic brand is based on Occupation but it is not depended on Age, Gender, Marital status, Qualification, Monthly income and Type of family. Thus most of respondent projected strongly agree of International brand home appliances enhance their Image & Agree international brand greatly express their Individuality, leads to identification of social group. The pulse of the India market has to be comprehended enough by the manufacturers so as to induce and persuade the customers to buy their selective product based on the product, price, place and promotion. The dissemination of fruitful and productive information has to be shown to the consumers through media rather concentrating mainly on the aesthetic part of the product. Also the selection of the right media with the corresponding ratings will reach the right customers at the right time. The Brand owners has to compare the other product line on par with their product to improve the standards and discriminate the product line and elucidate the masses by proper training of sales personnel's by the company so that the acquaintance of truthful information will throw more light on to the public with more effect on purchase of the desired product. The Social media like Face book, Twitter and blogs have to be used by young customers to gather more knowledge during their pass time; these media can be used to promote awareness on consumer buying behavior. There should be equilibrium between sustainability and demand

SUGGESTIONS

The Brand owners has to compare the other product line on par with their product to improve the standards and discriminate the product line and elucidate the masses by proper training of sales personnel's by the company so that the acquaintance of truthful information will throw more light on to the public with more effect on purchase of the desired product.

The Social media like Face book, Twitter and blogs have to be used by young customers to gather more knowledge during their pass time; these media can be used to promote awareness on consumer buying behavior. There should be equilibrium between sustainability and demand.

CONCLUSION

In this study, the researchers concluded that, people in Vellore city has pertinent knowledge about diverse brands of the Electronic Home Appliances. Knowledge about Electronic Home appliances differ based on the demographic factors like age, gender, marital status, qualification, income and family type discriminating the buying behavior of home appliances is based on this study the awareness level of home Electronic Home appliances are moderate in Vellore City. Most of the respondents have the relevant knowledge on the renowned company brands the main factors involved in selecting home appliances are price then brand name, then quality, then service and the last are the other offers given by the retailer. a huge buying seen and more amounts is spent on buying Electronic Home Appliances based on the selective brands.

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AN ANALYTICAL STUDY OF FUND BASED INCOME OF SELECTED PUBLIC SECTOR & PRIVATE SECTOR BANKS IN INDIA

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ABSTRACT

A major part of the income is earned through fund based activities. At the same time, it involves a large share of expenditure also in the form of interest and brokerage. In recent times, a number of banks have started accepting deposits by offering a very high rate of interest. When the cost of deposit resources go up, the lending rate also should go up. It means that such banks have to compromise the quality of its investments. A fee based income, on the other hand, does not involve much risk. But it requires a lot of expertise on the part of a bank to offer such services. In the face of declining net interest margins, depository institutions have entered new product areas over the ancient times, moving from traditional lending to Areas that generate Non-fund Based Income. The change is of importance for financial control. The more unbalanced is a bank's earnings stream, the more unsafe the institution is. The traditional wisdom in the banking industry is that earnings from fund-based products are steadier than loan-based earnings and those fund-based activities lessen bank risk via diversifications.

KEYWORDS

fund based income, public sector bank, private sector bank.

INTRODUCTION

A bank is a business organization engaged in the business of borrowing and lending money. A bank can earn income only if it borrows at a lower rate and lends at a higher rate. The difference between the two rates will represent the costs incurred by the bank and the profit.

Besides performing the usual commercial banking functions, banks in developing countries play an effective role in their economic development. The majority of people in such countries are poor, unemployed and engaged in traditional agriculture. There is acute deficit of capital. People need initiative and enterprise. Means of transport are untrained. Industry is low. The commercial banks help in solving these obstacles and promoting economic development. The role of a commercial bank in a developing country is very important. Some of the major important roles of commercial banks in a developing country are as follows:

1. Mobilizing economy for Capital Formation:
2. Financing Industry:
3. Financing Trade:
4. Financing Agriculture:
5. Financing Consumer Activities:
6. Financing Employment Generating Activities:
7. Help in Monetary Policy:

Bank also provides a number of services to its customers for which it charges commission. This is also an important source of income. The followings are the various sources of a bank's profit:

1. Interest on loans
2. Interest on investments
3. Commission, brokerage, etc.

Commercial banks also deal in foreign exchange. They sell demand drafts, issue letters of credit and help remittance of funds in foreign countries. They also act as agents in foreign exchange. Banks earn income out of these operations.

FUND BASED INCOME

1. "Fund based income is generated over the life of loans that have been securitized in structures requiring financing treatment (as opposed to sale treatment) for accounting reasons; loans held for investment; loans held for sale; and loans held for securitization.

2. "Fund based income is generated from what is known as 'the spread'. The spread is the difference between the interests a bank earns on loans extended to customers. Corporate etc and the interest paid to depositors for the use of their money. It is also earned from any securities that the banks own such as treasury bills or bonds."

REVIEW OF LITERATURE

Chidambaram R. M and Alamelu (1994) defined the problem of declining profit margins in the Indian Public Sector Banks as compared to their private sector counterparts. It was observed that in spite of similar social obligations; almost all the private sector banks have been registering both –high profits and high growth rate with respect to deposits, advances and reserves as compared to the public sector banks. Regional orientation, better customer services, proper monitoring of advances and appropriate marketing strategies are the secrets behind the success of public of the private sector banks.

SBI Research Department(2000) Economic Research Department of State Bank of India analysed the Performance of the 27 Public Sector Banks for the year 1999-2000 vis-a-vis the preceding year. Selecting four different categories of indicators-Business Performance, Efficiency, Vulnerability and labor productivity indicators, performed the analysis. Altogether, 39 indicators were selected for this reason. For the reason of analysis, 27 PSBs disaggregated into four groups, namely, the SBI, ABs (7), the SBGs (8), the NBs (19). During 1999-2000, the PSBs exhibited better show in terms of several parameters studied above.

Nevertheless, the problems of NPAs and capital adequacy remain to be taken care of. Researchers in this paper had opinion that greater operational flexibility and functional autonomy should be given to PSBs especially to strengthen their capital base.

Sahila Chaudhry(2012) made an effort to analyse the performance of selected public and private banks in India on the basis of parameters recommended in CAMEL Model, i.e. C-capital adequacy, A-asset quality, M-management efficiency, E-earnings quality and L-liquidity, which is divided into seven sections. First

section includes a brief review of some of the past studies. Second section covers the scope, objectives, hypotheses and research methodology of the research. In third, fourth, fifth, sixth and seventh section, an effort is made to analyse the capital adequacy, asset quality, management efficiency, earnings quality and liquidity of six banks in all selecting 3 banks from each category i.e. State Bank of India (SBI), Punjab National Bank (PNB) and Bank of Baroda (BOB) from public sector and ICICI, HDFC and AXIS from private sector banks in India for a period of 12 years, i.e. 2000 to 2011.

RESEARCH PROBLEM

In a market driven banking sector, competition is the most dynamic elements. Bank can differ markedly in their sources. Some focus on business lending, some on household lending and some on fee-earning activities. Increasing competition is going to be the key problem for the banking sector will have to face. Due to market competition in Indian banking industry, the model of banking business is changing phenomenally. This research emphasizes on the fund Based Income of selected public sector banks and private sector banks for the period of five years from the year 2008 to 2012.

HYPOTHESIS

1. There is no significant difference between the fund based income of the selected public sector banks.
2. There is no significant difference between the fund based income of the selected private sector banks.

OBJECTIVE OF THE RESEARCH

The objective of the paper is to analyse fund based income of selected public sector banks and find out if there is any significant difference between the fund based income. The fund based income is selected from 2008 to 2012.

RESEARCH DESIGN and METHODOLOGY

DATA COLLECTION

The data has been collected from the annual reports of the company. Further, the data available from Prowess and Capitaline are also used. The data collected from these sources have been used and compiled with due care as per need of the research.

SCOPE OF RESEARCH

The data are collected of the following five public sector banks and five private sector banks:

| Sr. No | Bank | Acronym |
|-----------------------------|----------------------|---------|
| PUBLIC SECTOR BANKS | | |
| 1 | State Bank of India | SBI |
| 2 | Canara Bank | CB |
| 3 | Punjab National Bank | PNB |
| 4 | Bank of India | BOI |
| 5 | Bank of Baroda | BOB |
| PRIVATE SECTOR BANKS | | |
| 1 | ICICI Bank | ICICI |
| 2 | HDFC Bank | HDFC |
| 3 | Axis Bank | Axis |
| 4 | Karur Vyasya Bank | KVB |
| 5 | Federal Bank | FB |

PERIOD OF RESEARCH

The period of the research is five years from 2007-2008 to 2011-2012.

LIMITATIONS OF RESEARCH

Following are the major limitations of the research.

1. The research is based on secondary data only.
2. The research cannot be generalized.
3. The limitation of fund based income is limitation of the research
4. Researcher has limited knowledge and skill about subject is also limitation of the research.
5. The research covers five years data only.

TOOLS AND TECHNIQUES OF ANALYSIS

The research has been made converting the collected data in to relative measures such as fund based income, non fund based income and total income to research the financial health of the public sector banks and also statistical tool such as mean and standard deviation were also applied to analyse the consistency, strength and overall trends in the fund based income.

DATA ANALYSIS AND INTERPRETATION

TABLE 1-FUND BASED INCOME OF SELECTED PUBLIC SECTOR BANKS

| | SBI | CB | PNB | BOI | BOB |
|----------------------|--------------------|--------------------|--------------------|------------------|------------------|
| 2008 | 48,950.31 | 14,200.74 | 14,265.02 | 12,355.22 | 11,813.48 |
| 2009 | 63,788.43 | 17,119.05 | 19,326.16 | 16,347.36 | 15,091.58 |
| 2010 | 70,993.92 | 18,751.96 | 21,466.91 | 17,877.99 | 16,698.34 |
| 2011 | 81,394.36 | 23,064.01 | 26,986.48 | 21,751.72 | 21,885.92 |
| 2012 | 1,06,521.45 | 30,850.62 | 36,428.03 | 28,480.67 | 29,673.72 |
| TOTAL | 3,71,648.47 | 1,03,986.38 | 1,18,472.60 | 96,812.96 | 95,163.04 |
| MEAN | 74,329.69 | 20,797.28 | 23,694.52 | 19,362.59 | 19,032.61 |
| COMBINED MEAN | 31,443.34 | | | | |

CHART 1: FUND BASED INCOME OF SELECTED PUBLIC SECTOR BANKS

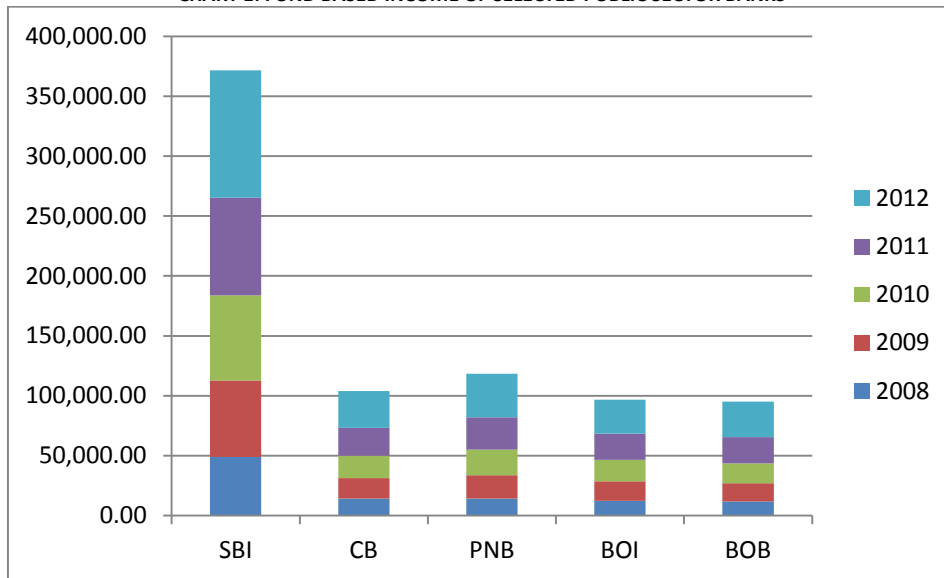


TABLE 2: FUND BASED INCOME OF SELECTED PRIVATE SECTOR BANKS

| | ICICI | HDFC | Axis | KVB | FB |
|----------------------|--------------------|------------------|------------------|-----------------|------------------|
| 2008 | 30,788.34 | 10,115.00 | 7,005.32 | 1,134.03 | 2,515.44 |
| 2009 | 31,092.55 | 16,332.26 | 10,835.49 | 1,446.09 | 3,315.38 |
| 2010 | 25,706.93 | 16,172.90 | 11,638.02 | 1,757.95 | 3,673.24 |
| 2011 | 25,974.05 | 19,928.21 | 15,154.81 | 2,217.70 | 4,052.03 |
| 2012 | 33,542.65 | 27,286.35 | 21,994.65 | 3,270.37 | 5,558.39 |
| TOTAL | 1,47,104.52 | 89,834.72 | 66,628.29 | 9,826.14 | 19,114.48 |
| MEAN | 29,420.90 | 17,966.94 | 13,325.66 | 1,965.23 | 3,822.90 |
| COMBINED MEAN | | | 13,300.33 | | |

CHART 2: FUND BASED INCOME OF SELECTED PRIVATE SECTOR BANKS

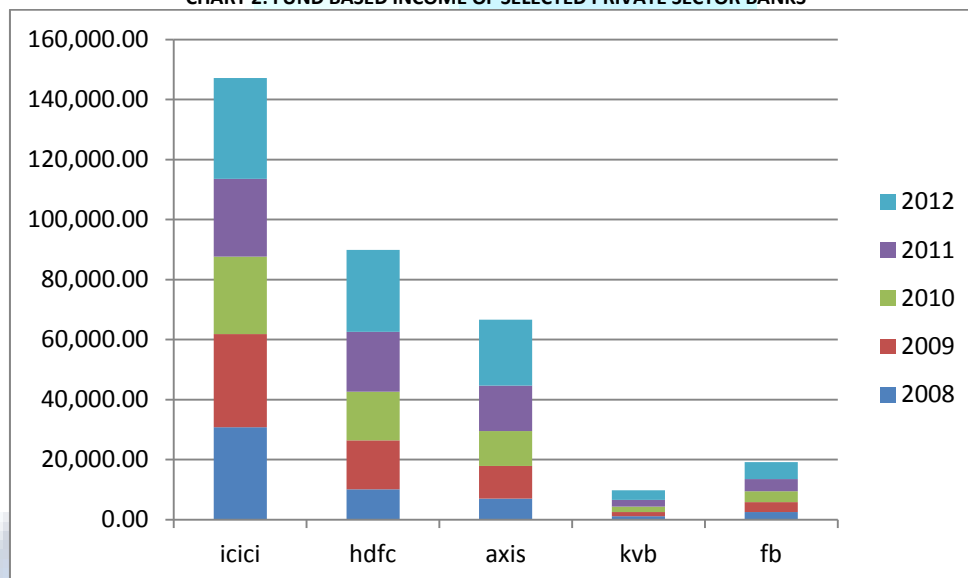


TABLE 3: ANOVA FOR FUND BASED INCOME OF SELECTED PUBLIC SECTOR BANKS

| Sources of variance | SS | D.F. | M.S. | F value | F table value |
|---------------------|-------------|------|-------------|-------------|---------------|
| BSS | 11562964953 | 4 | 2890741238 | | |
| ESS | 2649668931 | 20 | 132483446.6 | 21.81964097 | 2.87 |
| TSS | 14212633884 | 24 | | | |

The above table-3 expresses the one way ANOVA statistical analysis of the fund Based Income of 5 Public Sector Banks in India. The researcher has carried out the research with null hypothesis that there is no significant difference in fund Based Income of Public Sector Banks. So, it needs to be tested by one way ANOVA. Analysis of Variances brings out the value of F that is $F=21.81964097$. This value reflects the score of fund Based Income among sampled public sector banks at 5% level of significant. F value is 21.81964097 whereas F table value is 2.87 which is less than F value. Therefore null hypothesis is rejected and alternative hypothesis accepted that there is a significant difference in fund based Income of Public sector banks.

TABLE 4: ANOVA FOR FUND BASED INCOME OF SELECTED PRIVATE SECTOR BANKS

| Sources of variance | SS | D.F. | M.S. | F value | F table value |
|---------------------|------------|------|------------|-------------|---------------|
| BSS | 6922252425 | 4 | 1730563106 | | |
| ESS | 364036938 | 20 | 18201846.9 | 95.07623694 | 2.87 |
| TSS | 7286289363 | 49 | | | |

The above table-4 expresses the one way ANOVA statistical analysis of the fund Based Income of 5 Private Sector Banks in India. The researcher has carried out the research with null hypothesis that there is no significant difference in fund Based Income of Private Sector Banks. So, it needs to be tested by one way ANOVA. Analysis of Variances brings out the value of F that is $F=95.07623694$ This value reflects the score of fund Based Income among sampled private sector banks at 5% level of significant. F value is 95.07623694 whereas F table value is 2.87 which is less than F value. Therefore null hypothesis is rejected and alternative hypothesis accepted that there is a significant difference in fund based Income of Private sector banks.

CONCLUSION

A major part of the income is earned through fund based activities. At the same time, it involves a large share of expenditure also in the form of interest and brokerage. In recent times, a number of banks have started accepting deposits by offering a very high rate of interest. When the cost of deposit resources go up, the lending rate also should go up. It means that such banks have to compromise the quality of its investments. A fee based income, on the other hand, does not involve much risk. But it requires a lot of expertise on the part of a bank to offer such services.

In the face of declining net interest margins, depository institutions have entered new product areas over the ancient times, moving from traditional lending to Areas that generate Non-fund Based Income. The change is of importance for financial control. The more unbalanced is a bank's earnings stream, the more unsafe the institution is. The traditional wisdom in the banking industry is that earnings from fund-based products are steadier than loan-based earnings and those fund-based activities lessen bank risk via diversifications.

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5. "Public Sector Banks In India impact of Financial Sector Reforms" By Raul R k, Jaynal



FINANCIAL ANALYSIS OF INDIAN RAILWAYS: A REVIEW

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ABSTRACT

This paper shows a review of earnings-expenses relationship of Indian Railways. The paper is focused on total earnings including freight, passengers and other earnings. The ordinary working expenses, depreciation-reserve-funds and appropriation-to-pension-funds are included in gross working expenses. The study covers the period of twelve years (from year 2000-01 to year 2011-12) and discusses ups and downs within this era. Further, the study applies operating ratio and net profit ratio to show the financial performance of Indian Railways.

KEYWORDS

financial analysis, Indian Railways.

1. INTRODUCTION

Indian Railways (IR) consist a widespread network controlled by single management, separate both ministry and annual budgetary. Further, it is also considered as Asia's largest and world's fifth largest railway network after United States of America, Russia, China and Canada [1]. The IR plays an integrated role in socio-economic development of the country. IR not only occupies a distinct position in the socio-economic map of the country but also it is considered as a vehicle and barometer of country's financial growth [2]. IR is considered as primary mode of transportation for long-haul freight movement, long distance passenger traffic, and mass rapid transit in suburban areas. Freight and passengers are considered as key business operations. In spite of its key business, IR is also engaged in numerous linked services including parcel, catering and production units. Nearly 70 % of IR's revenues come from the freight operations. Over the years, IR has predominantly become a bulk freight carrier, accounting for about 94 % of the freight revenue. Coal alone accounts for nearly half of the bulk traffic carried. Passenger business accounts for nearly 60 % of IR's total transport effort, in terms of train kilometres, but yield less than 30 % of the total revenues. Suburban services account for 57 % of the originating passengers, while contribute to only 8 % of the passenger revenue. With the wide spread network, IR carefully maintains its details of earnings and expenditure through an established accounting system [1-2]. In last decade, several authors have viewed the financial performance of Indian Railways differently [3-9]. Sunny and Upadhyay [3] have evaluated the financial performance of zonal railways from 1966-1999 in terms various growth factors (i.e. aggregate output growth, factor input growth, partial productivity growth and total factor productivity growth). In this study, they have concluded that the overall performance does not show much improvement. Though, various restructuring schemes have been initiated in the recent years to improve its efficiency [3]. Veni and Ghosh [4] have studied the financial performance of railways. They found it positive in terms of gross traffic receipts, net traffic receipts, etc. The financial indicators of zone-wise analysis in their study specified that there are some financial imbalances among different zones and the financial performance of railways in Eastern, North-Eastern and Northeast Frontier Zones needs to be improved [4]. Gupta and Sataye [5] analyzed the factors that led to the turnaround of IR from low performing organization to high performance one. Literature on public sector turnaround provides the theoretical underpinnings. Enterprise turnaround is often assigned to managerial leadership; they found that environmental factors also contribute to the success. The implication of this study was that an organization's turnaround success needed to be put in a wider context [5]. Alivelu [6] analyzed productivity trends in IR in which it is shown that the technological progress must have been a very important factor leading to higher productivity [4]. Raghuram and Gangawar [7] examined the total earnings and total working expenses of IR till 2006-07. They also analyzed the operating ratio and found that operating ratio was 98.3 in 2000-01 reflecting a very poor performance but it sharply dropped down to 78.7 in 2006-07 [7]. Alivelu [8] overviewed the performance of the IR in terms of its output and employment during 1981-2008 for each decade. Asma and Khairoowala [9] recently analyzed the performance of IR deeply in which they have used 18 different ratios in which, it has been concluded that some ratios have shown better performance whereas some very poor. The purpose of this article is to show the analysis of only earnings and expenditures through two financial tools; operating ratio and net profit ratio as financial performance using these tools have rarely been evaluated in last decade. For this purpose, a twelve-year span (i.e. 2000-01 to 2011-12) is chosen. This paper is organized as follows. Section 2 focuses on total earnings of Indian Railways whereas section 3 deals with working expenditure of IR. The financial performance of Indian Railways using financial tools is discussed in section 4 and finally in section 5 the study is concluded.

2. EARNINGS OF INDIAN RAILWAYS

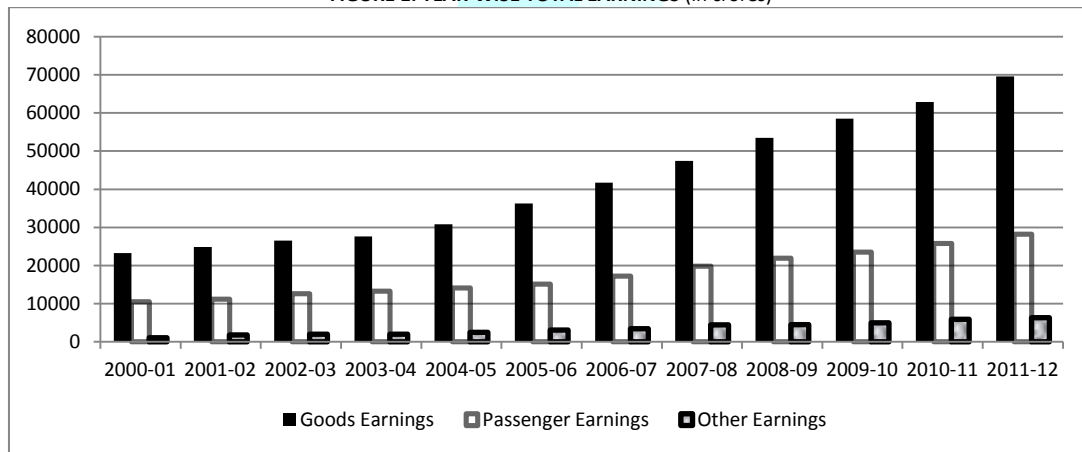
Table 1 shows the total earnings and their segregation since 2000. The earnings of IR mainly come from passengers and freight in which the freight constitutes the major share. On average, passenger trains constitute nearly ~70% of the trains run but contribute to less than ~30% of the revenue earned. Freight trains, on the other hands, constitute only ~30% of the trains, make up ~65% of the revenue [10]. Other earnings add to 5% in total revenue.

TABLE 1: TOTAL EARNINGS OF INDIAN RAILWAYS AND THEIR SEGREGATION SINCE 2000

| Year | Total Earnings | Segregation of Total Earnings in crores and percentage | | | | | |
|---------|----------------|--|---------------------|--------------------|---------------------|----------------|---------------------|
| | | Goods Earnings | % of Total Earnings | Passenger Earnings | % of Total Earnings | Other Earnings | % of Total Earnings |
| 2000-01 | 34880 | 23305 | 66.81 | 10515 | 30.14 | 1060 | 3.03 |
| 2001-02 | 37838 | 24845 | 65.66 | 11196 | 29.58 | 1797 | 4.74 |
| 2002-03 | 41068 | 26505 | 64.53 | 12575 | 30.61 | 1988 | 4.84 |
| 2003-04 | 42905 | 27618 | 64.37 | 13298 | 30.99 | 1989 | 4.63 |
| 2004-05 | 47370 | 30778 | 64.97 | 14113 | 29.79 | 2479 | 5.23 |
| 2005-06 | 54491 | 36287 | 66.59 | 15126 | 27.75 | 3078 | 5.64 |
| 2006-07 | 62732 | 41717 | 68.77 | 17225 | 28.39 | 3429 | 5.46 |
| 2007-08 | 71720 | 47435 | 66.20 | 19844 | 27.69 | 4440 | 6.19 |
| 2008-09 | 79862 | 53433 | 66.92 | 21931 | 27.46 | 4498 | 5.63 |
| 2009-10 | 86964 | 58501 | 67.27 | 23488 | 27.00 | 4975 | 5.72 |
| 2010-11 | 94536 | 62845 | 66.47 | 25792 | 27.28 | 5899 | 6.23 |
| 2011-12 | 104110 | 69548 | 66.80 | 28246 | 27.13 | 6316 | 6.06 |
| Avg. → | 63206 | 41901 | 66.28 | 17779 | 28.65 | 3496 | 5.28 |

Source: Indian Railways, Annual Reports and Accounts, Ministry of Railways, Government of India New Delhi.

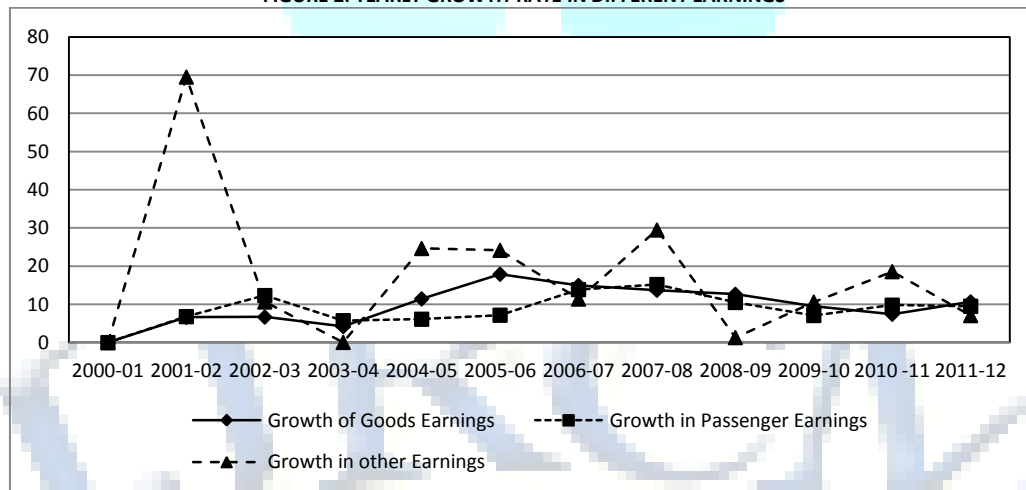
FIGURE 1: YEAR-WISE TOTAL EARNINGS (in crores)



Source: Indian Railways, Yearbooks, Ministry of Railways, Government of India, New Delhi.

Figure 1 shows a comparison of goods, passenger and other earnings which shows that the major portion of earnings comes from the goods follows by passengers and then by other sources. The rate of growth of each earnings is also computed and it is mentioned in Figure 2. The description of each earnings is described as follows:

FIGURE 2: YEARLY GROWTH-RATE IN DIFFERENT EARNINGS



Source: Indian Railways, Year book, Ministry of Railways, Government of India, New Delhi.

A. GOODS EARNINGS

It is clear from Figure 1 that the goods earnings generate the major portion of total earnings. Good earnings have increased 198% throughout the study period due to increase in the wagon loading capacity and by decreasing the wagon turnaround time. Also the IR extended the length of the railway sidings to allow loading and unloading to take place in short span of time. The IR also implemented the strategy of giving incentives to privileged customers in the form of various schemes (i.e. loyalty discount scheme, mini rakes to small customers, seasonal discount scheme etc.).

B. PASSENGER EARNINGS

IR plays an important role in the transportation of passengers. Passenger’s earnings were increased by 169% throughout the study period because of the implementation of various strategies like increasing the speed of trains, adding more coaches to the existing mail express trains, up-gradation of passengers from lower class to higher class while travelling. Also there had been increase in charges for cancellation, more trains being made superfast with a reduction in time and thus imposing a superfast charge, booking tickets from an origin different from the place of reservation, separation of tickets if a through a journey involved more than one train or a break of journey .

The tatkal scheme, targeted at the ‘last minute’ passenger was extended first from one day to three days and then to five days. This offered an opportunity to increase earnings through differential pricing, based on the time of booking [11].

C. OTHERS EARNINGS

The other earnings come through parcel, catering, advertising, dividends from the public sector units under the ministry etc. This source of revenue had not received as much focus as in the earlier years, therefore not contributing much to the total earnings. But in recent years it has shown a great improvement and year after year its share in total earnings is rising due to few initiatives implemented by the Indian Railways on parcel business, catering and advertisement making it attractive for private parties to take advantage of the market opportunity [12]. From Table 1, the increment in other earnings is coming out to be 496% during last twelve years of study.

TABLE 2: SEGREGATION OF TOTAL WORKING EXPENSES SINCE 2000

| Years | Total Working Expenses | Segregation of Total Working Expenses in crores and percentage | | | | | |
|---------------|------------------------|--|-----------------------------|--|-----------------------------|-------------------------------|-----------------------------|
| | | Ordinary Working Expenses | % of Total Working Expenses | Appropriation to Depreciation Reserve Fund | % of Total Working Expenses | Appropriation to Pension Fund | % of Total Working Expenses |
| 2000-01 | 34667 | 27535 | 79.43 | 2301 | 6.64 | 4832 | 13.94 |
| 2001-02 | 36293 | 28703 | 79.09 | 2000 | 5.51 | 5590 | 15.40 |
| 2002-03 | 38026 | 29684 | 78.06 | 2401 | 6.31 | 5940 | 15.62 |
| 2003-04 | 39482 | 30637 | 77.60 | 2593 | 6.57 | 6253 | 15.84 |
| 2004-05 | 42759 | 33389 | 78.09 | 2700 | 6.31 | 6670 | 15.60 |
| 2005-06 | 45574 | 35030 | 76.86 | 3604 | 7.91 | 6940 | 15.23 |
| 2006-07 | 49047 | 37433 | 76.32 | 4198 | 8.56 | 7416 | 15.12 |
| 2007-08 | 54462 | 41033 | 75.34 | 5450 | 10.01 | 7979 | 14.65 |
| 2008-09 | 71839 | 54349 | 75.65 | 7000 | 9.74 | 10490 | 14.60 |
| 2009-10 | 82915 | 65810 | 79.37 | 2187 | 2.64 | 14918 | 17.99 |
| 2010-11 | 89474 | 68139 | 76.15 | 5515 | 6.16 | 15820 | 17.68 |
| 2011-12 | 98667 | 74537 | 75.54 | 6520 | 6.60 | 17610 | 17.84 |
| Avg. → | 56934 | 43857 | 77.29 | 3872 | 6.91 | 9205 | 15.80 |

Source: Indian Railways, Year books, Ministry of Railways, Government of India, New Delhi.

3. WORKING EXPENSES OF INDIAN RAILWAYS

Working expenses are directly related to the running of the railways and represent mainly the expenditure on operating expenses, repairs and maintenance of railway infrastructure, staff welfare and expenses relating to security and payment of interest component of lease charges. These are the first charge on railways revenues [13]. The most significant cost for Indian Railways is the staff expense (including salaries and pension) and it is continuously rising. The pension component of the staff expense is also growing since the number of retired staff is increasing. The second largest cost component for Indian Railways is fuel and energy, then lease charges, increasing due to a larger share of wagon stock being leased through IRFC and contribution to funds has also been on rise during the past few years [14]. Table 2 shows the segregation of total working expenses since 2000.

It is clear from Table 2 that the ordinary working expenses form major share of total working expenses. It was Rs 27535 crores in 2000-01 i.e. 79.43% of the total working expenses. The ordinary expenses continues to increase and reached to Rs 41033 crores in 2007-08 but its share in total working expenses fell to 75.34%. Then it keeps on increasing till it reaches to Rs 65810 crores in 2009-10 and its share once again reached to 79.37% after that its contribution to total working expenses decreased to 75.54% in 2011-12. Appropriation to Depreciation Reserve Fund was Rs 2301 crores and makes 6.64% of total working expenses in 2000-01 which declined to Rs 2000 crores and its share to 5.51% in the very next year. After that it started rising till it arrives at Rs 7000 crores in 2008-09. Unexpectedly in 2009-10 it reduced to just Rs 2187 crores. Its share in total working expenses was high of 10% in 2007-10 which came down to just 2.64% in 2009-10. Then it started rising and reached to 6.60% in 2011-12. The Appropriation to Pension Fund was Rs 4832 crores in 2000-01 and makes 13.94% of total working expenses. There after it continue to increase and reached to Rs 17610 crores in 2011-12. Its share in total expenses keeps on rising and in 2006-07 reached to 15.12%. Afterwards it reduced for two years but again increased to 17.84% in 2011-12.

It is observed from Table 3 that the working expenses and total earnings have increased during the period of study. The total earnings have increased 198% during the study period whereas total working expenses were increased by 185%. A graphical representation of this is also given in Figure 3.

TABLE 3: YEARLY VARIATIONS IN EARNINGS AND EXPENSES IN CRORES SINCE 2000

| Year | Total Earnings | % Increase or decrease (over previous year) | Total Working Expense | % Increase or decrease (over previous year) |
|---------|----------------|---|-----------------------|---|
| 2000-01 | 34880 | ---- | 34667 | ---- |
| 2001-02 | 37838 | 8.48 | 36293 | 4.69 |
| 2002-03 | 41068 | 8.54 | 38026 | 4.77 |
| 2003-04 | 42905 | 4.47 | 39482 | 3.82 |
| 2004-05 | 47370 | 10.41 | 42759 | 8.29 |
| 2005-06 | 54491 | 15.03 | 45574 | 6.58 |
| 2006-07 | 62732 | 15.12 | 49047 | 7.62 |
| 2007-08 | 71720 | 14.33 | 54462 | 11.04 |
| 2008-09 | 79862 | 11.35 | 71839 | 31.90 |
| 2009-10 | 86964 | 8.89 | 82915 | 15.41 |
| 2010-11 | 94535 | 8.70 | 89474 | 7.91 |
| 2011-12 | 104110 | 10.12 | 98667 | 10.27 |

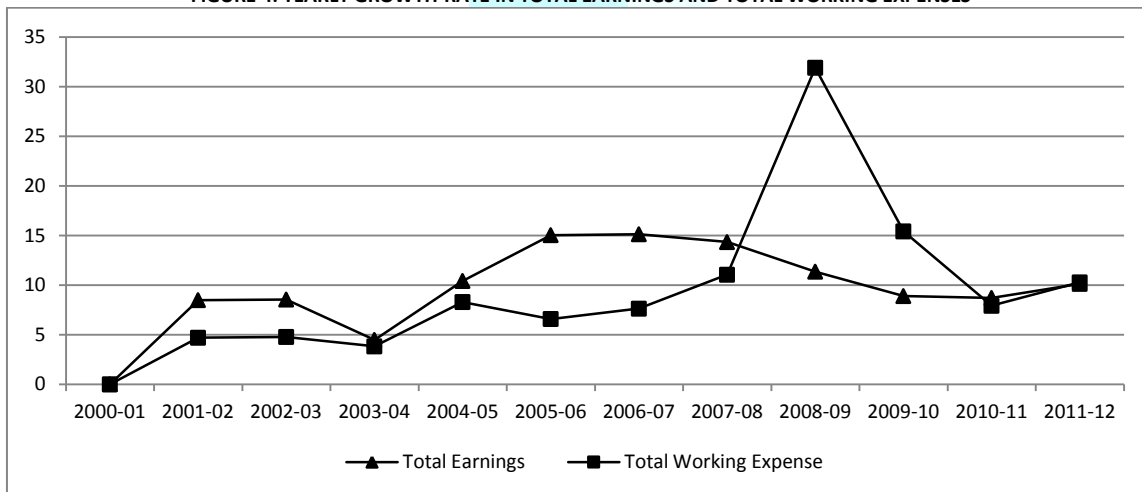
Source: Indian Railways, Annual Reports and Accounts, Ministry of Railways, Govt of India, New Delhi.

FIGURE 3: COMPARISON OF YEARLY TOTAL EARNINGS AND WORKING EXPENSES



Source: Indian Railways, Annual Reports and Accounts, Ministry of Railways, Govt of India, New Delhi.

FIGURE 4: YEARLY GROWTH-RATE IN TOTAL EARNINGS AND TOTAL WORKING EXPENSES



Source: Indian Railways, Annual Reports and Accounts, Ministry of Railways, Govt of India, New Delhi.

Figure 4 reveals that the working expenses increased from Rs 34667 crores in 2000-01 to Rs 54662 crores in 2007-08 registering an increase of 57%. In 2008-09, the working expenses sharply rose up by 31.90% over previous year. Further, there is a great fall in 2009-10 it is increased by just 15.41% over previous year. In 2010-11 the working expenses have increased by only 7.91%. There was a huge increment of 10.27% in 2011-12. Similarly, the total earnings are continuously increasing though not at a fast pace. The total earnings were increased to Rs 42905 crores in 2003-04 from Rs 34880 crores in 2000-01. Surprisingly, in next three years total earnings were increased by 10.41%, 15.03% and 15.12% due to the implementation of Lalu Prasad Yadav's strategies like market oriented tariffs, asset utilization, competition in container movement etc. After that the total earnings increased but at a decreasing rate due to slowdown of Indian economy. But again in 2011-12 total earnings of IR have shown improvement and rose up by 10.12%.

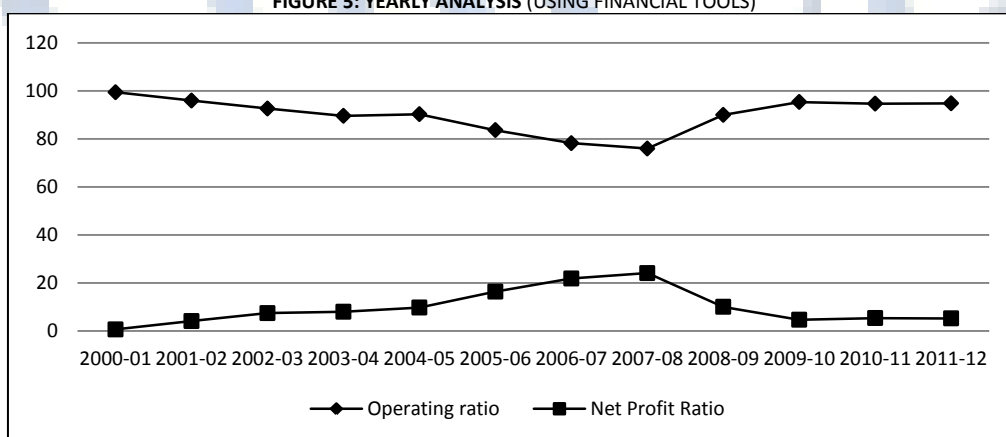
1. ANALYSIS THROUGH FINANCIAL TOOLS

A. ANALYSIS USING OPERATING RATIO

Operating ratio matches working expenses plus other operating expenses on one hand with total earnings on the other. The ratio is closely related to ratio of operating profit to total earnings which can be obtained by subtracting the operating ratio from 100. The higher the operating ratio, the less favourable it is [15]. It is calculated by dividing the Total Working Expenses to Total Earnings.

$$\text{Operating Ratio} = \frac{\text{Total Working Expenses}}{\text{Total Earnings}} \times 100\% \quad (1)$$

FIGURE 5: YEARLY ANALYSIS (USING FINANCIAL TOOLS)



It is observed from Figure 5 that the operating ratio was 99.38 % in 2000-01, showing a relatively pitiable performance. After that it started improving till it reaches to 75.93% in 2007-08. But in the very next two consecutive years it has shockingly shoot up to 89.95 % and 95.34 % again reflecting very bad performance. Then it improves a bit but not up to the satisfaction level.

B. ANALYSIS USING NET PROFIT RATIO (NPR)

The relationship of net operating profit to gross earnings is established by this ratio and is expressed as percentage. This ratio shows the balance of profit left to proprietors, after all expenses are met. Higher the ratio higher will be the profit. This ratio assists the management in controlling costs and in increasing the turnover [16]. It is calculated as:

$$\text{Net Profit Ratio} = \frac{\text{Net Operating Profit}}{\text{Gross Earnings}} \times 100 \% \quad (2)$$

It is interpreted from Figure 5 the net profit ratio was just 0.61% in 2000-01 which shows the unpleasant condition of the organisation. However, then it maintained a good upward trend till it arrive at 24.06 % in 2007-08. Then, in very next year there was a great fall of 13.66 % because of increase in working expenses, investment and a sharp decline in reserves. Again, in 2009-10, there was a fall of 5.39 % and it reached to 4.65 %. Further, in 2010-11, it improved by just 0.7 % but in very next year it dropped by 0.13 %.

CONCLUSIONS

This paper has provided an overview of the performance of Indian Railways in terms of its gross earnings and working expenses. It is found that the total earnings have increased at a faster rate than the total working expenses during the study period. As far as net profit ratio is concerned, it has showed a rising trend till 2007-08 and started declining after that showing a poor performance. Similarly, it has been observed that the operating ratio continuously declining till 2007-08 reflecting a very good performance but after that again started rising showing a pathetic performance. Hence, it is recommended that the gross earnings need to be increased as well as the working expenses need to be reduced for improving the IR operating and net profit ratios.

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LOCATION BASE ADVERTISING: ADVERTISEMENTS WITH YOUR FOOTSTEP

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ABSTRACT

In Present scenario cell phone is not just a way of communication; it's an indispensable tool of comfortable life. Its became a mean of Contact, Entertainment and Information. This article paper is an introductory article paper to discuss a new paradigm in mobile services "Location base Advertisement" their need, future prospect, perceived value and their cost. Location Base advertisement is a subset of location base services. In abroad such type of services is very popular but in India it is on very nascent stage. Location-based services refer to such a applications that use knowledge of the geographical Position of a mobile device with the help of GPS, which tracks the Location of the cell user. In India such services is on the very nascent stage, but if it get the consent of Masses it may be helpful in many ways but one Measure constraint is privacy.peoples location can Easily Identify.

KEYWORDS

Mobile Applications, Push and Pull location base Advertisements, Privacy Factor, GPS.

INTRODUCTION

In Present scenario cell phone is not just a way of communication; it's a indispensable tool of comfortable life. its became a mean of Contact , Entertainment and Information. Indian telecom industry underwent a high pace of market liberalisation and growth since 1990s and now has become the world's most competitive and one of the fastest growing telecom markets. The Industry has grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 846 million subscribers in the year 2011.India has the largest mobile phone user base with over 929.37 million users as of May 2012.It has the world's third-largest Internet user-base with over 137 million as of June 2012. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcasting. .

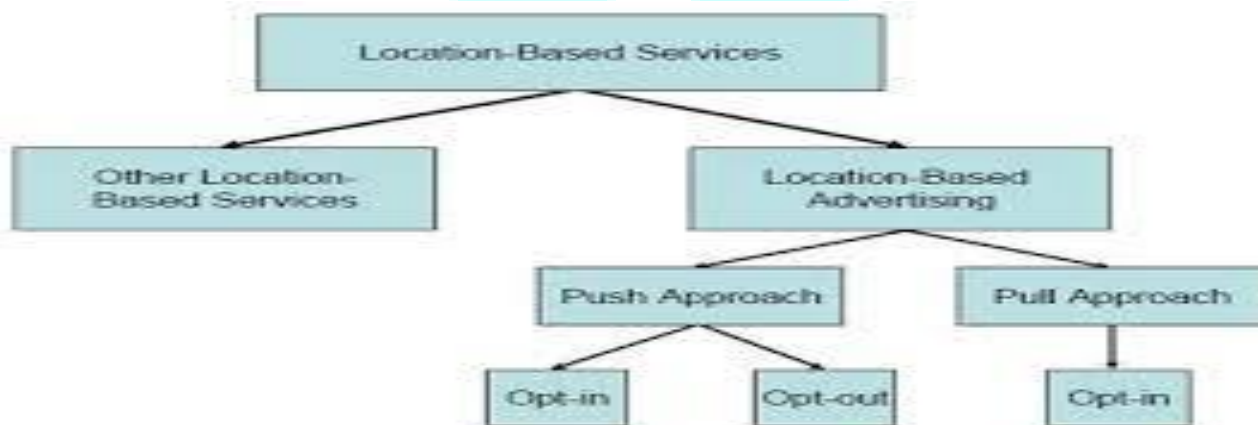
It's not only facilitating much more to user but also a way to increase the Income of operator. The total revenue of the Indian telecom sector grew by 7% to Rs. 283,207 crore (US\$49 billion) for 2010–11 financial year, while revenues from telecom equipment segment stood at Rs. 117,039 crore (US\$20 billion).This article paper is an introductory article paper to discuss a new paradigm in mobile services "Location base Advertisement" their need ,future prospect, perceived value and their cost. Location Base advertisement is a subset of location base services. In abroad such type of services is very popular but in India it is on very nascent stage.

Location-based services refer to such a applications that use knowledge of the geographical Position of a mobile device with the help of GPS, which tracks the Location of the cell user. In India such services is on the very nascent stage, but if it get the consent of Masses it may be helpful in many ways but one Measure constraint is privacy .peoples location can Easily Identify.

LOCATION BASE ADVERTIES

Location base advertise is an important feature of location base services. Location base services is an information service which is accessible with mobile devices through the mobile network and which uses information on the geographical position of the mobile device. **Location-based advertising (LBA)** is a new form of advertising that integrates mobile advertising with Location Based Services. The technology is used to pinpoint consumer's location and provide location-specific advertisements on their mobile devices.

TYPE OF LBA



PULL LBA- pull advertising is any advertising message sent to the wireless subscriber upon request shortly thereafter on a one time basis Pull LBA is advertising specific to the location of the consumer delivered to the mobile device only when it is explicitly requested for it. In this type of LBA, the consumer initiates the request for advertising or promotions for preferred product categories close to his/her location.

PUSH LBA- The push approach is a more versatile approach and is divided into two types.1st opts- in services and another is opt-out services .At present opt-in services very much popularise. In this type of service the users can determine what type of advertisements or promotional material they can receive from the advertisers. As Example when first time any body visit to the shop or website of service provider, they get E-mail ID mobile no. Location and other necessary information of consumer and thereafter they update time to time about offer and various scheme. An opt-out service is not requested service. It is the more common approach amongst the two approaches as this allows advertisers to target users until the users do not want the ads to be sent to them. Most of time such advertises not useful for consumer and its clog the inbox of consumer. With push LBA, consumers have less control and marketers have more control over the flow of advertising and promotions.

LOCATION BASED ADVERTIES IN INDIA

With the rise in number of user of cell phone and their versatile and user friendly application customer become more m-savvy, consumer are more happy to receive relevant application on their handset either that's are relating to banking information or railway. According to a study,49%of consumers would use location base advertising more if the information they received is more relevant and useful.

At present cell phone is a multitasking Instrument .it assisted to user whether he have need to buy a house or book a taxi, to search a restaurant or find out scheme and offer of Different companies, but scenario in changing process . lalitesh Katraggadda,country head,product,Google India, see a bigger role in using map as Internet use itself is changing direction from 'List view 'to 'Map View'. So far Example , a search for an gift gallery will not only throw up a list of shop, but also locate them on a map.

This June, Google paid \$ 1 billion to buy Waze, an Israeli app creator that gathers map data and other information from users to provide routing and real-time traffic updates.

COMPANIES WORKING IN FIELD OF LBA

| S.NO. | NAME OF COMPANIES | STARTED | BUSINESS | MAP ADVANTAGE |
|-------|-------------------|---------|--|---|
| 1. | Taxiforsure.com | 2011 | Aggregates car rentals and taxis (at present in Bangalore & Delhi) | User can track a cab. Also gives drivers route map with pick-up and destination points. |
| 2. | Adnear.com | 2009 | Offer companies location Base services for better targeting of Ads | Give user a map on Mobile devices. |
| 3. | Housing.co.in | 2012 | Map-based portal to buy, rent or sell property | Locate property and facilities in and around it. |
| 4. | Zomato.com | 2009 | Restaurant listing portal started in India, operates in seven countries. | To give Exact location of Restaurants. |

Sources: The Economic Times, New Delhi. Thursday, 18 July 2013

SUPPORT STRUCTURE NEEDED FOR LBS PROVISION

There are three things required for providing smoothness to this business, faster broadband, more uses of Smartphone and third and most Important thing digital map of India. The above two things are easily available and on fast growing stage but third component is on early stage. a few year back, digital maps were limited to 30-40 cities and with limited information but in Decade India would have covered every street, house shop and building on digital map. The mapmyindia.com was posting annual revenues of aboutRs 3 crore between 1995 and 2007.In 2012-13,it closed with Rs 100 crore.Adnear.com,which has mapped 800cities and 4000 towns in India for data on location of Advertising billboard and other spot.

FUTURE POTENTIAL

According to Tom Tom, A navigation solution provider, the map market inIndia,comprising digital maps and navigation devices, is currently about \$ 200 million, and will increase to up to \$ 3 billion in five years .some of this growth will be powered by map-based businesses. All the data indicating that the future will be map dominating business era.

When advertise will be customise, according to the need of people and in reach of people, that not only valuable for customer but economic for marketers also. it will save the searching time of people, direct hit the targeted customer and reduce the negativity towards unwanted SMS that clog the inbox of customer.

The main constraints of Entrepreneur development are lack of resources, limited coverage area etc.They have need efficient use of resources and more customer orientation for getting success in cut troth competition era.LBA is a Goal centred and economic way to reach the targeted customer and create a good repo. Its a very economic way for entrepreneur

That they peruse only those person they are prospective customer and in their reaches location.

CURRENT CONSTRAINTS IN THE PROVISION OF LBA IN INDIA

In India LBA is still on nascent stage. Indian market has several distinguishing characteristics. Only 3% people use GPS enabled phone and 21 % people use Internet on their phone. Most of people not properly aware new apps.In villages phone is still remain as a communication tool. Low Income is also a constraint of LBA.

Presently that form of LBA practices in India (push opt –out) create a negativity among customer because that is not customise. Most of massages irrelevant and not base on consumer feedback. Tracking location is also a major constraint.

THE WAY FORWARD

Every constraint has proper solution if work execute in planned way. If a Proper solution provided for Privacy concern than it will be a great boon for marketer as well as customers .with the help of LBA application peoples will be able to get Messages in more customised way.

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HUMAN RESOURCE DEVELOPMENT CLIMATE: A STUDY OF VISAKHAPATNAM PORT TRUST

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ABSTRACT

Human resources are vital to all for the sustainable development of any organization. HRD is influenced by environmental factors. Developmental climate is necessary for the consistent development of organization. Climate is an overall feeling that is conveyed by the physical layout the way, employees interact and conduct themselves with the others. An organization wants to be dynamic and growth oriented if their people are dynamic and proactive, this can be happen through proper selection and nurturing the dynamism of the people. Then an organization can make their people dynamic and proactive. To survive it is very essential for an organization to adapt the change in the environment and also prepare their employees continuously meet the challenges and this will have a positive impact on the organization. In this organization to see the problems in its totality and a developmental climate is needed for maximizing the human resources. Vishakhapatnam Port Trust (VPT) is one of the major twelve ports in India. Employees employing with entire satisfaction. It was meant that to know the nature of HRD any level of perception is carried out by the employees in this study. For this purpose the researcher has taken to measure the HRD climate by using OCTAPACE CULTURE variables, general climate, HRD mechanisms and its contribution to achieve organizational mission. Congenial octapace culture is extremely important for promoting the organizational effectiveness and good governance. In this context, the present paper is an Endeavour to identify the major factors responsible for non-promoting of organizational effectiveness among the executives and supervisors and their level of perception variation about the prevailing OCTAPACE culture and to know the preventive measures for the same with reference to Visakhapatnam Port Trust(VPT) this is where the human Resources Development gets involved with this industry considered to be the most important segment of our economy. No service sector can be rendered efficient so long as the basic facts remains unrecognized that it is principally human which needs to be treated humanly for achieving the basic goals of good Governance. The present paper hypothesize that if organizational OCTAPACE profile is high, it would positively contribute to organizational dynamics and effective governance. Hence the VPT is taken up for the study.

KEYWORDS

Openness, Collaboration, Trust, Authenticity, Pro-action, Autonomy, Confrontation, Experimentation, HRD climate, General Climate, Mission VPT.

INTRODUCTION

Human resources are vital to all for the sustainable development of any organization. HRD is influenced by environmental factors. Developmental climate is necessary for the consistent development of organization. Climate is an overall feeling that is conveyed by the physical layout the way, employees interact and conduct themselves with the others. An organization wants to be dynamic and growth oriented if their people are dynamic and proactive, this can be happen through proper selection and nurturing the dynamism of the people. Then an organization can make their people dynamic and proactive. To survive it is very essential for an organization to adapt the change in the environment and also prepare their employees continuously meet the challenges and this will have a positive impact on the organization. In this organization to see the problems in its totality and a developmental climate is needed for maximizing the human resources. Vishakhapatnam Port Trust (VPT) is one of the major twelve ports in India. Employees employing with entire satisfaction. It was meant that to know the nature of HRD any level of perception is carried out by the employees in this study. For this purpose the researcher has taken to measure the HRD climate by using OCTAPACE CULTURE variables, general climate, HRD mechanisms and its contribution to achieve organizational mission. Congenial octapace culture is extremely important for promoting the organizational effectiveness and good governance. In this context, the present paper is an Endeavour to identify the major factors responsible for non-promoting of organizational effectiveness among the executives and supervisors and their level of perception variation about the prevailing OCTAPACE culture and to know the preventive measures for the same with reference to Visakhapatnam Port Trust(VPT) this is where the human Resources Development gets involved with this industry considered to be the most important segment of our economy. No service sector can be rendered efficient so long as the basic facts remains unrecognized that it is principally human which needs to be treated humanly for achieving the basic goals of good Governance. The present paper hypothesize that if organizational OCTAPACE profile is high, it would positively contribute to organizational dynamics and effective governance. Hence the VPT is taken up for the study.

THE PRESENT STUDY

The sea port plays an important part in facilitating international trade. Globalization has made greater interaction among different countries and has a significant effect on the world trade. About 80% of the world trade is carried on sea transport through the exports and imports of cargo services to all nations which are interlinked with ports. The study reveal that the congenial HRD climate is extremely important for promoting the organizational effectiveness and good governance. The present work is an endeavor to identify the major factors responsible for impeding the promotion of organizational effectiveness among the managers and supervisors about the prevailing OCTAPACE culture and to suggest preventive measures in VPT. This is where the Human Resource Development gets involved as this industry is considered to be one of the most important segments of our economy. No port can be rendered efficient as long as the human potential and competencies are given focus in organizational mission and good Governance. The purpose of the study is to assess the perception of executives and supervisors on prevailing HRD climate in terms of OCTAPACE dimensions, climate, HRD mechanisms and its contribution to achieve organizational mission. It traced out various problem deficiencies bottlenecks existing in various spheres faced by the executives and supervisors at grass root levels and suggests remedial measures, action programmes for the optimum utilization of man power resources in the industry for short and long term perspectives. Hence, there is a permanent need for the utilization of human resources to face the challenges in short and long term perspectives. The determination of the levels of HRD climate is a pre requisite for promoting a healthy organization.

OBJECTIVES OF THE STUDY

The aim of the research is to assess the HRD climate in terms of OCTAPACE dimensions in Visakhapatnam Port Trust. It focuses specifically on eight OCTAPACE dimensions namely, Openness, Collaboration, Trust, Authenticity, Pro-action, Autonomy, Confrontation and Experimentation. It also focuses on the General Climate and the influence of HRD Mechanisms in generating a development climate in VPT. The research aims to address the following.

1. To assess the nature and state of OCTAPACE culture perceived by managerial and supervisory levels in VPT.
2. To determine significant differences existing between executives and supervisors on HRD culture.
3. To find out the influence of general climate in the development of the organization.
4. To measure the extent of HRD mechanisms and know whether they are implemented seriously in the organization or not.
5. To study the cultural impact in achieving the organizational goals.
6. To determine whether there are significant differences in the perceptions of OCTAPACE dimensions related to different departments.

METHOD OF STUDY, DATA COLLECTION AND SAMPLING

In the study, survey method is adopted. It involves a mere clearly defined problem and definite objectives. It requires expert and imaginative planning, careful analysis and interpretation of the data gathered, logical and skilful reporting of the findings”.

RECORDS, BOOKS AND WEBSITES

In order to acquire the secondary data, the researcher has visited and gone through the records and content analysed wherever it is required. Requisite additional data is gathered from the manifold of books and websites and the content is analysed.

SAMPLE OF THE STUDY

The sample of the organization was taken from the total 10 departments on the random sample basis. Out of the total 2866 executives and supervisors in VPT, 428 (i.e., 14.9%) were taken as sample for this study. The details of the distribution of the sample given by their individual specifications and qualities, are presented in the table.

Department Wise Percentage Distribution of the samle.

TABLE-1 (N=428)

| Departments | N | Percent |
|---------------------------|-----|---------|
| Administrative | 59 | 13.78 |
| Personnel | 58 | 13.55 |
| Finance | 46 | 10.74 |
| Mechanical | 53 | 12.38 |
| Marine | 31 | 7.24 |
| Material | 50 | 11.68 |
| Traffic | 45 | 10.51 |
| Medical | 25 | 5.84 |
| Civil Engineering | 40 | 9.34 |
| Research & Planning (R&P) | 21 | 4.90 |
| Total | 428 | 100.0 |

PRESENTATION OF THE STUDY

Motivation for using the T.V. Rao & E. Abraham HRD climate survey as well as its reliability and validity is reported on. Furthermore, the sample and the procedure followed to gather the data is highlighted with the statistical methods used to analyse the data and lastly it makes an attempt to present summary and recommendations.

ANALYSIS OF THE RESULTS OF OPINION SURVEY

The analysis of results of the opinion survey is an attempt to critically examine the views on the HRD climate. The opinions are obtained on the questionnaire with 5 point scale for better interpretation of the analysis.

OPENNESS

Employees feel free to express their ideas and the organization is willing to take risks and experiment with new ideas and new ways of doing things. The degree of openness the organization is following is an important factor in determining the nature of various dimensions of HRD being designed.

The view of the executives and the supervisors on openness in the communication system in the organization is given in the table below.

Response on Openness the Employees Express Freely and Frankly their Opinion.

TABLE-2

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|--|-----------------|-------------|-----------------|-------------|--------------------|------------|
| Employees in this organization are very informal and do not hesitate to discuss their personal problems with their supervisors | 19(4.44) | 69(16.12) | 188(43.93) | 126(29.44) | 26(6.07) | 428(100.0) |
| When an employee does good work his/her supervising officers take special care to appreciate it | 48(11.21) | 71(16.59) | 174(40.65) | 94(21.96) | 41(9.58) | 428(100.0) |
| People in this organization do not have any fixed mental impressions about each other | 36(8.41) | 142(33.18) | 127(29.67) | 97(22.66) | 26(6.07) | 428(100.0) |
| Employees are not afraid to express or discuss their feelings with their superiors | 12(2.80) | 56(13.08) | 130(30.37) | 186(43.46) | 44(10.28) | 428(100.0) |
| Employees are not afraid to express or discuss their feelings with their subordinates | 18(4.21) | 57(13.32) | 121(28.27) | 181(42.29) | 51(11.92) | 428(100.0) |

The above table indicates that perceptual level of employees regarding openness of the organization SSSSfive statements are constructed to analyse opinion of the sample employees that are more than 75%,70%,55%,80%,08%.It is observed that the employees are positive about exchanging negativeor positive aspects of work and expressed their desire to give their best to facilitate this change process.

COLLABORATION

Collaboration involves working together and using one another's strength for a common cause. Individuals, instead of solving their problems by themselves, share their concerns with one another and prepare strategies, work out plans of action, and implement them together.

The view of the executives and supervisors on collaboration at different levels in the organization is given in the table below.

Response on Collaboration at Different Level

TABLE-3

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|------------|
| People in this organization are helpful to each other | 7(1.64) | 25(5.84) | 134(31.31) | 200(46.73) | 62(14.49) | 428(100.0) |
| Team spirit is of high order in this organization | 36(8.41) | 108(25.23) | 104(24.30) | 139(32.48) | 41(9.58) | 428(100.0) |
| The organization's future plans are made known to the managerial staff to help them develop their juniors and prepare them for the future | 43(10.05) | 146(34.11) | 134(31.31) | 83(19.39) | 22(5.14) | 428(100.0) |

The above table indicates that perceptual level of sample employees that are more than 60%,55%,55%.It is observed that the employees are using one another's strength and work together for a common purpose and individuals solve their problems by themselves and implementing the strategy and action plans positive about exchanging negativeor positive aspects of work and expressed their desire to give their best to facilitate this change process.

TRUST

A minimum level of trust may be deemed necessary for the introduction of the performance appraisal system and other elements of HRD. The Department and groups trust each other and can be relied upon to 'do' whatever they say they will.

Response on Trust in Sense of Assurance of other's timely Help

TABLE-4

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|------------|
| The managers in this organization believe that employee behaviour can be changed and people can be developed at any stage of their life | 25(5.84) | 117(27.34) | 120(28.04) | 152(35.51) | 14(3.27) | 428(100.0) |
| When any employee make a mistake, his/her supervisor treat it with understanding and helps him to learn | 55(12.85) | 65(15.19) | 144(33.64) | 126(29.44) | 38(8.88) | 428(100.0) |
| People trust each other in this organization | 12(2.80) | 14(3.27) | 193(45.09) | 145(33.88) | 64(14.95) | 428(100.0) |

The above table indicates that perceptual level of employees regarding openness of the organization ten statements are constructed to analyse opinion of the sample employees that are more than 65%,70%,90%.It is observed that the employees are felt more trust and external feelings are necessary for smoothing functioning of the organization.

AUTHENTICITY

Authenticity is the value underlying trust. It is the willingness of a person to acknowledge the feelings he/she has, and accept himself/herself as well as others who relate to him/her as persons.

The view of the executives and supervisors on authenticity, genuine interaction and transparency in the organization is given in the table below.

Response on Authenticity in Genuine Interaction and Transparency

TABLE-5

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|-------------|
| Performance appraisal reports in our organization are based on objective assessment and adequate information and not on favouritism | 68 (15.89) | 42 (9.81) | 149 (34.81) | 122 (28.50) | 47 (10.98) | 428 (100.0) |
| When employees are sponsored for training, they take it seriously and try to learn from the programmes they attend | 21 (4.91) | 51 (11.92) | 97 (22.66) | 181 (42.29) | 78 (18.22) | 428 (100.0) |
| Employees returning from training programmes are given opportunities to try out what they have learned | 74 (17.29) | 44 (10.28) | 157 (36.68) | 80 (18.69) | 73 (17.06) | 428 (100.0) |

The above table indicates that perceptual level of employees regarding authenticity of the organization three statements are constructed to analyse opinion of the sample employees that are more than 70%,80%,80%.It is observed that the employees are willing to accept the feelings of the other employees who relates them as persons.

PRO-ACTION

Employees are action - oriented, willing to take initiative sugar show a high degree of Pro activity'. They anticipate issues and act or respond to the needs of the future.

The view of the executives and supervisors on pro-action initiates action without promoting in the organization is given in the table below.

Response on Pro Action in Initiating Action without Promoting

TABLE-6

| Statement | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|--|-----------------|-------------|-----------------|-------------|--------------------|------------|
| The top management of this organization makes efforts to identify and utilize the potential of the employees | 29(6.78) | 59(13.79) | 180(42.06) | 112(26.17) | 48(11.21) | 428(100.0) |

The above table indicates that perceptual level of employees regarding proaction of the organization one statement is constructed to analyse opinion of the sample employees that are more than 80%.It is observed that the employees are taking initiative action without prompting in the organization.Through this the employee potential is identified by the top management.

AUTONOMY

Autonomy is the willingness to use power without fear, and helping others to do the same. Employees have some freedom to act independently within the boundaries imposed by their role/job.

The view of the executives and supervisors on autonomy in accountability and observing role boundary in the organization is given in the table below.

Response on Autonomy in Accountability and Observe Role Boundary

TABLE-7

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|------------|
| Employees are encouraged to take initiative and do things on their own without having to wait for instructions from supervisors | 90(21.03) | 92(21.50) | 114(26.64) | 113(26.40) | 19(4.44) | 428(100.0) |
| Delegation of authority to encourage juniors to develop handling higher responsibilities is quite common in this organization | 71(16.59) | 142(33.18) | 72(16.82) | 128(29.91) | 15(3.50) | 428(100.0) |
| When seniors delegate authority to juniors, the juniors use it as an opportunity for development | 22(5.14) | 109(25.47) | 138(32.24) | 134(31.31) | 25(5.84) | 428(100.0) |

The above table indicates that perceptual level of employees regarding autonomy of the organization three statements are constructed to analyse opinion of the sample employees that are more than 55%50%,70%.It is observed that the employees are positive to express their desires to give their best to facilitate this change in process.

CONFRONTATION

Employees face the problem and work jointly with others concerned to find its solution. They face the issues squarely without hiding them or avoiding them for fear of hurting each other.

The view of the executives and supervisors on confrontation in solving problems is a win-win style in the organization is given in the table below.

Response on Confrontation in Solving Problems In a win-win Style

TABLE-8

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|-------------|
| Employees in this organization take pains to find out their strengths and weak points from their supervising officers or colleagues | 31 (7.24) | 137 (32.01) | 119 (27.80) | 129 (30.14) | 12 (2.80) | 428 (100.0) |
| When problems arise people discuss these problems openly and try to solve them rather than keep accusing each other behind the back | 70 (16.36) | 143 (33.41) | 102 (23.83) | 84 (19.63) | 29 (6.78) | 428 (100.0) |

The above table indicates that perceptual level of employees regarding confrontation of the organization two statements are constructed to analyse opinion of the sample employees that are more than 60%, 50%. It is observed that the employees are positive to express their desire to give their best to facilitate this change process.

EXPERIMENTATION

Experimenting as a value emphasises the importance given to innovation and trying out new ways of dealing with problems in the organization.

The view of the executives and supervisors on experimentation in encouraging newness in the organization is given in the table below.

Response on Experimentation to Encourage Newness

TABLE-9

| Statement | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|--|-----------------|-------------|-----------------|-------------|--------------------|------------|
| Employees are encouraged to experiment with new methods and try out creative ideas | 68(15.89) | 132(30.84) | 136(31.78) | 64(14.95) | 28(6.54) | 428(100.0) |

The above table indicates that perceptual level of employees regarding experimentation of the organization one statement is constructed to analyse opinion of the sample employees that are more than 50%. It is observed that the employees are positive to express their desire to give their best to facilitate this change process.

GENERAL CLIMATE

It is the conceptual relationship between ethical climate and ethical behaviour and success and it develops and motivates the employees.

The view of the executives and supervisors on general climate to develop and motivate employees in the organization is given in the table below.

Response on General Climate to Develop and Motivate Employees

TABLE-10

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|------------|
| The top management of this organization goes out of its way to make sure that the employees enjoy their work | 68(15.89) | 87(20.23) | 173(40.42) | 76(17.76) | 24(5.61) | 428(100.0) |
| The top management believes that human resources are an extremely important resource and that they have to be treated more humanly | 7(1.64) | 56(13.08) | 97(22.66) | 202(47.20) | 66(15.42) | 428(100.0) |
| Development of the subordinates is seen as an important part of the job by the managers/officers here | 6(1.40) | 69(16.12) | 162(37.85) | 133(31.07) | 58(13.55) | 428(100.0) |
| The personnel policies of this organization facilitate employee development | 20(4.67) | 76(17.76) | 162(37.85) | 157(36.68) | 13(3.04) | 428(100.0) |
| The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees | 36(8.41) | 43(10.05) | 205(47.90) | 102(23.83) | 42(9.81) | 428(100.0) |
| Senior officers /executives in this organization take active interest in their juniors and help them learn their job | 19(4.44) | 64(14.95) | 166(38.79) | 130(30.37) | 49(11.45) | 428(100.0) |
| The psychological climate in this organization is very conducive to any employee interested in developing himself by acquiring new knowledge and skills | 30(7.01) | 118(27.57) | 147(34.35) | 133(31.07) | | 428(100.0) |

The above table indicates that perceptual level of employees regarding General Climate of the organization seven statement are constructed to analyse opinion of the sample employees that are more than 60%, 90%, 85%, 75%, 80%, 80%, 60%. It is observed an overall view about the employees towards the general Climate in the organization they are positive to express their desire to give their best to facilitate this change process.

HRD MECHANISMS

Any systematic or formal way of developing the competencies and motivation of individuals in an organization and building the organizational climate by improving the same processes.

The view of the executives and supervisors on HRD mechanisms in developing in the competencies and the motivation of individuals in the organization is given in the table below.

Response on HRD Mechanisms in Developing the Competencies and the Motivation of Individuals

TABLE-11

| HRD mechanisms | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|---|-----------------|-------------|-----------------|-------------|--------------------|------------|
| People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended | 6(1.40) | 98(22.90) | 194(45.33) | 117(27.34) | 13(3.04) | 428(100.0) |
| Seniors guide their juniors and prepare them for future responsibilities/ roles they are likely to take up | 7(1.64) | 70(16.36) | 143(33.41) | 142(33.18) | 66(15.42) | 428(100.0) |
| Promotion decisions are based on the suitability to promote rather than on favouritism | 55(12.85) | 94(21.96) | 83(19.39) | 142(33.18) | 54(12.62) | 428(100.0) |
| There are mechanisms in this organization to reward any good work done or any contribution made by employees | 34(7.94) | 80(18.69) | 116(27.10) | 155(36.21) | 43(10.05) | 428(100.0) |
| Weaknesses of employees are communicated to them in a non-threatening way | 92(21.50) | 80(18.69) | 89(20.79) | 139(32.48) | 28(6.54) | 428(100.0) |
| When behaviour feedback is given to employees they take it seriously and use it for development | 54(12.62) | 78(18.22) | 145(33.88) | 109(25.47) | 42(9.81) | 428(100.0) |
| Employees are sponsored for training programmes on the basis of genuine training needs | 23(5.37) | 53(12.38) | 124(28.97) | 175(40.89) | 53(12.38) | 428(100.0) |
| Career opportunities are pointed out to the juniors by the senior officers in the organization | 54(12.62) | 155(36.21) | 175(40.89) | 12(2.80) | 32(7.48) | 428(100.0) |
| This organisation ensures employee welfare to such an extent that the employees can save a lot of their mental energy for work purposes | 80(18.69) | 60(14.02) | 160(37.38) | 105(24.53) | 23(5.37) | 428(100.0) |
| Job rotation in this organization facilitates employee development | 45(10.51) | 121(28.27) | 215(50.23) | 47(10.98) | | 428(100.0) |

The above table indicates that perceptual level of employees regarding HRD Mechanisms of the organization ten statement are constructed to analyze opinion of the sample employees that are more than 75%, 80%, 65%, 70%, 55%, 65%, 80%, 50%, 65%, 60%. It is observed that the analysis indicates a positive response from the employees towards the HRD mechanisms in the organization.

MISSION

A task, together with the purpose, that clearly indicates the action to be taken and it comprises vision, strategic direction and intended goals and objectives. The view of the executives and supervisors on mission statements in the organization is given in the table below.
Response on Mission Statements

TABLE-12

| Statements | Not at all true | Rarely true | Some times true | Mostly true | Almost always true | Total |
|--|-----------------|-------------|-----------------|-------------|--------------------|------------|
| There is a clear mission that gives meaning and direction to our work | 20(4.67) | 66(15.42) | 121(28.27) | 183(42.76) | 38(8.88) | 428(100.0) |
| Our strategic direction is very clear to me | 12(2.80) | 64(14.95) | 120(28.04) | 192(44.86) | 40(9.35) | 428(100.0) |
| We have a shared vision of what the organization will be in the future | 13(3.04) | 60(14.02) | 122(28.50) | 193(45.09) | 40(9.35) | 428(100.0) |
| Leaders set goals that are ambitious but realistic | 12(2.80) | 58(13.55) | 122(28.50) | 189(44.16) | 47(10.98) | 428(100.0) |
| We continuously track our progress against our stated goals | 14(3.27) | 72(16.82) | 120(28.04) | 185(43.22) | 37(8.64) | 428(100.0) |

The above table indicates that perceptual level of employees regarding Mission of the organization five statement are constructed to analyze opinion of the sample employees that are more than 75%, 80%, 80%, 80%, 80%. It is observed that the analysis indicates a positive response from the employees towards the Mission in the organization.

Perceptual difference between executives and supervisors

Mean Differences of HRD Climate Dimensions between Executives and Supervisors in the Visakhapatnam Port Trust

TABLE-13

| Group 1: Executives: 117 Group 2: Supervisors: 311 | | | | | | |
|---|--|-------------|------------|-------------|----------|-------|
| Variables | Mean Differences of HRD Climate Dimensions Between Executives and Supervisors in the Visakhapatnam Port Trust Mean | | SD | | df - 428 | |
| | Executives | Supervisors | Executives | Supervisors | t-value | p |
| Openness | 12.18 | 10.46 | 2.64 | 3.78 | 4.513** | 0.000 |
| Collaboration | 6.91 | 6.04 | 1.41 | 1.96 | 4.416** | 0.000 |
| Trust | 8.21 | 7.59 | 1.78 | 1.87 | 3.112** | 0.002 |
| Authenticity | 7.50 | 6.45 | 2.79 | 2.87 | 3.374** | 0.001 |
| Pro-action | 2.21 | 2.22 | 0.75 | 1.13 | 0.091 | 0.927 |
| Autonomy | 5.37 | 5.54 | 2.52 | 2.50 | 0.647 | 0.518 |
| Confront | 16.51 | 16.86 | 5.83 | 7.01 | 0.479 | 0.632 |
| Experimentation | 1.87 | 1.57 | 0.94 | 1.16 | 2.496* | 0.013 |
| General climate | 16.22 | 14.94 | 4.43 | 4.63 | 2.587* | 0.010 |
| HRD Mechanism | 22.82 | 20.51 | 6.79 | 5.81 | 3.489** | 0.001 |
| Mission | 10.52 | 11.18 | 2.99 | 2.58 | 2.263* | 0.024 |

** Significant at 0.01 level, * Significant at 0.05 level.

The above table analyzes the comparative mean score difference of employees of Visakhapatnam Port Trust, whose designations are Executives and Supervisors, on different factors related to HRD culture. The mean openness factor meant for executives (12.18) was significantly more than the mean of Supervisors (10.46) and the standard deviations are 2.64 and 3.78 respectively. The generated t-value is 4.513 significant at 0.01 level.

The mean collaboration factor meant for executives (6.91) was significantly more than the mean of Supervisors (6.04) and the standard deviations are 1.41 and 1.96 respectively. The obtained t-value is 4.416 significant at 0.01 level. The trust factor meant for executives (8.21) was significantly more than the mean of Supervisors (7.59) and the standard deviations are 1.78 and 1.87 respectively. The obtained t-value is 3.112 significant at 0.01 level. The authenticity factor meant for executives (7.50) was significantly more than the mean of Supervisors (6.45) and the standard deviations are 2.79 and 2.87 respectively. The obtained t-value is 3.374 significant at 0.01 level. The pro-action factor meant for executives (2.21) was significantly less than the mean of Supervisors (2.22) and the standard deviations are 2.79 and 2.87 respectively. The generated t-value is 0.091 is not significant. The autonomy factor meant for executives (5.37) was significantly less than the mean of Supervisors (5.54) and the standard deviations are 2.52 and 2.50 respectively. The generated t-value is 0.647 is not significant. The confrontation factor meant for executives (16.51) was significantly less than the mean of Supervisors (16.86) and the standard deviations are 5.83 and 7.01 respectively. The generated t-value 0.479 is not significant. The experimentation factor meant for executives (1.87) was significantly more than the mean of Supervisors (1.57) and the standard deviations are 0.94 and 1.16 respectively. The obtained t-value is 2.496 significant at 0.05 level. The general climate factor meant for executives (16.22) was significantly less than the mean of Supervisors (14.94) and the standard deviations are 4.43 and 4.63 respectively. The obtained t-value 2.587 significant at 0.05 level.

The HRD mechanisms factor meant for executives (22.82) was significantly more than the mean of Supervisors (20.51) and the standard deviations are 6.79 and 5.81 respectively. The obtained t-value 3.489 significant at 0.05 level. The mission factor meant for executives (10.52) was significantly more than the mean of Supervisors (11.18) and the standard deviations are 2.99 and 2.58 respectively. The obtained t-value 2.263 significant at 0.05 level.

The analysis infers that there is a significant difference between the Executives and Supervisors on openness, collaboration, trust, authenticity, experimentation, general climate HRD mechanism and mission. In all these variables Executives tendered more positive response than the Supervisors.

TABLE-14

| Correlations Marked correlations are significant at $p < .05000$ N=428 (Case-wise deletion of missing data) | | | | | | | | | | | |
|---|-------|-------|-------|-------|--------|--------|----------|--------|---------|---------|---------|
| | Open | Coll. | Trust | Auth. | Proact | Autono | Confront | Experi | Gen_cli | Hrd.mec | Mission |
| Openness | 1.00 | | | | | | | | | | |
| Collaboration | 0.39* | 1.00 | | | | | | | | | |
| Trust | 0.37* | 0.45* | 1.00 | | | | | | | | |
| Authenticity | 0.60* | 0.62* | 0.30* | 1.00 | | | | | | | |
| Pro-action | 0.34* | 0.49* | 0.44* | 0.50* | 1.00 | | | | | | |
| Autonomy | 0.33* | 0.61* | 0.43* | 0.53* | 0.48* | 1.00 | | | | | |
| Confrontation | 0.39* | 0.69* | 0.48* | 0.63* | 0.60* | 0.97* | 1.00 | | | | |
| Experimentation | 0.54* | 0.49* | 0.37* | 0.61* | 0.59* | 0.60* | 0.64* | 1.00 | | | |
| General climate | 0.58* | 0.55* | 0.28* | 0.71* | 0.37* | 0.57* | 0.61* | 0.45* | 1.00 | | |
| HRD Mechanism | 0.69* | 0.60* | 0.27* | 0.78* | 0.49* | 0.49* | 0.58* | 0.61* | 0.72* | 1.00 | |
| Mission | 0.16* | 0.24* | 0.18* | 0.28* | 0.19* | 0.17* | 0.21* | 0.16* | 0.24* | 0.25* | 1.00 |

The above table infers the correlation between the HRD dimensions in the Visakhapatnam Port Trust. In the above table it is clear that there are significant correlations within and between the HRD dimensions. The correlation value between openness and collaboration ($r=0.39$) is significant. The 'r' value between openness and trust 0.37 is significant. In the same way the correlation values of authenticity, pro-action, autonomy, confrontation, experimentation, general climate, HRD mechanisms and mission with openness are 0.60, 0.34, 0.33, 0.39, 0.54, 0.58, 0.69 and 0.16 respectively. All these 'r' values are significant. The correlation values for collaboration with trust, authenticity, pro-action, autonomy, confrontation, experimentation, general climate, HRD mechanisms and mission are 0.45, 0.62, 0.49, 0.61, 0.69, 0.49, 0.55, 0.60 and 0.24 respectively and all dimensions are significant at 0.01 level. The 'r' values for authenticity, pro-action, autonomy, confrontation, experimentation, general climate, HRD mechanisms and mission with trust are 0.30, 0.44, 0.43, 0.48, 0.37, 0.28, 0.27 and 0.18 respectively. The 'r' values authenticity and pro-action, autonomy, confrontation, experimentation, general climate, HRD mechanisms, mission are 0.50, 0.53, 0.63, 0.61, 0.71, 0.78 and 0.27 respectively. The correlation values of pro-action with autonomy, confrontation, experimentation, general climate, HRD mechanisms and mission are 0.48, 0.60, 0.59, 0.37, 0.49 and 0.19 respectively. The calculated 'r' values for autonomy with confrontation, experimentation, general climate, HRD mechanisms and mission are 0.97, 0.60, 0.57, 0.49 and 0.17 respectively. The correlation values of confrontation with experimentation, general climate, HRD mechanisms and mission are 0.64, 0.61, 0.58 and 0.21 respectively. The 'r' values for the dimensions of experimentation and general climate, HRD mechanism, mission are 0.45, 0.61 and 0.16 respectively. The correlation values of general climate with HRD mechanisms and mission are 0.72 and 0.24 respectively. And the correlation between HRD mechanisms and mission is 0.25.

The analysis shows that each dimension is positively correlating with the other dimensions. This indicates that there is a positive and significant relation within and between the dimensions of HRD climate in the organization.

FINDINGS

- Maximum of 75%,70%,55%,80%,80%, of respondents are satisfied regarding openness of the organization. It is observed that the employees are positive about exchanging aspects of work and expressed their desire to give their best to facilitate this change process.
- Maximum of 60%,55%,55%.of respondents are satisfied regarding collaboration of the organization It is observed that the employees are using one another's strength and work together for a common purpose and individuals solve their problems by themselves and implementing the strategy and action plans.
- Maximum of 65%,70%,90%.of respondents are satisfied regarding trust of the organization 65%,70%,90%.It is observed that the employees are felt more trust and external feelings are necessary for smoothing functioning of the organization.
- Maximum of 70%,80%,80%.of respondents are satisfied regarding authenticity of the organization It is observed that the employees are willing to accept the feelings of the other employees who relates them as persons.
- Maximum of 80%of respondents are satisfied regarding pro-action of the organization .It is observed that the employees are taking initiative action without prompting in the organization. Through this the employee potential is identified by the top management.
- Maximum of 60%,50% of respondents are satisfied regarding confrontation of the organization .It is observed that the employees are positive to express their desire to give their best to facilitate this change process.
- Maximum of 50%.of respondents are satisfied regarding experimentation of the organization.It is observed that the employees are positive to express their desire to give their best to facilitate this change process.
- Maximum of 60%,90%,85%,75%,80%,80%,60%.of respondents are satisfied regarding general climate of the organization .It is observed an overall view about the employees towards the general Climate in the organization the are positive to express their desire to give their best to facilitate this change process.
- Maximum of 75%,80%,65%,70%,55%,65%,80%,50%,65%,60%.of respondents are satisfied regarding HRD Mechanisms of the organization. It is observed that the a positive response from the employees towards the HRD mechanisms in the organization.
- Maximum of 75%,80%,65%,70%,55%,65%,80%,50%,65%,60%of respondents are satisfied regarding mission of the organization It is observed that the analysis indicates a positive response from the employees towards the Mission in the organization.

SUGGESTIONS

- The organization should reduce the gap between the superior and subordinates when problems arise people discuss these problems openly and try to solve them rather than keep accusing each other behind the back. Cordial relations are necessary for the smooth functioning of the organization.
- The organization should encourage the employees to innovate and trying out new ways of dealing problems in the organization. Problems should be solved at initial level unless it leads to a mistake.
- The organization should improve the acceptance level of trust among the employees in the organization .More trust and external feelings are necessary for the smooth functioning of the organization.
- The organization should provide more autonomy among the employees to feel more freedom to act independently within the boundaries imposed by their roles. Then the employees express their desires to give their best to facilitate the developmental process.
- The organization should measure the contribution of HRD mechanisms in making effectiveness of the organization.
- The organization should sponsor maximum number of employees for external training programmes on the basis of genuine training needs.
- The organization should provide more welfare facilities to their employees then the employees can save a lot of their mental energy for work purposes since the employees expectation on welfare is high.
- The superior should communicate weaknesses of the employees in non threatening way through providing more counseling centers.

CONCLUSIONS

Human resources are the vital part of an organisation's growth. This study highlights HRD general performance measures, the extent to which a developmental climate comprising openness, trust, collaboration, fairness in appraisal, working environment, training, experimentation, general climate, HRD mechanism and mission which lead to development practices in various service sector organisations in India. The study reveals that more than 80% of the employees perceived positively that the HRD Climate is favourable and contributing a lot in achieving the organizational mission. In OCTAPACE- eight values more than 65% of the employees are felt satisfied. In general climate of the organization more than 70% of the employees perceived positively and more than 60% of the employees perceived positively about the HRD Mechanisms. The overall conclusion about the HRD Climate in Visakhapatnam Port Trust is excellent. It shows that the reasons for the vast development of public and private ports in India. If the company continues the same stream of HRD Climate dimensions in future it may achieve many glorious things.

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ABSTRACT

In the Era of globalization, CSR become paramount word in all over the world. Now day's companies and financial institution is not only focusing on accelerating the growth of economy but also they are contributing to society by making lively environment as well as sustainable social development. CSR (Corporate social responsibility) is a term which has been coined in Corporate Sector to represent the responsibility of social development. Basically, CSR refers to the act of making business responsible towards the society through balanced, voluntary approaches to environmental and social issues in a way that is helpful to the society. This Paper highlighted the CSR practices in Indian banking sector and financial institutions, different case studies, key findings and few conclusions.

KEYWORDS

Corporate social responsibility, financial institution, sustainable social development, banking sector.

INTRODUCTION

Any organization, which successfully operates in socio-economic environment, needs self-regulation to maintain control over its standards. Self-Regulation is a process whereby an organization is asked, or volunteers, to monitor its own adherence to legal, ethical, or safety standards. CSR (Corporate Social Responsibility) is a term coined for describing a form of self-regulation along with ideal behaviour and act of corporate towards its social portfolio. As corporate works in socio-economic landscape, utilizes its land, resource and demographic dividend for economic purpose, it holds greater responsibility toward society. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. CSR not only includes corporate regulatory compliance, but also refers to the act of making business successful through balanced, voluntary approaches to environmental and social issues in a way that is helpful to the society, so corporate social responsibility leads to term "Ethical Business". According to Michael Hopkins (2003), CSR is concerned with treating the internal and external stakeholders of the firm ethically or in a socially responsible manner and the wider aim of corporate social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders.

In India, One of the New Act's most startling changes—which came into effect on April 1, 2014—has been to impose compulsory corporate social responsibility obligations ("CSR") upon Indian companies and foreign companies operating in India. Sometimes these obligations mainly come in the form of mandatory amounts companies must contribute to remediating social problems.

Banking industry in India does not make any difference to it and has already inherited the culture of CSR. Banking as a financial institution, thoroughly associated with the society, timely pay obligatory financial services to the social community. On December 20, 2007, RBI circulated a notice for all the scheduled commercial banks, with title "Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting-Role of Banks". The Reserve Bank of India (RBI) on stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development. RBI also pointed out to start non-financial reporting (NFR) by the banks which will cover the work towards the social, economic and environmental betterment of society.

PURPOSE OF THE STUDY

The aim to conduct this study is to highlight and bring forth the existing CSR activities and its impact which are carried by banks in India and provide necessary suggestions to improve CSR activities. The main objectives of this paper are:

1. To study the existing CSR practices and its impacts in selected Old and New private Banks.
2. To encourage the execution of model CSR practices in Indian Private Banks.

CORPORATE SOCIAL RESPONSIBILITY

The nature and scope of corporate social responsibility has changed over time. The concept of CSR is a relatively new one—the phrase has only been in wide use since the 1960s. But, while the economic, legal, ethical, and discretionary expectations placed on organizations may differ, it is probably accurate to say that all societies at all points in time have had some degree of expectation that organizations would act responsibly, by some definition. The concept of CSR was first mentioned in 1953 in the publication of "Social responsibilities of businessman" by William Bowen. However the term CSR became only popular in the 1990s. When the German Beta pharma generic pharmaceutical company decided to implement CSR.

REVIEW OF LITERATURE

The European Commission defines corporate social responsibility as "the responsibility of enterprises for their impacts on society". To fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders"

A Survey was conducted jointly by Confederation of Indian Industry (CII), UNDP, British Council and Price Water & House Coopers (PWC) in 2002, which reported that most of the companies under the study recognize the importance of CSR and believed that the passive philanthropy was no longer sufficient. It was also reported that a significant proportion of respondents recognized CSR as the means to enhance long term stake holder's value. Another most important aspect of CSR, according to the report, is that it provides an opportunity to improve relationships with local communities.

According to Archie B. Carroll, "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time."

According to Bert Scholtens, "finance relates to the sustainability of economic development and to CSR. The three financing modes open the potential to direct the economic activities in a way that takes account of social, ethical, and environmental issues".

According to Jacob M. Rose, "directors employ prospective rationality cognition, and they sometimes make decisions that emphasize legal defensibility at the expense of personal ethics and social responsibility. The results suggest that additional ethics education will have little influence on the decisions of many business leaders because their decisions are driven by corporate law, rather than personal ethics".

Amit Kumar Srivastava, GayatriNegi, Vipul Mishra, Shraddha Pandey (2012) studied "Corporate Social Responsibility: A Case Study Of TATA Group" & concluded that for bringing back and maintaining the general balance in the economic and social arena it is evident to think deeply and act wisely about CSR. Every business house owes some responsibility towards the society, nation and world in general which provide it with all human, material and natural resources. Considering the long

run growth and sustainable development following the norms of CSR, devising new policies and effective implementation is inevitable to bring and sustain a balance between corporate world and society, present generation and upcoming generation, man and nature. As far as the Tata group is concerned, it has gone a long way in fulfilling its duty and responsibility towards the society and the nation. It has reached the masses to elevate their lives, to nurture their dreams and to hone their skills justifying the statement of the founder —We do not claim to be more unselfish, more generous and more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholder, our own, and the health and welfare of the employees, the sure foundation of our prosperity.

SumanKalyanChaudhury, Sanjay Kanti Das, Prasanta Kumar Sahoo(2011), said in their study that, at present, the world over, there is an increasing awareness about Corporate Social Responsibility (CSR), Sustainable Development (SD) and Non- Financial Reporting (NFR). The contribution of financial institutions including banks to sustainable development is paramount, considering the crucial role they play in financing the economic and developmental activities of the world.[11]

SaritaMoharana (2013) studied "Corporate Social Responsibility: A Study of Selected Public Sector Banks in India" & found that the selected banks are directly engaged in CSR activities mostly in the area of Rural Development, Education, Community Welfare, Women and Children. The analysis shows that, these banks are making efforts for the implementation of CSR, but are restricted within certain fields. There is a need for better CSR activities by the banks, which is possible by adding more and more social development issues link with corporate sector.

RESEARCH METHODOLOGY

The present study covers below given three old and three new private banks of India.

OLD PRIVATE BANK

- ING Vysya Bank (IVB)
- Federal Bank
- City Union Bank (CUB)

NEW PRIVATE BANK

- ICICI Bank
- HDFC Bank
- Axis Bank

Data is mainly collected both from primary and secondary sources. Primary data has been collected by personal interaction with HR executives who are handling CSR activities in the respective banks. The secondary data has been collected from different sources like scholarly articles, annual reports of the selected banks, newsletters, and various web sites.

CSR PRACTICES IN INDIAN BANKING SECTOR

Financial institutes and Corporate play important role in developing the Indian economy, but along with this, they earn profits by intervening in so many areas of social life. Companies equivalent in wealth to countries calls the shots and controls much of the earth's resources. It makes them obliged to shoulder the responsibility towards the public and community along with Government. Financial institution like banks trade so many services and products to public domain and gain vast amount of capital as profit. It's public money which they lend as loan to other enterprises. So its banks' duty to repay and reinvest in terms of Infrastructure, Social Value and overall Sustainable Development so that public as a virtual stakeholder receives the due advantage. In India as in the rest of the world there is a growing realisation that capital markets and bank corporations are, after all, created by society and must therefore serve it, not merely profit from it

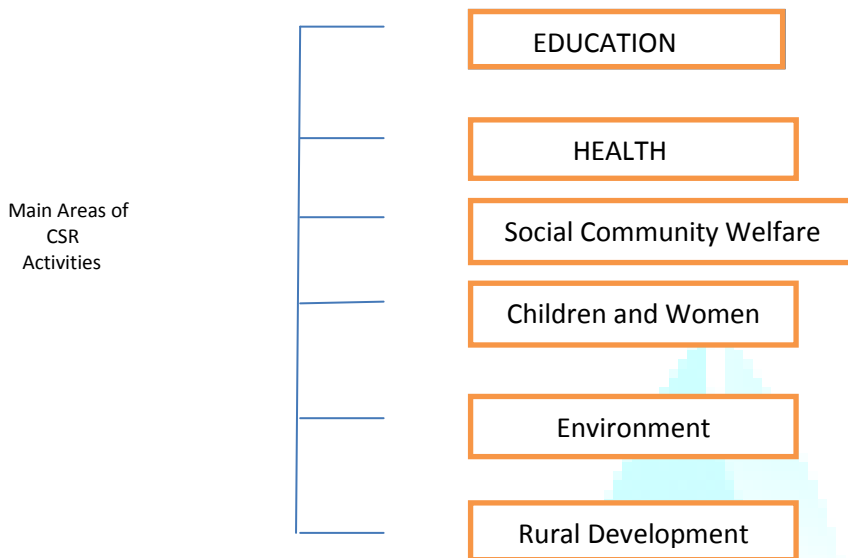
CSR activities are growing in Indian banking sector though they are very slow in comparison to CSR activities going on in banking sector in other countries. But now Banks and other financial institutions in India have started incorporating measures to enhance CSR which are mandatory in nature. The Banks intend to be in step with the new thought of measuring performance on the basis of economic impact, social impact, and environmental impact in the task of inclusive growth, through Banking operations, towards the larger canvas of Nation building. Banks in India through CSR give back a part of what it has received from the environment and society and is contributing / participating on a sustainable basis in activities and projects for facilitating the same.

They are promoting environment friendly and socially responsible lending and investment practices, . RBI (2007) has circulated a notice to Indian banks to undertake CSR initiatives for sustainable development and also asked banks to begin non-financial reporting which is related to activities in the era of environmental, social and economic accounting. The key areas of CSR, which has to be followed by public and private sector banks, are children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women empowerment, protection to girl child, and employment have been discussed in figure1.1.

Briefing about the corporate social responsibility program to other member commercial banks RBI followed many international initiatives to highlight the importance of this notice like United Nations Environment Program Finance Initiative (UNEPFI), Global Reporting Initiative (GRI), International Finance Corporation, The Equator Principles, and Declaration on Financial.

Apart from these international initiatives, RBI report also talked about other important and urgent issues regarding global warming & extent of problem, the economics of climate change, the Happy Planet Index, the Kyoto Protocol etc. and requested to implement the same earnestly.

FIGURE 1.1



CSR PROGRAMS FOLLOWED BY OLD AND NEW PRIVATE BANKS

The Old and New private banks are engaged in all CSR activities and they are giving significant contribution towards all these CSR activities which are given below.

- 1) **ING VYSYA BANK:** Education is main pillar of all over development of country in which bank is focusing specially. They organized IVF foundation to promote primary education for underprivileged children. With the help of existing partners, Rs 38 lakh collected for needy children in FY 2010-11. During the year, the Bank has donated an amount of Rs.12,00,000/- to B.W.Lions Super speciality Eye Hospital (BWLSEH), bank engaged in volunteering with the help of employee and established Rural Development and Self-Employment Training Institute to educating the rural youth and 2837 youth were trained in FY 2011-12. During FY 2013-14, 683 rural youth have benefited under the Institute's programs of which 512 trainees were women. So that RSETI has been awarded an "AA+" rating by The Ministry of Rural Development. Govt. of India. Further, bank is engaged in sustainable development by using equator principles, reducing energy consumption, believing in green building concept. Overall bank is contributing their efforts in CSR activities according to BOD's. Furthermore it is observed that there is separate CSR reporting in annual report and bank mention about the implementation of (MORD) guidelines for rural self-employment institutes (RSETI's). Moreover, they are spending good amount on all the activities.
- 2) **FEDERAL BANK:** The bank is engaging in CSR activities according to their BOD's. The bank has organised Fedbank Hormis Memorial Foundation, for providing scholarships to the economically needy students for pursuing professional education courses and endeavours to impart better knowledge and awareness in the field of banking to the less privileged and rurally far flung, through training programmes, focused seminars, awards and so on. In FY 2010-11, bank has started program called "SMARUDHY" for rural development through the Community Development Societies (CDS) and 'Fedjyothi', the ICT (Information & Communication Technology) model for the Financial Inclusion program. Along with this bank is engaged in family welfare, education, environment protection, providing potable water, sanitation, and empowerment of women and other marginalized groups, rehabilitation programs, providing mid-day-meal in government and aided schools.
- 3) **CITY UNION BANK:** The bank is engaged in CSR activities through donations and sponsorships for various humanitarian activities. The bank has its own philosophy on CSR activities. Bank gives donation to Mata Amritanandamayi Math, donation to Chief Minister's Public Relief Fund (for rehabilitation works relating to Thane Cyclone affected areas in Tamilnadu) contribution to SACHI - Saving a Child's Heart Initiative - Programme from Apollo Hospitals for children with congenital heart diseases belonging to the lower socio-economic group of society in FY 2010-11. In FY 2012-13, contribution of Rs 5.00 lakhs for health, Rs 10 lacs for education, Rs 5.00 lakh for society welfare and other donation to eye and medical camp. In FY 2013-14, contribution to healthcare Rs 10,50,000 and Rs 13.00 lakh for education and social cause. Overall they are spending good amount on CSR activities.
- 4) **ICICI BANK:** The bank is engaged in all CSR activities and it is further strengthen in coming years. Bank set up a foundation called ICICI Foundation for Inclusive Growth was established by the ICICI group in 2008. They are basically focus on elementary education, sustainable livelihood, primary health, serving communities with the help of NGO's etc. the bank started program in education "School and Teacher Education Reform Programme in Rajasthan", English Relay Programme, Assam, "Muktangan" in Mumbai. The foundation established Rural Self Employment Training Institutes (RSETI) at Udaipur and Jodhpur in Rajasthan, through this institute more than 6,400 youth were trained in FY2014, which is more than twice the number trained in FY2013. The Ministry of Rural Development (MoRD) has awarded RSETIs operated by ICICI Foundation in Jodhpur and Udaipur 1st and 2nd rank respectively in Category II (i.e. RSETIs that are more than three years old). Under the health program bank took some initiative like Nutrition Security Programme in Chhattisgarh, healthy Lokshakti to reduce new born and infant's death, Strengthening Convergent Action for Reducing Child Under nutrition in Rajasthan, Outpatient healthcare programme in Odisha & Gujarat, Apna Clinic, Village Health Committee – Sahiyya Resource Programme. In FY 2011-12, Rs. 9,912,474 lacs were collected in payroll-giving program. The bank got recognition from the United Nations Environment Programme (UNEP) for its efforts for spreading awareness about 'Going Green' on the occasion of World Environment Day. In FY 2013-14, ICICI Foundation has launched the ICICI Academy for Skills at maiden centre of Jaipur (ICICI Academy) to impart vocational training to the youth and plans to train about 5,000 youth in its first year of operation along with this bank is engaged in all other CSR activities according to the BOD's.
- 5) **HDFC BANK:** The bank is contributing full efforts in CSR activities. Education is root of social development where the bank is sturdily focusing. The bank is engage in opening pre-primary schools with the partnership of NGO's. In FY 2012-13, bank opened "Gali schools" to bring elementary education to the doorsteps of children in slum communities. In FY 2013-14 engage in improving learning, writing and reading ability in children, rehabilitation of children with special needs and educational sponsorships. For sustainable livelihood financial literacy program is going on and 3300 children is covered under this program. Bank is providing training program for youth and women from economically weaker sections of society and to empower them to gain access to opportunities and growth. The bank takes initiative in community development through vehicle safety; wear your helmet and seat belt and blood donation camp. In FY 2013-14, bank collected 86,774 units of blood and set a GUINNESS WORLD RECORD as the organizer of the "largest Blood Donation in a single day" in the world. To make environment easy for customer, bank has taken various steps like multi-channel delivery such as ATM's, Phone Banking, Net Banking and Mobile Banking which have cut down customers' need to commute to our branches. They are engage in energy saving program through awareness and campaigns. For rural development they offer products and services and in disasters too, their contribution is immense.
- 6) **AXIS BANK:** The bank is engaged in all CSR activities according to the BOD's. The Bank has set up a Trust – the Axis Bank Foundation (ABF) to channel its philanthropic initiatives. The Foundation has committed itself to focus on providing sustainable livelihoods, poverty alleviation, and education of the underprivileged and especially for girl child, healthcare, skill development, water harvesting and low-cost agricultural practices to enhance farm yield etc. The Bank has decided to contribute up to one percent of its net profit annually. In FY 2010-11, the Foundation has approved new grants aggregating 133.46

crores, which will be distributed in periodic instalments over the next five years. In FY 2011-12, Bank initiates in Green Banking with the theme of 'Reduce, Reuse and Recycle', to use the dry waste. Further, bank collected monthly Rs 7.52 lacs which increased up to Rs 15.19 lacs in FY 2013-14 under the payroll program. In FY 2012-13, bank launched a new initiative titled 'Gift of Life'. During the year, 27 blood donation drives have been organised across the country.

CONCLUSION

Corporate social responsibility (CSR) becomes an important in the era of globalization for environment, business, society and community. Corporates and financial institutions are contributing significant efforts Towards CSR activities but somehow they are lacking to understand the purpose of CSR activities which could be attained by the coordination of corporate efforts, Govt. and Non Govt. organization efforts. To attain the social objective and sustainable growth, Govt. should make CSR mandatory in corporate world and take the strict action against. Corporates and financial institutions need to be aware about CSR principles and guidelines which is assigned by Govt. and should make a separate department to handle the CSR issues and activity. Further they are supposed to make CSR report and budget allocation should be fixed which is going to be spending on CSR activities every year. To have an impact of spending and utilization of allocated budget by CSR there should be a system of periodical monitoring and reporting to the Board of Directors. CSR activities should be followed strongly not taken as granted.

To examine the above banks strategy toward CSR activities, it is found that there is huge difference between Old and New private sector banks. Old private banks IVB, Federal Bank and CUB is not focusing in all CSR activities merely centred on education, environment, rural development and community welfare which is not fulfilled the CSR objective although New private banks ICICI, HDFC and Axis Bank are focusing on Education for all, Community development, Adoption of Children, Vocational training, Rural Development, Environment protection, energy, Socioeconomic development of the vulnerable sections of society. Finally, there need to be focus on aware ness of CSR activities among the society, corporates and financial institution. Fixed Budget allocation and CSR report should be maintained every year and government hold should be robust.

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A STUDY ON MARKETING OF FERTILIZERS IN TIRUVARUR DISTRICT, TAMIL NADU**DR. C. PRAKASH****HEAD****P.G. & RESEAACH DEPARTMENT OF COMMERCE****SWAMI DAYANANDA COLLEGE****MANJAKKUDI****DR. C. KUMARAN****ASST. PROFESSOR****P.G. & RESEAACH DEPARTMENT OF COMMERCE****THIRU.VI.KA. GOVERNMENT ARTS COLLEGE****TIRUVARUR****ABSTRACT**

Indian agriculture has passed through various phases like subsistence farming, food self-sufficiency and has now entered the phase of agricultural surplus. Rising agricultural surplus may accelerate the tempo of economic development by generating additional purchasing power of farmers and agricultural labourers on the one hand and by providing increasing raw material for the agro-based industrial units on the other. The area of the study has been limited to the district of Tiruvarur only, which is the Granary of South India and the Rice bowl of Tamil Nadu. It is an important district in Cauvery delta of eastern Tamil Nadu. The seed, water, fertilizer and technology make agriculture costly. So the so-called Green Revolution new strategy has lost its attraction. A developing country like India cannot afford to have such a high cost agriculture. In a farm based economy the raising unit cost of agricultural outputs pushes up industrial cost and vice versa in a never ending vicious circle. Hence, agriculture becomes un-remunerative and "Cost inefficient". The new agricultural policy is "farmer unfriendly".

KEYWORDS

fertilizers marketing, Tiruvarur.

INTRODUCTION

Indian agriculture has passed through various phases like subsistence farming, food self-sufficiency and has now entered the phase of agricultural surplus. Rising agricultural surplus may accelerate the tempo of economic development by generating additional purchasing power of farmers and agricultural labourers on the one hand and by providing increasing raw material for the agro-based industrial units on the other. It provides food to the teeming millions and absorbs nearly three-fourth of its working force. Besides, it will ignite the hub of economic activities through increasing trade, transportation, growth of consultancy and other services. The development of agriculture seems to hold the key to the progress of our economy as a whole. It is therefore necessary that it should receive its due importance.

However, agriculture in India has long been carried out only in a traditional manner. Unlike the farmers in Western countries, Indian farmers hardly use modern techniques in spite of the efforts of the Government in this regard since Independence. Added to this, the combined efforts of the Government, popularly called as, "Green Revolution", have not been uniform throughout the country. Though the country has achieved self-sufficiency in food production, the Indian farming community has not benefited substantially by the Green Revolution.

AREA OF THE STUDY

The area of the study has been limited to the district of Tiruvarur only, which is the Granary of South India and the Rice bowl of Tamil Nadu. It is an important district in Cauvery delta of eastern Tamil Nadu.

On the economic front, the main stay of the people in the district is agriculture. Paddy and sugarcane are the staple crops. The Cauvery is the major source of irrigation apart from a few bore wells and tube wells. As the proverb goes "Indian agriculture is a gamble on the monsoon" the agriculture in the district is monsoon oriented and when monsoon fails agriculture is adversely affected. There is not much industrial activity as it is predominantly an agricultural district. In Tiruvarur district, even farming is still a subsistence attempt and not a commercial venture. Majority of the people in the district are either seasonally unemployed or under employed. Poor peasants eke out a hand - to - mouth existence, as farming is only seasonal. They do not have full time activity and are forced to remain in poverty on that account. Cash crops are not grown, as the soil is clay, fit only for raising food crops. In spite of Government schemes, nothing substantial has been achieved in agriculture in the district. Therefore it is worth studying in this district.

The Report of the Planning Commission confirms that Indian farmers are proverbially poor and have limited resources only. They often say and demand: "Provide the inputs at our door steps we shall take care of the rest". It means all is not well in this direction and very often the cultivators are not in a position to get their inputs in the proper manner. Hence the need of the hour is providing a relief package consisting of the essential inputs at the right place at the right time, in the right measure and manner at the right prices in the over all interests of the farming community. The principal agricultural inputs are seeds, fertilizers, pesticides, implements, finance and irrigation. The distribution of these inputs is a specialized job, since there are several characteristics unique to this job. The distribution infrastructure facilities, promotion and mass communication of these inputs are not woefully inadequate. The market and the consumer of these products are unique. The business of distribution of agricultural inputs especially fertilizers in developing countries like India must be understood and attended to accordingly. To improve the productivity in agriculture it is essential for the farmers to be supplied with the inputs especially the fertilizers at the right time, in the right quantity, quality and at the right price. Hence the problem of the study lies in the assessment of the efficiency of the fertilizers distribution network in the study area in terms of ascertaining whether the farmers are capable of improving their productivity if they have been given the required fertilizers in time and in the right manner.

OBJECTIVES OF THE STUDY

1. To analyse the specific nature of fertilizer marketing and the distribution mechanism through which fertilizers are distributed in the study area.
2. To assess the production and consumption pattern of fertilizer in Tamil Nadu.
3. To examine the problems of farmers they encounter in using the fertilizers distribution network.
4. To investigate the problems of the dealers in order to improve the distribution channels, infrastructure and other facilities in the distribution of fertilizers.
5. To evaluate the efficiency of the fertilizers distribution network system in the study area and its impact on productivity and
6. To make suggestion to ensure effective distribution and proper delivery of fertilizers by improving the functioning of the network system in order to make it farmer friendly.

METHODOLOGY

Survey method is adopted. Both primary and secondary data were used in the study.

Secondary data: related books, magazines, Govt reports, websites are the important sources of the secondary data.

Primary data were collected both from farmers and distribution channels through survey.

Research Tools: Two interview schedules - one for farmers and another one for distribution agencies.

Population of the study constitutes

1. Total no. of Farmers in the district
2. Total no. of distribution agencies in the district.

Samples from Farmers: There are seven Taluks in the District. Of these, only Five Taluks were taken up of the study. There are 98 PACBs in these five Taluks. Among them, 4 PACBs from each Taluk were selected on a random basis.

There are 4 categories of farmers namely **big, medium, small and marginal** farmers in the study area. Therefore, a total of 240 farmers, - 3 farmers of each category from 20 PACBs were selected on a random basis. In addition to this, 60 non members – 12 from each Taluk – 3 each of the 4 categories of farmers were selected at random. Thus, the total no. of sample farmers of the study was 300-240 from PACB members and 60 from non members.

Samples from Marketing Agencies: 60 Fertilizer distribution agencies were selected at random. Among them, 30 are co-operatives remaining 30 are private dealers.

FINDINGS OF THE STUDY

1. 61% of the farmers in the study area purchase fertilizers from private dealers.
2. 93% farmers did not know any thing about authorized dealers of their preferred brands.
3. 240 farmers traveled more than 10 kms to purchase fertilizers.
4. 75% of the farmers pay more than Rs. 25 per bag towards transport charges for fertilizers.
5. For 76% of farmers, purchases were not economical in size and were not enjoying the benefits like trade discount on bulk purchase.
6. 69% of farmers paid a price which is more than control price.
7. 99% applied fertilizers not in time but at a delay of even 10 to 20 days.
8. 90% were purchasing fertilizers on credit only.
9. The co-operative distribution network of fertilizers is supplying what they have and not what do the farmers demand.
10. Due to poor co-operative credit the inputs marketing in the study area is dominated by the private dealers.
11. All the private dealers were posed with the basic problem of finance.
12. They also suffer from low profit margin.
13. Lack of godown facility was the problem for 71% of the dealers.
14. 87% of the co-operatives suffer from low profit margin.
15. Transportation is also a major problem for 60% of the Co-operatives dealing in fertilizers.

SUGGESTION OF THE STUDY

1. The co-operative sector should be revamped and streamlined by making it the sole agency of supplying agricultural inputs and marketing the output by Linking Credit with Marketing.
2. Introduction and effective implementation of Kissan Credit Card scheme will solve all the difficulties in getting the basic input – finance and will pay way for the efficiency in the distribution of inputs especially fertilizers.
3. Advocating Contract Farming- a new design for improving the efficiency of the fertilizers and other inputs distribution network system and to ensure the farmers easy availability of agricultural inputs at required times.
4. Integrated Nutrient Management using organic manure, bio-fertilizers along with chemical fertilizers.
5. The prices of farm products should be fixed on the basis of the cost of living, which is mounting up day by day and not on cost of production only.
6. A decision support system known as DSSAT (Decision Support System for Agro Technology Transfer) will be an effective tool to solve technological problems.
7. Enhancement of rural credit by the organized sector is the need of the hour. Loans given on pledging the jewels by the organized sector, especially the commercial banks should not be allowed to include in their agriculture credit target.
8. The Kissan card system should be extended to all the farmers in the country and redesigned in such a way to enable them to have easy access to credit agencies.
9. Steps may be taken to ensure representation of farmers both in the state legislature and in the parliament.

CONCLUSION

To conclude, it is proved through hypothesis testing that the farmers in the study area are not supplied with fertilizers effectively and efficiently. So, it is concluded that fertilizers distribution Network system in the study area is not functioning efficiently. Therefore, the study recommends that though it is late, at least now it is necessary that a chance must be given to the farmers in India to prove their saying, “ **provide the inputs at our doorsteps, we shall take care of the rest**” by ensuring adequate distribution of agricultural inputs at least fertilizers at their disposal.

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RELATIONSHIP BETWEEN EFFICIENT CASH MANAGEMENT AND PROFITABILITY OF SMALL SIZED ENTERPRISES IN KISUMU COUNTY, KENYA

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ABSTRACT

Efficient cash management is seen as the process of planning and controlling cash flows of a firm and very imperative to small sized enterprises profitability. In Kenya small sized enterprises are contributors to economic development by providing employment opportunities and reducing poverty levels. Despite their significance to economic development, small sized enterprises (SSEs) rate of startup is 40% but 60% of them collapse within the first two years of their operations causing retrenchment of human resources, high level of loan defaulters, and inadequate services delivery to the community. This research paper examines the relationship between cash capital management and profitability of small sized enterprises in Kisumu, County, Kenya for 2009 to 2014. The objectives was to determine the effects of management of cash on profitability. The targets population was 10,000 of small sized enterprises and a sample size of 370 small sized enterprises were established by using Krejcie and Morgan's table. Data was analyzed using descriptive statistics, Pearson's correlation coefficient and stepwise regression analysis. The correlation analysis performed indicated that there was relatively low degree of positive correlation between efficient cash management and profitability of small sized enterprises. The study recommends that proper financial management education and training should be initiated by government of Kenya.

KEYWORDS

Working capital management practice, Average collection period, Inventory turnover, efficient cash management and small sized enterprises

1. INTRODUCTION

Working capital has several meanings in business and economic development finance. In accounting and financial statement analysis, working capital refers to the firm's short-term or current assets and current liabilities. Net working capital represents the excess of current assets over current liabilities and is an indicator of the firm's ability to meet its short term financial obligations (Brealey & Myers, 2002). Effective working capital management consists of applying the methods which remove the risk and lack of ability in paying short term commitments in one side and prevent over investment in these assets in the other side by planning and controlling current assets and liabilities Lazaridis & Tryfonidis (2006).

Working Capital Management is the administration of current assets and current liabilities. It deals with the management of current assets and current liabilities, directly affects the liquidity and profitability of the company (Deloof, 2003; Eljelly, 2004; Raheman and Nasri, 2007; Appuhami, 2008; Christopher and Kamalavalli, 2009; Dash and Ravipati, 2009). Current liquidity crisis has highlighted the significance of working capital management. Management of working capital has profitability and liquidity implications and proposes a familiar front for profitability and liquidity of the company. To reach optimal working capital management firm manager should control the tradeoff between profitability maximization and liquidity accurately (Raheman & Mohamed, 2007). An optimal working capital management is expected to contribute positively to the creation of firm value (Howorth & Weshead, 2003; Deloof, 2003; Afza & Nazir, 2007).

There must be a balance between current assets and current liabilities so as to eliminate the risk of inability to meet short term obligations on one hand and avoid excessive investment in these assets on the other hand (Eljelly, 2004). Many surveys have indicated that managers spend considerable time on day-to-day problems that involve working capital decisions. One reason for this is that current assets are short-lived investments that are continually being converted into other asset types (Samilgul & Demirgunes, 2006). With regard to current liabilities, the firm is responsible for paying these obligations on a timely basis. Liquidity for the ongoing firm is not reliant on the liquidation value of its assets, but rather on the operating cash flows generated by those assets (Soenen, 1993; Kimeli, 2012). Taken together, decisions on the level of different working capital components become frequent, repetitive, and time consuming.

The Working Capital Management of a firm affects its profitability. The ultimate objective of any firm is to maximize the profit. But, preserving liquidity of the firm is an important objective too. The problem is that increasing profits at the cost of liquidity can bring serious problems to the firm (Shin and Soenen, 1998). Therefore, there must be a trade-off between these two objectives of the firms. One objective should not be at cost of the other because both have their importance. If we do not care about profit, we cannot survive for a longer period. On the other hand, if we do not care about liquidity, we may face the problem of insolvency or bankruptcy. For these reasons working capital management should be given proper consideration and will ultimately affect the profitability of

the firm. In Kenya, small scale enterprises are acknowledged as vital and significant contributors to economic development through their critical role in providing job opportunities, reducing poverty levels, nurturing the culture of entrepreneurship and are a vital link in the economy through their supply chain and intermediary role in trade (Atieno 2006;2009).

According to the Economic Survey of 2006, small scale enterprises contributed over 50% of new jobs created in the year 2005 and over 20% to the GDP of the country. In recognition of this indispensable role, the government has instituted enterprise support programmes including the introduction of Women and Youth Enterprise Funds in the years 2006 and 2007 respectively to fuel the development of these enterprises. Many micro finance institutions have joined the forces in providing them with microcredit hence, causing their access to microcredit increase from 7.5% in 2006 to 17.9% in 2009 (FSD Kenya, 2009.)

2. LITERATURE REVIEW

2.1 CONCEPT OF CASH MANAGEMENT

According to Pandey (2006) ,cash management is very important for every organization that means to pay current obligations on business, the payment obligations include operating and financial expenses that are short term but maturing long term debt. Liquidity ratios are used for liquidity management in every organization in the form of current ratio, quick ratio and Acid test ratio that greatly effect on profitability of organization. So business has enough liquid assets (Cash, Bank) to meet the payment schedule by comparing the cash and near-cash with the payment obligations. Liquidity ratios work with cash and near-cash assets (together called "current" assets) of a business on one side, and the immediate payment obligations (current liabilities) on the other side. The near-cash assets mainly include receivables from customers and inventories of finished goods and raw materials. The payment obligations include dues to suppliers, operating and financial expenses that must be paid shortly and maturing installments under long-term debt.

2.2 EMPIRICAL LITERATURE REVIEW

Kemeli (2010) observed in his study that the health of the economy as a whole has a strong relationship with the nature of small enterprise sector and given their importance to a nation's economic growth. An understanding of the problems negatively affecting small businesses in Kenya is a vital first step in managing and avoiding the massive failure of these small businesses (ILO, 2010).The 2009 national survey of small and micro-enterprises (SMEs) found that about 26% of the total households in the country are engaged in some form of SME activity (CBS KREP and ICEG, 2009). The sector is therefore an important source of livelihood for a majority of the country's population.

A study carried out by Jagongo and Makori (2013) on working capital and firm's profitability of manufacturing and construction firms' listed Nairobi Securities Exchange, Kenya for the period 2003 to 2012 Ordinary least square regression(OLS) models and Pearson's correlation were used to establish the relationship between working capital management and firm's profitability. The study found a negative relationship between profitability and number of days accounts receivable and cash conversion cycle but positive relationship profitability and number of days of inventory and number of days payable .The financial leverage, sales growth ,current ratios and firm size have significant effects on profitability. Based on the findings, the study recommends to management to take long to pay their accounts payable. The study may not have considered the effects on prolonged payments on liquidity of the firms with low level of capital base.

Nyabwanga, Ojerah, Lumumba, Odondo &Otieno (2012) assessed the effects of working capital management practices on financial performance of Small Sized Enterprises (SSEs) in Kisii South District. A sample of 113 SSEs comprising 72 trading and 41 manufacturing enterprises was used .Pearson's correlation coefficients and multiple regression analysis techniques were used to analyze the data. Consequently, the findings of the study were that, working capital marketing practices were low amongst SSEs as majority had not adopted formal working capital management routines and their financial performance was low compared to listed large companies in the same region

The further examination of these studies revealed that there is still little empirical evidence on Working capital management components and its influence on profitability of SSEs in Kenya in general and Kisumu County in Particular, and the results from past studies are mixed across countries, therefore this study will provide an elaborate attempt to fill this knowledge gap and determine the relationship between efficient cash management and profitability of small sized enterprises in Kenya

3. RESEARCH METHODOLOGY

This study used a cross sectional survey research design. A survey is suitable when a study intends to describe events or opinions without manipulating variables (Oso and Onen, 2009). The variables under investigation in this study was efficient cash management, target population was 10,000 with sample size of 370 small sized enterprises in Kisumu County ,Kenya ,arrived by applying the table Krejcie and Morgan(1970). The study used questionnaire methods to collect primary data from the respondents.

SIGNIFICANT OF THE STUDY

This research will give important information to the managers/owner managers, of enterprises, government and non-government and policy formulators in the sector of entrepreneurship development

STATEMENT OF THE PROBLEM

An optimal working capital management components (efficient cash management is expected to contribute positively to the creation of firm's value especially small sized enterprises. In Kenya small sized enterprises are contributors to economic development by providing employment opportunities and reducing poverty levels. Despite their significance to economic development, increase to finance, improved ICT, Mentoring and business incubation programs, SSEs exhibit 40% level of startups and 60% of them collapse within the first two years of their operations causing retrenchment of human resources, high level of loan defaulters, and inadequate services delivery to the society. In this study efficient cash management practice used instead of cash conversation cycle,

RESEARCH OBJECTIVES

The objective of the study was to determine the effect of management of cash on profitability of Small scale enterprises in Kisumu County, Kenya

RESEARCH HYPOTHESIS

There is no significant relationship between efficient cash management and profitability of Small scale sized enterprises in Kisumu County, Kenya

4. RESULTS & DISCUSSION

The data analysis on relationship between working capital management components and profitability of small sized enterprises was guided by the following objective; to determine the effect of management of cash on profitability of Small scale enterprises,

4.1 DESCRIPTIVE ANALYSIS

The descriptive statistics shows the mean and standard deviation of the variables. This was established by investigating whether the businesses ever conduct cash budget, determine the target cash balance, experience cash shortage, cash surplus or use computer in cash management.

TABLE 4.1: BUSINESS CONDUCTING THE CASH MANAGEMENT MEASURES

| Cash management activity | Conduct activity | | | | |
|-------------------------------------|------------------|------------|-------------|------------|-------------|
| | 1 | 2 | 3 | 4 | 5 |
| Preparing cash budget | 61 (19.5%) | 30 (9.6%) | 36 (11.5%) | 47 (15.0%) | 140 (44.6%) |
| Determining the target cash balance | 50 (16.0%) | 19 (6.1%) | 51 (16.2%) | 94 (29.9%) | 100 (31.8%) |
| Experience cash shortage | 45 (14.3%) | 46 (14.6%) | 102 (32.5%) | 93 (29.6%) | 28 (8.9%) |
| Experience cash surplus | 83 (26.5%) | 69 (22.0%) | 85 (27.1%) | 56 (17.8%) | 21 (6.7%) |
| Using computers in cash management | 121 (38.5%) | 63 (20.1%) | 47 (15.0%) | 40 (12.7%) | 43(13.7%) |

1-never, 2-rarely, 3-sometimes, 4-often, 5-always

Most of the businesses, (44.6%) always prepare cash budget whereas 31.8% of the businesses always determine the target cash balance. 32.5% of the businesses sometimes experience cash shortage, 27.1% sometimes experience cash surplus while 38.5% never use computers in cash management. (Table 4.13). It implies that only 32.5% are able to establish their cash flows status in Kisumu County hence do not have the opportunity to accomplish their business operations.

4.2 CORRELATION ANALYSIS

The study sought to find whether there was significant relationship between preparing of cash budget and after tax returns on assets in Table 4.14; The correlation analysis performed indicated that there was relatively low degree of positive correlation ($r = 0.191$) conduct efficient cash management using cash budget preparation as its proxy. This was statistically significant at $0.01(p < 0.01)$ leading to rejection of the null hypothesis hence the study concludes that there is significant influence of cash budget preparation on profitability of small sized.

TABLE 4.2: CORRELATION MATRIX FOR THE BUSINESS PROFITABILITY WITH EFFICIENCY CASH MANAGEMENT

| Items | | After tax return on total assets |
|--|---------------------|----------------------------------|
| Does your business conduct 'preparing cash budget' | Pearson Correlation | .191** |
| | Sig. (2-tailed) | .001 |
| Determine the target cash balance | Pearson Correlation | .219** |
| | Sig. (2-tailed) | .000 |
| Experience cash surplus | Pearson Correlation | .268** |
| | Sig. (2-tailed) | .000 |
| Using computers in cash management | Pearson Correlation | .362** |
| | Sig. (2-tailed) | .000 |
| Where does your business often invest temporary cash surplus/ | Pearson Correlation | -.266** |
| | Sig. (2-tailed) | .000 |
| How involved is the owners/manager in interpreting cash management deficiency by using cash budget | Pearson Correlation | .205** |
| | Sig. (2-tailed) | .000 |
| Extent to which your business is involved in working capital management practices | Pearson Correlation | .244** |
| | Sig. (2-tailed) | .000 |
| | N | 302 |

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey data 2015, SPSS output

REGRESSION ANALYSIS

Using a stepwise linear regression analysis in this study, a model by Harrell F.E (2001) was used to establish the relationship between efficient cash management and profitability of Small scale sized enterprises.

$$ROA = f(ERM, ARM, INV)$$

$$\text{Model 1: } ROA = \alpha + \beta_1 ERM + \beta_2 \text{Slog} + \beta_3 ARM + \beta_4 DR + \epsilon$$

Where ROA denotes return on assets, ERM denotes Efficient of cash management measured by cash conversation cycle, Slog denotes natural logarithm of sales (SSE size), ARM denotes Account Receivable Management DR denotes debt ratio (Leverage) and finally α denotes intercept, β denotes regression coefficients, and ϵ denotes the error term.

Relationship was therefore dependent on significant correlated items of cash management to business profitability particularly using computers in cash management, extent to which the business is involved in working capital management practices, where the business often invest temporary cash surplus and experience cash surplus. Using a stepwise linear regression, other items were knocked out and only the four items were left. From the model used, business profitability was significantly influenced by these four items used in the regression giving ($R^2 = 0.134, 0.212, 0.244$ and $R^2 = 0.255$).

Therefore using a standardized beta coefficient, the model is;

$$ROA = 1.333 + 0.210 \text{ use of computers in cash management } (X_1) + 0.284 \text{ extent to which business is involved in working capital management practices } (X_2) - 0.174 \text{ experience in cash surplus } (X_3) + 0.102 \text{ where does your business often invest temporary cash surplus experience cash shortage } (X_4) + \text{precision error } (e)$$

$$\text{Hence: Profit } (Y) = 1.333 + 0.210 X_1 + 0.284 X_2 - 0.174 X_3 + 0.102 X_4 + \epsilon$$

TABLE 4.3: MODEL SUMMARY OF EFFICIENCY OF CASH MANAGEMENT AND BUSINESS PROFITABILITY

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .366 ^a | .134 | .131 | 1.03725ε |
| 2 | .461 ^b | .212 | .207 | .99108 |
| 3 | .494 ^c | .244 | .237 | .97229 |
| 4 | .505 ^d | .255 | .245 | .96688 |

a. Predictors: (Constant), using computers in cash management

b. Predictors: (Constant), using computers in cash management, extent to which your business is involved in working capital management practices

c. Predictors: (Constant), using computers in cash management, extent to which your business is involved in working capital management practices where does your business often invest temporary cash surplus/

d. Predictors: (Constant), using computers in cash management, extent to which your business is involved in working capital management practices, where does your business often invest temporary cash surplus/, experience cash surplus

The Study findings indicates that 'where does your business often invest temporary cash surplus $r=0.505$ is more significant, followed by involvement I working capital management practice $r=0.494$. It can be concluded that entrepreneurs that invest temporary cash surplus prudently experience high profitability.

5. FINDINGS OF THE STUDY

The findings of the study show that small sized enterprises in Kisumu County, do not embrace cash budgeting as tool for planning, controlling and evaluating the achievements of business goals especially sustainable cash flow managements. This could be attributed to low level of higher school education ,gender disparity in which small enterprises are owned by female gender, consequently fail to basic business skills and overall business networking in cash flow management. This study is in agreement to the study conducted in Kisii South District, Kenya on effects of working capital management practices on financial performance of small scale enterprises by Nyabwanga , Ojera , Lumumba, Odondo and Otieno (2011),but in their study they did not look at the cash flow management and its consequences in working capital management.

6. RECOMMENDATIONS & SUGGESTIONS

The lack of knowledge in financial management is the persistent problem facing owner managers of Small sized enterprises which was highlighted by many studies, is yet to be addressed by the County Governments and National Government of Kenya. On the other hand, owner managers must ensure that they utilize adequate receivables and inventory management tools like turnover ratios, Proper financial management education and training facility initiated by government and financing bodies may help them to address the problem of receivables and payables management.

They should also concentrate on reducing the high variability in account receivable, cash budgeting and inventory management so as to assure more profitability. Finally, from the research findings, it can be concluded that there would be positive change in the businesses after the application of working capital management practices. Therefore, there exist a relationship between working capital management practices and profitability of small sized enterprises.

7. SUGGESTION FOR FURTHER STUDY

Since this study had picked on the efficient of cash management, further research should focus on other variables .In furtherance future researches should concentrate on Relationship between working capital management, innovations among female gender owned SMEs in Kenya

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PROSPECTS OF BASEL III NORMS FOR INDIAN BANKING SECTOR: A CASE STUDY OF SBI

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ABSTRACT

Basel Norms were first introduced in 1988 in order to strengthen the stability of international banking system by ensuring an adequate level of capital in this system. The purpose was to set up a fair and a consistent international banking system in order to decrease competitive inequality among international banks and thus provide a "level playing field" so that banks could no longer build business volume without adequate capital backing. Basel I norms were introduced in response to in response to the messy liquidation of Cologne-based Herstatt Bank in 1973. Then Basel II norms were introduced with three pillars focusing on aspects like supervision and market discipline apart from the capital requirements. But inspite of these norms the subprime mortgage crisis followed by global recession prompted the G-20 countries to further strengthen the regulatory system for banks and other financial firms. Thus Basel III norms came into being in 2009. The present paper is devoted to the study of Indian Banking Experience with Basel norms as well as the possible impact of upcoming Basel III norms on Indian Banking System. Camel test has been used to analyze the impact of Basel II norms on State Bank of India's Performance and inferences have been drawn thereof to ascertain the possible impact of Basel III norms on India's Banking System.

KEYWORDS

Basel III, Basel II, Camel Analysis.

INTRODUCTION

In response to the messy liquidation of Cologne-based Herstatt Bank in 1973, Basel Committee on Banking Supervision was formed in the late 1974 under the auspices of the Bank for International Settlements (BIS) located in Basel, Switzerland. On 26 June 1974, a number of banks had released Deutschmarks (the German currency) to the Herstatt Bank in exchange for dollar payments deliverable in New York. Due to differences in the time zones, there was a lag in the dollar payment to the counterparty banks; during this lag period, before the dollar payments could be effected in New York, the Herstatt Bank was liquidated by German regulators. This incident prompted the G-10 nations to form the Basel Committee on Banking Supervision and hence **Basel I** came into being. Basel I is the round of deliberations by central bankers from around the world.

BASEL I

In 1988, the Basel Committee on Banking Supervision (BCBS) in Basel, Switzerland, published a set of minimum capital requirements for the banks which is also known as "the 1988 Basel Accord" and it was enforced by law in the Group of Ten (G-10) countries in 1992. The Basel Capital Accord in 1988 proposed by Basel Committee of Bank Supervision of BIS focused on credit risk prescribing a minimum capital risk adjusted ratio (CRAR) of 8 percent of the risk weighted assets. Although it was originally meant for banks in G-10 countries more than 190 countries claimed to adhere to it and India began implementing the Basel I in April 1992.

Assets of banks are classified and grouped into five categories (0%, 20%, 50% and 100%) according to credit risk, carrying risk weights of 0% (for example cash, bullion, home country debt like Treasuries), 20% (securitisations such as mortgage-backed securities (MBS) with the highest AAA rating) 50%, 100% (for example, most corporate debt), and some assets given No rating. Banks with an international presence are required to hold capital equal to 8% of their risk-weighted assets (RWA). Capital is divided into tiers according to the characteristics/qualities of each qualifying instrument. For supervisory purposes, capital is split into two categories: Tier I and Tier II. These categories represent different instrument's quality as capital.

The tier 1 capital ratio = tier 1 capital / all RWA

The total capital ratio = (tier 1 + tier 2 + tier 3 capital) / all RWA

Leverage ratio = total capital/average total assets

INDIA'S BANKING EXPERIENCE WITH BASEL I

As far as, Capital Adequacy requirements were concerned, RBI raised the Capital Adequacy Norms for Indian Banks. Banks were required to maintain a minimum capital risk adjusted ratio (CRAR) of 9 percent on an ongoing basis, as opposed to the Basel Committee on Banking Supervision's Basel I norm of 8 percent CRAR. Basel I had positive as well as negative aspects. There was worldwide adoption of Basel I owing to its relatively simple structure. Post Basel I, there was substantial increase in capital adequacy ratios of internationally active banks, increased competitive equality among internationally active bank, and greater discipline in managing capital. It provided a benchmark for assessment by market participants.

In spite of these advantages and positive effects, weaknesses of Basel I standards eventually became evident.

WEAKNESSES OF BASEL I STANDARDS

- Capital adequacy depends on credit risk, while other risks (e.g. market and operational) are excluded from the analysis;
- In credit risk assessment there is no difference between debtors of different credit quality and rating;
- Emphasis is on book values and not market values;
- Inadequate assessment of risks and effects of the use of new financial instruments, as well as risk mitigation techniques.

Then came Basel II. Basel I primary focus was on two types of risks which a bank face namely credit risk and market risk out of which initial focus was on credit risk. But in Basel II operational risk was also considered in addition to credit risk and market risk.

BASEL II

On 26th June, 2004, The Basel Committee on Banking Supervision released "International Convergence of Capital Measurement and Capital Standards: A Revised Framework", which was known as Basel II Accord.

Basel II Accord focuses on three pillars:

- (1) Minimum Capital Requirements (addressing risk)
- (2) Supervisory Review
- (3) Market Discipline

INDIA'S BANKING EXPERIENCE WITH BASEL II

Initially RBI set the target for implementation of Basel II for March 2007 but later on postponed it. Finally Basel II norms were implemented on 31 March 2009. This shows that RBI chose a slow and steady approach for implementing Basel II's standardized norms and moved to internal ratings in credit and Advanced Measurement Approach norms for operational risks in banks.

According to the draft guidelines published by RBI the capital ratios are set to become: Common Equity as 5% + 2.5% (Capital Conservation Buffer) + 0-2.5% (Counter Cyclical Buffer), 7% of Tier 1 capital and minimum capital adequacy ratio (excluding Capital Conservation Buffer) of 9% of Risk Weighted Assets. Thus the actual capital requirement is between 11 and 13.5% (including Capital Conservation Buffer and Counter Cyclical Buffer).

BASEL III

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spillover from the financial sector to real economy. During Pittsburg summit in September 2009, G-20 leaders committed to strengthen the regulatory system for banks and other financial firms and also act together to raise capital standards, to implement strong compensation standards aimed at ending practices that led to excessive risk taking, to improve the over the counter derivatives market and to create more powerful tools to hold large global firms to account for the risk they take. Consequently, the Basel Committee on Banking Supervision (BCBS) released comprehensive reform package entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basically, Basel III norms were introduced due to the financial crisis of 2008. Initially, Basel III was scheduled to be introduced from 2013 until 2015; however, changes from 1st April 2013 extended implementation until 31st March 2018 and again extended to 31 March 2019.

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

RBI issued guidelines based on Basel III reforms on capital regulation on 2nd May 2012 to extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1st April 2013 in India in phases and it will be fully implemented as on 31st March 2018.

OBJECTIVES OF THE STUDY

The present research paper tries to understand and focus on the following issues and objectives:

- To study the framework of Basel Norms as proposed by Basel Committee on Banking Supervision as well as to study India's experience with Basel II norms by analyzing a public sector bank's performance through Camel Test.
- To study the possible impact of Basel III norms on Indian Banking Sector and ascertaining its relevance in context of Indian Economy.

The present paper studies the impact of Basel III on Indian Banking Sector with reference to CAMEL Analysis of State Bank of India (SBI) for a period of year 2006 to year 2010. The CAMEL analysis as presented in the paper assesses SBI Bank's performance (India's largest Public Sector Bank) prior to and post Basel II. On the basis of results concluded there from, the paper studies the possible impact of Basel III norms on Indian Banking Sector.

RESEARCH METHODOLOGY AND DATA ANALYSIS

In the present paper, CAMEL Rating System has been used to assess and evaluate the performance of India's largest public sector bank SBI (State Bank of India) for a period of year 2006 to year 2010. The study is based on secondary data collected from various websites and sources. The data that has been used here for calculating the ratios is taken from the consolidated financial statements of SBI.

In India Basel II was fully implemented on 31st March 2009. Therefore, the ratios & data has been analyzed prior to and post 2009 in order to evaluate the impact of Basel II on SBI's performance post Basel II.

CAMELS rating system is designed to take into account and reflect all the significant financial and operational factors in assessing and evaluating an institution's performance. Institutions are rated using a combination of specific financial ratios and examiners qualitative judgments.

The components of a bank's condition that are assessed:

- **(C)**apital adequacy
- **(A)**ssets
- **(M)**anagement Capability
- **(E)**arnings
- **(L)**iquidity (also called asset liability management)
- **(S)**ensitivity (sensitivity to market risk, especially interest rate risk)

Here we have studied the performance of a public sector bank in order to know the impact of Basel II on Indian Banking Sector so as to predict the possible consequences and impact of Basel III on the Indian Banking Sector.

ANALYSIS OF STATE BANK OF INDIA FROM YEAR 2006 TO 2010

1. C-TO ASSESS CAPITAL ADEQUACY

❖ **CAPITAL ADEQUACY RATIOS (CAR)**

| Year | CAR |
|------|-------|
| 2006 | 11.88 |
| 2007 | 12.34 |
| 2008 | 13.54 |
| 2009 | 14.25 |
| 2010 | 13.39 |

(Ratios calculated from SBI's consolidated data)

Interpretation

Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio (CRAR), is the measure of a bank's capital and is expressed as a percentage of a bank's risk weighted credit exposures. Capital adequacy ratio is the ratio which determines the bank's capacity to meet the time liabilities and other risks such as credit risk, market risk, operational risk etc. In the simplest formulation, a bank's capital is the "cushion" for potential losses, and protects the bank's depositors and other lenders. SBI's Capital Adequacy Ratio shows that prior to implementation of Basel II that is in year 2006 and 2007 and 2008; the CAR of SBI is way higher than the statutory minimum of 8 % of CAR as proposed under Basel I Accord. Post Basel II the statutory requirement was raised to 9% by RBI and still SBI continue to maintain CAR of 14.25 % and 13.39% in year 2009 and 2010 respectively. This shows that the bank is "well-capitalized" and can absorb any present or anticipated losses with ease.

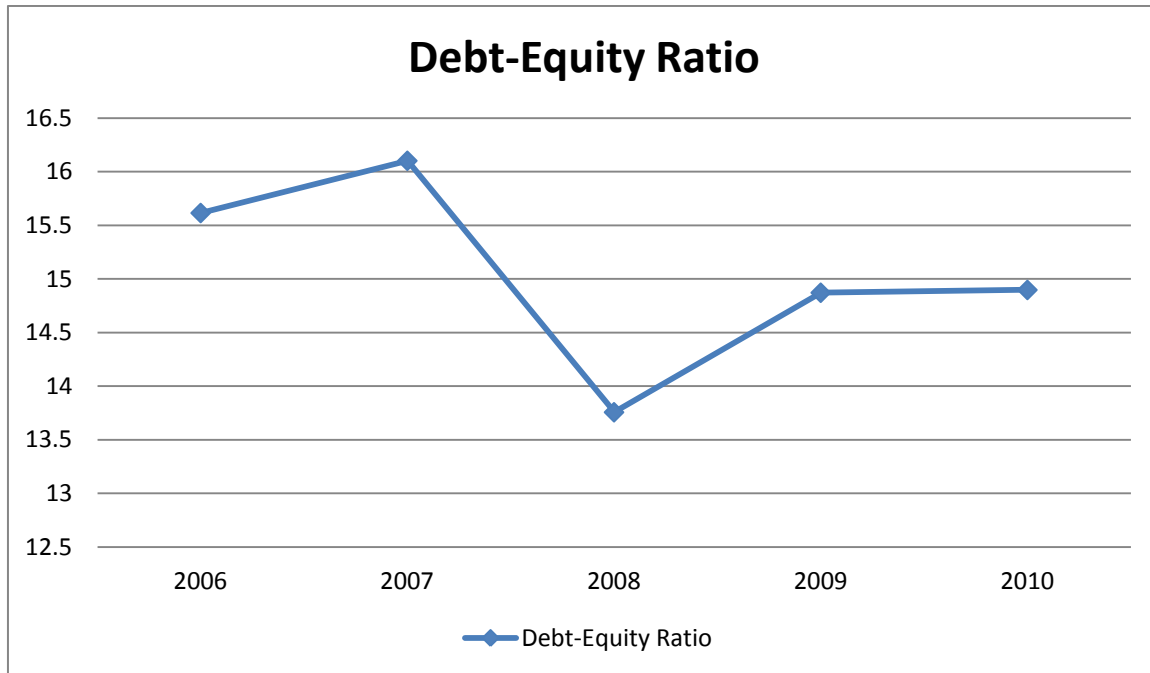
❖ **DEBT-EQUITY RATIO**

(Rs. In Crore)

| Year (12 Months) | 2006 March | 2007 March | 2008 March | 2009 March | 2010 March |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Debts | 580,999.17 | 684,934.71 | 842,439.69 | 1076,579.97 | 1238,539.13 |
| Net Worth | 37,206.71 | 42,535.65 | 61,236.38 | 72,390.39 | 83,135.58 |
| Debt-Equity Ratio | 15.6154 | 16.1026 | 13.7572 | 14.8719 | 14.8978 |

Interpretation

The Debt-Equity Ratio is a financial ratio indicating the relative proportion of shareholder’s equity and debt used to finance a company’s assets. Closely related to leveraging, the ratio is also known as Risk, Gearing or Leverage. It indicates the proportion of company’s assets that are being financed through debt. As shown above, SBI’s Debt-Equity Ratio has decreased from 16.1026 in financial year 2006-07 to 13.7572 in financial year 2007-08 but increased to 14.8719 in financial year 2008-09 and continued to increase in financial year 2009-10 as well. The Debt-Equity Ratio of SBI shows the following trend in the given graphical presentation.



As can be seen from the above given trend, the Debt-Equity Ratio has shown an increasing trend post Basel II which can be owing to the fact that in order to maintain capital adequacy ratio as per Basel norms, the bank had to infuse more and more capital in order to finance its growth. Increasing trend shows soundness of long-term financial policies but at the same time, it can be a dangerous trend as investors and lenders prefer low debt-equity ratio because in that case their interests are better protected.

2. A-TO ASSESS ASSET QUALITY

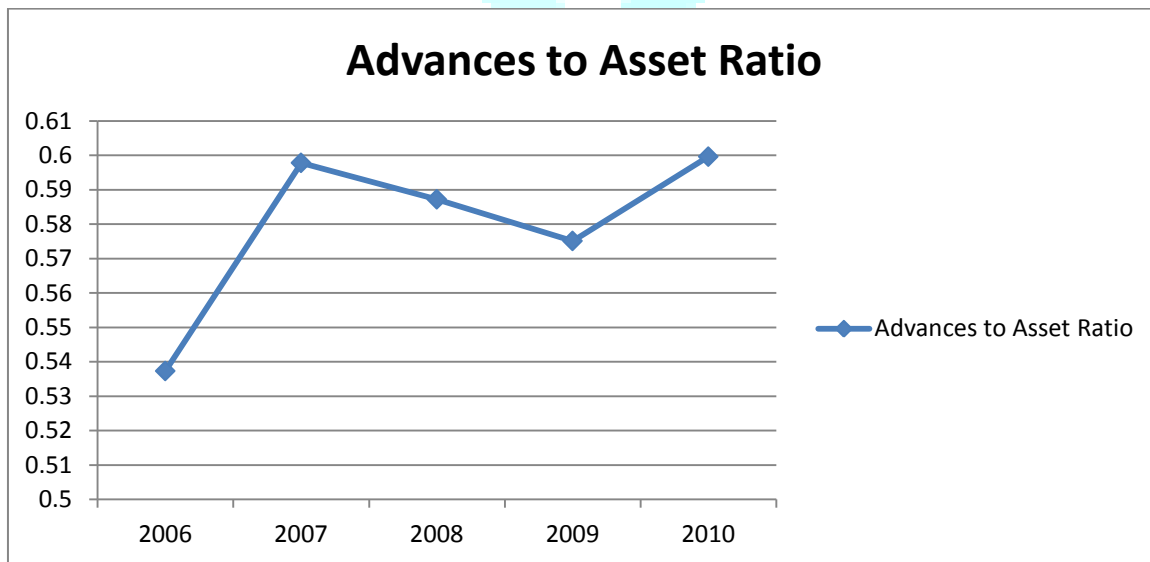
❖ ADVANCES TO ASSETS RATIO

(In Rs. Crore)

| Year (12 Months) | 2006 March | 2007 March | 2008 March | 2009 March | 2010 March |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Loans & Advances | 374,476.24 | 487,285.96 | 603,221.94 | 750,362.38 | 869,501.64 |
| Total Assets | 696,991.83 | 815,174.41 | 1027,269.52 | 1304,825.74 | 1450,143.96 |
| Advances to Assets Ratio | 0.5373 | 0.5978 | 0.5872 | 0.5751 | 0.5996 |

Interpretation

Advance to Assets Ratio shows a bank’s risk-taking abilities and position in lending funds. Here SBI’s advance to assets ratio is showing a positive trend as increase in advances is more than increase in assets that shows growth in investments. The bank has been able to maintain high advance to assets ratio post Basel II also which is a favourable position for long-term. The Advance to Assets Ratio shows the following trend in the given graphical presentation.



❖ TOTAL INVESTMENTS TO TOTAL ASSETS RATIO

| Year | (In Rs. Crore) | | | | |
|------------------------|----------------|---------------|---------------|---------------|---------------|
| | 2006 March | 2007 March | 2008 March | 2009 March | 2010 March |
| Total Investments (TI) | 227,931.05 | 216,521.05 | 273,841.72 | 372,231.45 | 402,754.13 |
| Total Assets (TA) | 696,991.83 | 815,174.41 | 1027,269.52 | 1304,825.74 | 1450,143.96 |
| TI/TA | 0.3270 | 0.2656 | 0.2666 | 0.2853 | 0.2777 |

Interpretation

Total Investments to Total Assets Ratio shows how well the investments are backed up by bank's assets. Asset backing is good for a bank's credit rating and profitability because assets provide creditworthiness to a bank. In case of SBI the ratio picks up after 2007 and continues to increase but falls in 2010.

3. M-TO ASSESS MANAGEMENT QUALITY**Management Ratios**

❖ TOTAL ADVANCES TO TOTAL DEPOSITS RATIO

| Year | (In Rs. Crore) | | | | |
|---|----------------|---------------|---------------|---------------|---------------|
| | 2006 March | 2007 March | 2008 March | 2009 March | 2010 March |
| Total Advances | 374,476.24 | 487,285.96 | 603,221.94 | 750,362.38 | 869,501.64 |
| Total Deposits | 544,024.27 | 636,272.88 | 537,403.94 | 1011,988.33 | 1116,464.56 |
| Total Advances to Total Deposits Ratio (TA/TD) | 0.6883 | 0.7658 | 1.1224 | 0.7415 | 0.7788 |

Interpretation

Management is the most forward-looking indicator of condition and a key determinant of whether a bank possesses the ability to correctly diagnose and respond to financial stress. Total Advances to Total Deposits Ratio shows the efficiency of management in converting the deposits available with the bank into advances that is how easily a bank is able to convert its deposits into operations. SBI's TA/TD ratio shows an increasing trend till 2007-08 after which it decreases by 34% and then again picks up which is a positive sign for the bank because a higher TA/TD ratio puts a bank on the better side of interest income which are earned from bank's advances.

4. E-TO ASSESS EARNING RATIOS

❖ RETURN ON NET WORTH

| Year | (In Rs. Crore) | | | | |
|----------------------------|----------------|---------------|---------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Profit(Net Profit) | 5,679.38 | 6,633.08 | 9,212.83 | 11,178.90 | 12,020.54 |
| Net Worth | 37,206.71 | 42,535.65 | 61,236.38 | 72,390.39 | 83,135.58 |
| Return on Net Worth | 0.1526 | 0.1559 | 0.1504 | 0.1544 | 0.1446 |

Interpretation

The continued viability of a Bank depends on its ability to earn an appropriate return on its assets which enables it to fund expansion, remain competitive, and replenish and/or increase capital. Profit is the lifeline of a business. It is as important for the enterprise as is blood for the human body. Therefore assessing the earnings capacity of a bank is one of the critical aspects of CAMEL Analysis. Return on Net worth Ratio links profitability of a bank to its capital structure. SBI has maintained this ratio with minor fluctuations. It shows that the bank is earning decent profits with the money that has been invested by the shareholders in the bank.

5. L-LIQUIDITY RATIOS

❖ G-Securitiesto Total Assets Ratio (In Percentage)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---------------------|---------|---------|---------|---------|---------|
| G-Sec/ Total Assets | 37.39 | 27.25 | 20.77 | 19.51 | 23.56 |

Interpretation

Liquidity is one of the important aspects of Camel Ratio. Liquidity is the ability to convert an asset into cash readily. It is also known as "marketability." Government-Securities to Total Assets measure the proportion of Government Securities in Total Assets of the Bank. G-sec to Total Investment ratio shows Bank's aggressiveness in improving its credit deposits ratio keeping the investments lower. Banks invest in Government Securities in order to meet the SLR (Statutory Liquidity Ratio) requirements. SBI's data shows that the ratio has shown a downward trend prior until financial year 2007-08 after which it started to pick up.

❖ Liquid Assets to Total Assets (In Percentage)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|----------------------------|---------|---------|---------|---------|---------|
| Liquid Assets/Total Assets | 8.55 | 6.14 | 6.46 | 1.66 | 8.33 |

Interpretation

Maintaining correct amount of liquidity is important for any Bank. There should be a perfect balance between liquidity and profitability which ensures growth and earnings for a bank. SBI's Liquid Assets to Total Assets Ratio shows fluctuations as can be seen that the ratio decreased to 1.66 % in financial year 2007-08 as Basel II norms started to become prevalent in that year but then there was a sharp increase in the ratio in year 2008-09.

RESULT AND DISCUSSION

The main reason for introducing Basel III was the financial crisis of 2008. There was a need to further strengthen the Banking system by emphasizing on four important banking aspects i.e. Capital, Leverage, Funding and Liquidity.

Here the possible impact of Basel III on Indian Banking System is being focused with reference to the study of impact of Basel II on a Public Sector Bank's performance. Camel Analysis shows that the performance of SBI has shown positive result on almost all the aspects of Camel analysis. Firstly, SBI has been able to maintain a higher Capital Adequacy Ratio even more than the statutory minimum.

Debt-Equity Ratio has shown positive trend which explains the fact that in order to maintain the minimum Capital Adequacy Ratio the bank has gone for borrowed funds so as to add more capital base to the organization. But this also means that bank has to bear the risk of having more borrowed funds in proportion to the owner's funds. So such a position although points towards the long-term growth plans of the bank but also it makes the bank profile a risky proposition from investment point of view as lenders and investors would prefer a low debt-equity ratio as compared to a higher one.

Then the other aspects like assets quality, management capability and earnings have also shown positive signs. However on liquidity parameter the Bank has shown many fluctuations. So, on the basis of Camel analysis it can be inferred that SBI bank's performance have improved and shown positive signs post Basel II. The implementation of BASEL II has been positive for India's largest public sector bank's performance.

Basel III will bring about the much needed change to the risk management approach which is being adopted by Indian banks. The adoption of advanced approaches to risk management would enable the banks to manage their capital more efficiently and improve their profitability. The purpose of these norms is

increasing the capacity of the banks so as to absorb shock during financial crisis and at the same time, decrease such crisis probabilities. If a bank is well capitalized it can shield against any financial crisis situation and can provide buffer against any shock arising there from.

CONCLUSION AND RECOMMENDATIONS

Basel III implementation is the need of the hour for Indian Banking System but it should be done in a phased manner keeping in view the problems and conditions of Indian Banking System and in the context of Indian Economy. Basel III has certain pros as well as cons for the Indian banking system.

Firstly, Basel III norms will make Indian Banks strong and stable enough to guard against any financial shut down.

Secondly, adopting advance approaches to manage risk will help Indian Banks in efficiently managing their capital thereby improving their profitability.

Thirdly, Banks with expanding overseas operations, normally the larger banks will gain from the implementation of these norms as they will be able to better manage their capital and also be able to become sound and stable enough to bear global shocks arising from financial crisis.

Lastly, Basel-III Norms will enable the Indian Banks to grab better financial opportunities not just in India but also abroad.

However, there are some negative sides of Basel III implementation also which needs to be taken care of. Indian Economy is growing at a fast pace therefore the demand for credit will go up in future but due to higher capital norms of Basel III, Banks will be required to maintain higher CAR norms and consequently this will reduce their lending capacity and demand for credit will not be fully met. Increasing credit demand and inability of banks to lend money will increase the borrowing rates pushing the country towards more economic slowdown.

Despite of the above drawback, Basel III is still required for Indian Economy especially for Banks having international presence. India has opened up the gates for trade and business in 1991 through LPG (Liberalisation, globalisation and privatization). Therefore, spillover effects of the international scenarios will be much prevalent in our Economy like the subprime crisis accompanied with worldwide recession showed its effect on the Indian Economy also. Therefore, to provide buffer against such spillover effects on the Indian Banking Sector in future and for integrating the Indian Economy with that of the world's economy, Basel III should be implemented in a phased manner.

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HUMAN RESOURCE ISSUES IN INTERNATIONAL BUSINESS AND MANAGEMENT: A REVIEW

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ABSTRACT

When a firm chooses to internationalize itself one of the most crucial decision is to select an appropriate mode of entering a foreign market. The next challenge is to take a series of decisions associated to human resource. The present paper makes an attempt to review existing literature on human resource strategies for individual modes of entry that facilitates efficient management of international operations. Whereas mergers and acquisitions require that different decisions pertaining to people needs to be taken during three stages, in cooperative joint ventures decision has to be taken whether the human resource function has to be carried independently or jointly. Acquisitions have a significantly greater autonomy in operations than greenfield investment.

KEYWORDS

International entry modes, human resource management.

INTRODUCTION

There are a variety of reasons for which a firm wants to expand into overseas markets. Some firms pursue internationalization strategies to capture market share thereby maximizing its profits. While others desire to go global to compete internationally. Whatever be the reason may be a firm deliberates over a series of crucial decisions to ensure survival and growth in an ever-changing environment.

Deciding upon an entry mode in foreign market upholds much significance. An entry mode is the medium employed to enter into an overseas market. Alternate modes of entry ranging from exporting to foreign direct investment seems ideal in unique set of circumstances. Each individual entry mode necessitates idiosyncratic human resource strategy.

Much previous studies have stressed upon the role of human resource in survival and growth of an international organization. As firms open up to new markets human resource professionals dwell upon a set of diverse themes:

1. Which staffing model would be most appropriate?
2. How to exercise control over human resource function of subsidiaries abroad?
3. Is there a need for training and development programmes?
4. What strategies should be adopted to ensure efficient functioning of cross-cultural teams?
5. How to prevent cultural shocks especially amongst families of expatriates?

The present paper seeks to review present literature on human resource strategies employed in varied modes of entry and present a comparative picture of people-oriented policies and practices across various modes.

OBJECTIVES OF THE STUDY

1. To identify different human resource strategies associated with international modes of entry.
2. To analyse global human resource strategies associated with international business.
3. To recognise differences in human resource strategies across entry modes

REVIEW OF LITERATURE

Patricia H. Werhane (1988) argued that in the case of mergers and acquisitions the basic employee rights that are not always respected include right to information, the right to participate in management decision to accept or fight the merger, and job protection for long term loyal "at will" employees. The lack of respect for employee rights translates into equal loss of commitment, loyalty, responsibility and trust. The right to participate in management is an equal employee right not an unlimited one.

John Hannon Ing-Chung Huang Bih Shiao Jaw (1995) empirically identified different international human resource (IHR) strategies and demonstrated how they relate to various interorganizational interdependencies. It was found that dependence on parent's resources is associated with globally integrated IHR strategies; dependence on local resources is related to locally responsive IHR strategies, and the influence of host institutions on IHR strategy depends on the level of the parent's ownership.

Peter Lorange (1996) observed that human resource(HR) function may differ dramatically among different types of cooperative ventures. In a project-based cooperative network, the HR function will largely be carried out by each partner in a "compartmentalized" manner and largely on behalf of his or her own organizational entity. A similar type of separate Human resource management(HRM) arrangement among the partners will have to be made in renegotiated alliances. The human resource function will probably also to some extent be dealt independently by each parent in the cooperative venture with permanent roles complementary by the parents. Finally, for the jointly owned ongoing cooperative venture business a strong and full-fledged HRM function will have to be established within the joint venture itself.

Karen Roberts Ellen Ernst Kossek Cynthia Ozeki(1998) empirically observed that managing a cross-national workforce differs from the traditional staffing mindset. SWAT team assignments can be useful in setting up new operations where start-up skills are needed for a brief period. Virtual communications that are not necessarily task-oriented but that foster interpersonal exchanges enable task information to flow more smoothly. Through long rotations with in-depth experience, aspatial careerists acquire globally applicable skills. These strategies allow firms operating on a global basis to make the best use of their widely dispersed internal resources and find innovative solutions to their HR problems.

Anne-wil-Harzing (2002) argued that compared to greenfields, acquisitions were allowed to operate more independently with lower levels of control exercised towards them. This was also reflected in the lower level of expatriate presence in acquisitions in general and the lower importance of functions of expatriation. Barbara Myloni Anne-Wil Harzing Hafiz Mirza (2004) collected data from multinational subsidiaries located in Greece and local Greek firms and examined the degree to which several HRM practices in multinational subsidiaries resemble local practices. Cultural and institutional forces lead MNCs to adapt practices conforming to local norms up to a point. At the same time, they point to a considerable degree of HRM transfer, something that results in the use of hybrid HRM practices. Certain HRM practices are more localised and affected by the host country's cultural and institutional environment, while other practices are more likely to be integrated throughout the MNC and show a higher level of conformity to the headquarters' practices.

Randall S. Schuler (2004) recognized that effectively managing international mergers and acquisitions(IM&A) requires dealing successfully with many significant HR issues. Each stage of the IM&A process presents new challenges as well as new opportunities to create value by managing people effectively. Performance of a HR due diligence is crucial at pre-combination stage. The stage of combination and integration requires some degree of integration of systems and processes in order to achieve key synergies. Solidification and Assessment stage requires a thorough assessment of new HRM policies and practices.

Mark Fenton O' Creevy Paul Gooderham Odd Nordhang (2008) explored the determinants of subsidiary autonomy in setting human resource management practices within US parented multinationals in Europe and Australia. Subsidiaries with a domestic market orientation have a significantly greater measure of

local HRM autonomy than those with international market responsibilities. Institutional location of the subsidiary and the degree to which it confronts labour unions are significant determinants of HRM autonomy of subsidiaries.

Carl F. Fey, Sergey Morgulis-Yakushev, Hyeon Jeong Park and Ingmar Björkman (2009) empirically demonstrated that HRM practices are levers through which employee ability and motivation can be increased, and these practices in turn increase MNE subsidiary performance.

Saul Estrin Delia Baghdasaryan Klaus E. Meyer (2009) argued that a cooperative mode may be more appropriate for multinational firms for which access to local resources is of greater significance than managing the relationship with local partner. In countries with very different human resources investors may prefer to set up greenfield operations that allow them to select and train their staff in such a way that they fit in. Companies entering foreign countries first time must adapt their organizational structures to make better use of available labour pool. Experienced investors may have already developed human resource systems adapted to the workforce characteristics in host country.

Sona Ferecikova, Daniel Krajcik, Lucia Krajcikova empirically showed that HR in many foreign direct investment companies has reverted to a transactional role, focusing on lay-offs, cost cuts, and the need to manage trade union relations. The economic crisis of 2008 has moved HR into pragmatic roles: to keep the employees engaged, motivated and loyal seem to be more important for the companies than to engage the HR function into strategies of the companies and to create a real strategic partner out of that.

HUMAN RESOURCE STRATEGIES

| Author | Mode of Entry | Year | Human Resource Strategy |
|---|--|------|--|
| Patricia H. Werhane | Mergers and Acquisitions | 1988 | Engagement of employees in decision making is crucial for survival |
| John Hannon Ing-Chung Huang Bih Shiao Jaw | Subsidiaries | 1995 | Greater parent dependency and ownership necessitates more reliance on global integration of workforce Greater socio-economic and legal differences will permit the development of localized Human Resource Management. Dependence on local resources of host country firm will select a local human resource strategy. |
| Peter Lorange | Multinational Cooperative Ventures | 1996 | HR function to be carried out in a compartmentalized way in project-based cooperative ventures Permanent complementary role necessitates solid coordination of HRM functions of parents |
| Karen Roberts Ellen Ernst Kossek Cynthia Ozeki | International firms | 1998 | Aspatial Careers -Provide cross cultural training for families and recognize family life cycle realities Awareness Building Assignments-Use to develop local nationals and rotate employees with demonstrable competence SWAT Teams-suitable for small locations Virtual Solutions-Encourage virtual friendships |
| Anne-wil-Harzing | Acquisitions and greenfield investments | 2002 | Acquisitions operate more independently as compared to greenfield investments with lower levels of control exercised towards them reflecting lower level of expatriate presence in acquisitions. |
| Randall S. Schuler | Mergers and Acquisitions | 2004 | Pre-Combination stage requires performance of HR due diligence Combination and Integration stage require motivated employees. Retention of key employees is equally pressing Assessment of new HR policies and practices and new culture is vital for solidification and Assessment stage. |
| Barbara Myloni Anne-Wil Harzing Hafiz Mirza | Subsidiaries | 2004 | Lesser transferability of human resource practices in subsidiaries with local union representation Negative relationship between level of transfer of Human resource practices and the degree of subsidiary interaction with organization belonging to host country |
| Mark Fenton O' Creevy Paul Gooderham Odd Nordhang | Subsidiaries | 2008 | U.S. multinationals impersonally control human resource practices in European and Australian subsidiaries in matters relating to payrolls, workforce expansion, Recruitment and selection, industrial relations but exert indirect personal control over management development and training and development |
| Saul Estrin Delia Baghdasaryan Klaus E. Meyer | Cooperative Joint Ventures and Greenfield Acquisitions | 2009 | Adapt organizational structures to make better use of available labour pool Preference for greenfield operations in countries with distinct human resources as it permits selection and training in such a way that they fit in. |
| Carl F. Fey, Sergey Morgulis-Yakushev, Hyeon Jeong Park and Ingmar Björkman | Subsidiaries | 2009 | Show trust and support towards employees Performance based compensation promotes desired behaviour Use internal promotion systems Information sharing on strategy and performance of company |
| Sona Ferecikova, Daniel Krajcik, Lucia Krajcikova | Foreign Direct Investment | 2013 | Keep the employees engaged motivated and loyal which is more important than to engage the HR function into strategies of the companies |

CONCLUSION

This paper has attempted to present a comparative view of differences in human resource strategies across diverse international entry modes. Each entry mode is distinct from other modes. Different entry modes throw unique set of challenges for numerous functional areas across organisation. Managing human resource in mergers and acquisitions is significantly different from carrying out HR function in cooperative joint ventures. Whereas mergers and acquisitions require that different decisions pertaining to people needs to be taken during three stages, in cooperative joint ventures decision has to be taken whether the

function has to be carried independently or jointly. Majority of the entry modes including mergers and acquisitions, foreign direct investment and wholly-owned subsidiaries identifies trust and employee loyalty important for business survival and growth. Employees should be allowed to participate in decision making from the time when decisions relating to mergers are contemplated upon. In subsidiaries with a domestic market orientation there is existence of local HRM autonomy. HRM practices also differ across economies. Whereas in liberal economies, employee dismissal is a routine task, in coordinated economies long-term labour contracts is an essential feature. But if we compare acquisitions with Greenfield investments, acquisitions have a significantly greater autonomy in operations than greenfield. However, it has been also observed that in global companies the management of acquisitions come to resemble the management of greenfields, while in multidomestic companies the management of greenfields would come to resemble the management of acquisitions. International human resource management also needs to be reinterpreted globally with a special focus on language, distance and cultural differences. Managers should move away from traditional expatriate management and select from plethora of contemporary strategies, for example, aspatial careers and the like depending upon the organizational needs.

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IFRS: PROSPECT AND PROBLEM IN INDIA

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ABSTRACT

No doubt about the fact that in this era of globalization if company accounts can't be compared and understandable across international boundaries it's hardly of any use and that is why all big companies in India as well as in whole globe are using IFR i.e. -international financial reporting standards. Despite a belief by some of the inevitability of global acceptance of IFRS, other believe that accounting standards of India (AS) is the golden standard and that a certain level of quality will be lost with full acceptance of IFRS. This paper aims to understand what is IFRS, its adoption status by Indian companies and its pros and cons.

KEYWORDS

GAAP, IAS, IFRS, IASB.

INTRODUCTION

This statement makes lot of sense when we talk about business accounts because if company accounts are not comparable and understandable across international boundaries it's become really hard for a company to know what it have achieved so far and what it want to achieve in future . IFRS i.e international financial reporting standards are guidelines designed for all sorts of business affairs, so that company accounts are understandable and comparable across international boundaries. They are consequence of growing international trade and are prominent for those companies which have dealing in several countries. It act as a set of rules to be followed by accountants to maintain, understandable, reliable and relevant as per users internal or external.

STATUS OF IFRS WORLD WIDE

Initially IFRS was an attempt to synchronize accounting across the European union but in no time IFRS concept were in demand all over the world .approximately 120 nations permit or require IFRS for domestic listed companies although approximately 90 countries have fully conformed with IFRS as promulgated by IASB and include a statement acknowledging such conformity in audit reports .Other countries including, Canada and Korea are expected to transition to IFRS by 2011. Mexico will require IFRS for all listed companies starting in 2012. IFRS is used in many parts of the world , including the European union , Hong Kong , Australia , Malaysia , Pakistan , gcc countries, Russia, south Africa , Singapore turkey . As in august 2008 more than 120 countries around the world, including all of Europe , currently require or permit IFRS reporting. Approximately 90 of those countries require IFRS reporting for all domestic listed companies.

STATUS OF IFRS IN INDIA

International financial reporting standards' (OFRS) convergence, in recent years has gained momentum all over the world . as the capital market become increasingly global in nature .India being one of the key global player , migration to IFRS will enable Indian entities to have access to international capital market without having to go through the cumbersome conversion and filing process. IFRS become mandatory in India from 1 april 2012. This is done by revising existing accounting standards to make them compatible with IFRS .These accounting standard are known as Ind AS .In India , there will be two set of accounting standard.

The existing Indian Accounting Standards (IAS)- will be applicable to all companies which are not required to adopt IFRS converged standards.

Indian Accounting as converged with IFRS (ind –AS)- will be applicable to companies operating in India in phased manner beginning from April 1,2011 .In first phase companies forming part of stock exchange index and those with net worth of above approx 250 Million USD will be required to present their financial statement as per Ind –AS.

There are conceptual difference between IAS and IFRS. Keeping in view the extent of gap between IAS, Ind –AS and the corresponding IFRSs-conversion process would need careful handling. By introducing a new company law, the Indian Government has initiated the process to amend the legal and regulatory framework. The conversion would involve, impact assessment, Revisiting accounting policies and thereafter changing the Accounting & Operational Systems (including ERP) in order to be fully compliant with Ind AS or IFRS .

CRITICISM OF IFRS IN INDIA

The Institute of Chartered Accounted of India(ICAI) has announced that IFRS will be mandatory in India financial statement for the periods beginning on or after 1 April 2012,but this plan has been failed and IFRS /IND-AS (converged IFRS) are still not applicable . There was a road map as given blow but still Indian companies are following old Indian GAAP. There is no clear new date of adoption of IFRS.Reserve Bank of India has stated that financial statement of bank need to be IFRS-compliant fop periods beginning on or after 1April 2011 .

The ICAI has also stated that IFRS will be applied to companies above INR 1000 crore (INR 10 billion) from April 2011 .Phase wise applicability details for different companies in India :

Phase1: Opening balance sheet As at 1 April 2011*

1. Companies which are part of NSE Index – Nifty 50
2. Companies which are part of BSE Index –sensex 30

- a. Companies whose share or other securities are listed on a stock exchange outside India
- b. Companies, whether listed or not, having net worth of more INR 1000 crore (INR 10 billion)

Phase2: Opening balance sheet as at 1 April 2012*

Companies not covered in phase 1 and having net worth exceeding INR 500 crore (INR 5 billion)

Phase3: Opening balance sheet as at 1 April 2014*

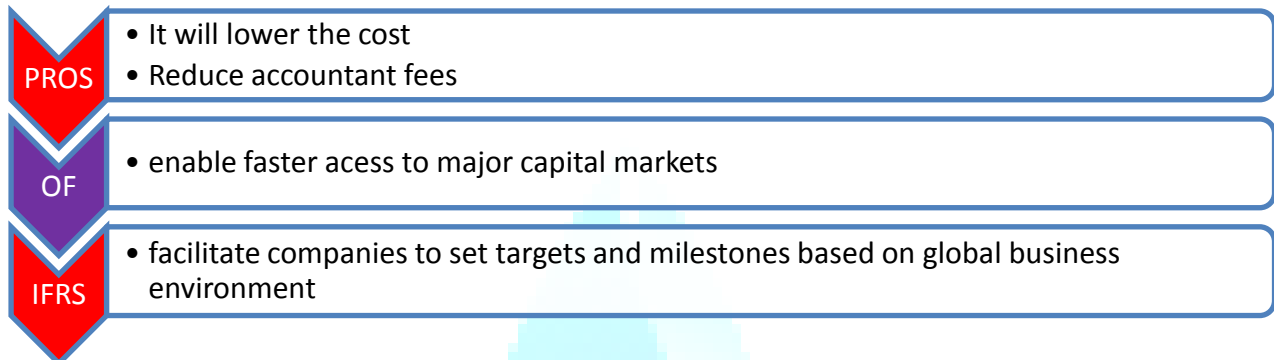
Listed companies not covered in the earlier phases * If the financial year of a company commence at a date other than April ,then shell prepare its opening balance sheet at the commencement of immediately following financial year.

On 22 January 2010, the ministry of Corporate Affairs issued the road for transition to IFRS. It is clear that India differed transition to IFRS by a year. In the first phase, companies included in Nifty 50 or BSE Sensex , and companies whose securities are listed on stock exchange outside India and all other.

Companies having net worth of INR 10 billion will prepare and [present financial statement using Indian Accounting Slandered converged with IFRS .Accounting to the press note issued by the government , those companies will convert their first balance sheet as at 1 April 2011 , applying accounting standards convergent with IFRS if the Accounting year ends on 31 March . This implies that the transition date will be 1 April 2011. According to the earlier plan, the transition date was fixed at 1 April 2010.

The press note does not clarify whether the full set of financial statement for the year 2011-12 will be prepared by applying accounting standards convergent with IFRS. The deferment of the transition may make companies happy, but it will undermine India's position. Presumably, lack of preparedness of Indian companies has led to the decision to defer the adoption of IFRS for a year. This is unfortunate that India, which boasts for its IT and accounting skills, could not prepare itself for the transition to IFRS over last four years. But that might be the ground reality. Before Jumping on the conclusion let us try and understand the pros and cons of convergence or adoption of IFRS.

PROS OF IFRS



CONS OF IFRS

Despite a belief by some of inevitability of the global acceptance of IFRS other believe that accounting standards of India (ASI) is the golden standard and that a certain level of quality will be lost with full acceptance of IFRS .

further certain Indian issuers without significant customers or operations outside the India may resist IFRS because they may not have a market incentive to prepare IFRS financial statements . They may believe that the significant cost associated with adopting (IFRS outweigh the benefit).

CONCLUSION

If we converges our accounts as per IFRS the ultimate users will not be able to understand accounts as per IFRS so there is also need to educate the investors and other parties also. Because they have to use these accounts for decision making.

Use of IFRS will change the whole IT system of the companies. Because new system will replace the old system so it is necessary to change the IT system of companies for successful implementation so this accounting change will affect the system of whole company.

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A SCIENTIFIC APPROACH USING FUZZY LOGIC IN OPERATIONS MANAGEMENT

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ABSTRACT

This paper discusses the role of Quantitative Network Analysis in Business Management. How the business organizations can use those as business applications and competitive advantage tools. This paper will attempt to demonstrate project management. Any organization involves planning, scheduling, and controlling a number of inter related activities with use of limited resources, namely men, machines, materials, money and time. The projects may be extremely large and complex such as construction of a power plant, a highway, shopping complex, ships and air craft's, introduction of new products and research and development projects. It is required that managers must have dynamic planning and scheduling system to produce the best possible results and also to react immediately to the changing conditions and make necessary changes in the plan and schedule. Convenient analytical and visual techniques such as shortest route (SR), Minimal Spanning Tree (MST), prove extremely valuable assisting the managers managing the projects.

KEYWORDS

Competitive advantage, Planning, scheduling, Controlling, Shortest route (SR), Minimal Spanning Tree (MST).

1. INTRODUCTION

This study discusses the Network analysis in Business Management. It is a scientific approach to Managerial decision making. How the Business Organizations can be successful by use of Network analysis. This would help the Organization in solving complex problems on time, with greater accuracy and in the most economical way.

The Minimum Spanning Tree (MST) problem is to find a least cost spanning tree in an edge weighted graph. The efficient polynomial-time algorithms to solve MST problems have been developed by [5] and [8]. In the real world, MST problems are usually seen in network optimization. For instance, when designing a layout for telecommunication systems, if a decision maker wishes to minimize the cost for connection between cities, it is formulated as an MST problem. As other examples, the objective is to minimize the time for construction or to maximize the reliability.

Most research papers with respect to MST problems have been dealt with the case where each weight is constant. However, in order to investigate more realistic cases, it is necessary to consider the situation that one makes a decision on the basis of data in or construction often depends on economical environments which vary randomly, and experts often estimate the value of the cost not as a constant but as an ambiguous value. In order to take account of such situations, we shall deal with minimum spanning tree problems where each edge weight is a fuzzy random variable. We call it a Fuzzy Random Minimum Spanning Tree (FRMST) problem.

A fuzzy random variable was first defined by [6]. Recently, some researchers [3, 9] considered fuzzy random linear programming problems. We could take various approaches to an FRMST problem according to the interpretations of the problem. In this paper, we take a possibilistic and stochastic programming approach, which is based on the idea provided in [3]. As it is shown later, the formulated problem is transformed into the deterministic equivalent nonlinear maximum ratio spanning tree problem, which is generally an NP-hard problem. In order to obtain an approximate optimal solution, we employ a solution method through TS [1, 2].

Today, several quantitative techniques are available to solve managerial problems and use of these techniques helps to managers become explicit about their objectives and provides additional information to select on optimal decision. This study presents with variety of these techniques with real life problem areas. Use of past data in a systematic manner and constructing it into a suitable model for future use comprises a major part of quantitative techniques. There are many quantitative algorithms like Kruskal's [5] and Prim's [8] etc. That has been developed to determine and analyze the problems. In this paper we use Kruskal's with Fuzzy random edge weights.

2. MST PROBLEM WITH FUZZY RANDOM EDGE WEIGHTS

Consider a connected undirected graph $G = (V, E)$ where $V = \{v_1, v_2, \dots, v_n\}$ is a finite set of vertices representing terminals, telecommunication stations or regional computer stations etc, and

$E = \{e_1, e_2, \dots, e_m\}$ is a finite set of edges representing connections between these terminals or stations. Let T be spanning tree in the graph G . Let $x = (x_1, x_2, \dots, x_m)$ denote its characteristic vector defined by

$$x_i = \begin{cases} 1 & \text{if } e_i \text{ is an edge of } T \\ 0 & \text{otherwise} \end{cases} \quad i = 1, 2, 3, \dots, m$$

In this paper, we consider an MST problem involving fuzzy random weights as follows

$$\begin{cases} \min \bar{c}x \\ \text{s.t. } x \in X \end{cases}$$

Where $x = (x_1, x_2, \dots, x_m)^T$ is a decision variable column vector $C = (c_1, c_2, \dots, c_m)$ is a coefficient vector and X stands for the set of characteristic vectors representing all possible spanning trees of the graph G .

Each C_j is a fuzzy random variable with the following membership function.

$$\mu_{C_j}(t) = \begin{cases} \max \left\{ 0, 1 - \frac{\bar{c}_j - t}{\alpha_j} \right\}, & \text{if } t \leq \bar{c}_j \quad j = 1, 2, \dots, m \\ \max \left\{ 0, 1 - \frac{t - \bar{c}_j}{\beta_j} \right\}, & \text{if } t \geq \bar{c}_j \end{cases}$$

Where \bar{c}_j denotes a random variable, whose realization under scenario s is $C_{j,s}$, parameters α_j and β_j denote the left and right spread of a fuzzy number,

$$\sum_{s=1}^s p_s = 1$$

respectively. Let p_s be the probability that a scenario s occurs, and let s denote the number of scenarios. We assume that $\sum_{s=1}^s p_s = 1$ holds. Since the coefficients of the objective function are triangular fuzzy random variables, the objective function also becomes the same type of fuzzy random variable y with the following membership function.

$$\mu_{\bar{y}}(y) = \begin{cases} \max \left\{ 0, 1 - \frac{\sum_{j=1}^m \bar{c}_j x_j - y}{\sum_{j=1}^m \alpha_j x_j} \right\}, & \text{if } y \leq \sum_{j=1}^m \bar{c}_j x_j \\ \max \left\{ 0, 1 - \frac{y - \sum_{j=1}^m \bar{c}_j x_j}{\sum_{j=1}^m \beta_j x_j} \right\}, & \text{if } y \geq \sum_{j=1}^m \bar{c}_j x_j \end{cases}$$

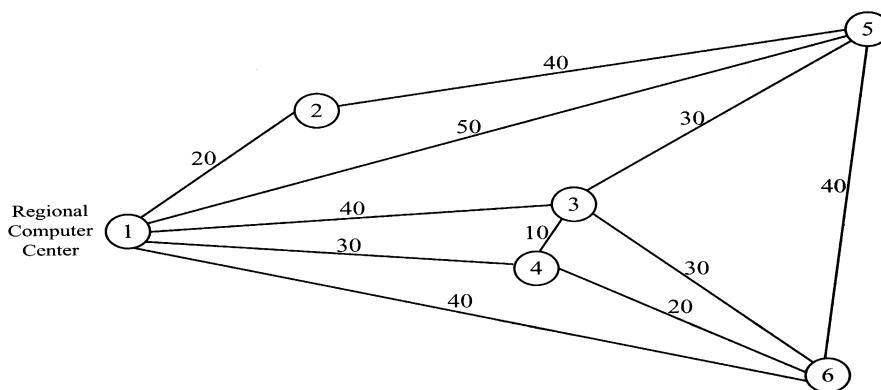
Considering the impression or fuzziness of the decision maker's judgment, for each objective function of problem, we introduce a fuzzy goal \bar{G} with the membership function expressed as

$$\mu_{\bar{G}(y)} = \begin{cases} 0 & , y > g^0 \\ \frac{y - g^0}{g' - g^0}, & g' \leq y \leq g^0 \\ 1 & , y < g' \end{cases}$$

3. AN EXAMPLE PROBLEM

The Southwestern Regional Computer Center must have special computer communication lines installed in order to connect five satellite users with a new central computer. Because the lines are expensive, the computer center's management wants the total length of the new communication lines to be as small as possible. While the central computer could be connected directly to each user, it appears to be more economical to install a direct line to some users and let other users tap into the system by linking up with the users who are already connected to the system. The network shown in Figure1 shows us the links being considered between the regional computer center and the satellite users. The distance, in miles, between locations is shown above the associated with edges. Note that the network has 6 vertices and 11 edges.

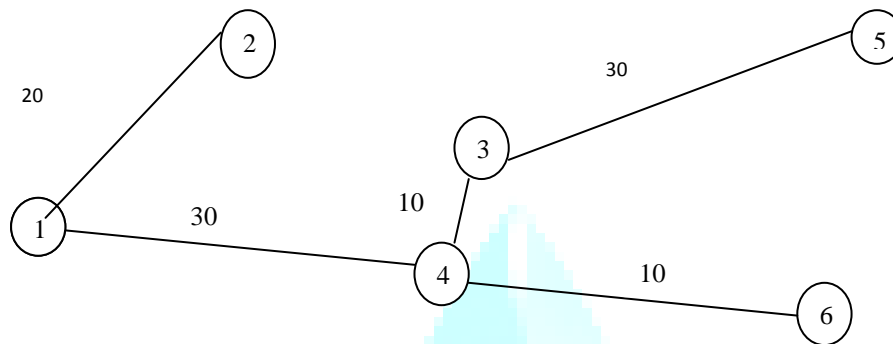
FIGURE 1: COMMUNICATIONS NETWORK FOR THE REGIONAL COMPUTER SYSTEM



Here $E = \{20, 40, 30, 40, 40, 50, 30, 10, 30, 20, 40\}$ and $X = \{1, 2, 3, 4, 5, 6\}$ by using the above fuzzy random edges weights if the edge is in MST it is 1 otherwise 0, finally the MST of the above problem is

i.e. $X_1 = 1$ then $\text{Min}\{20, 50, 40, 30, 40\} = 20$ then the edge is in MST it is 1 similarly it is searching to every X_i , where $i = 1, 2, 3, 4, 5, 6$ at last we get the following MST

FIGURE 2



The above MST Figure 2 is minimized the length of new communication lines, now the length is 110kms.

4. CONCLUSION

It is very useful to minimize the cost and time and maximizes the profit of the project for all Network projects. Using this technique manager can take decision quickly and it is useful to give a bid value for the project he can send the bid quickly.

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ONLINE SHOPPING CATCHING UP FAST WITH THE TREND- CHHATTISGARH CONTEXT

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ABSTRACT

Internet penetration in India is fast catching up with the trend as of easy payment modes, vast use of internet and growing technology. At present the new business models are more focusing on e-retailing and are providing exciting services to their e-customers. In this decade of fast growing technology people is more access to internet to get updated. Due to which e-shopping has increased drastically. In this busy life consumers feel more convenient to buy things from online rather than from the traditional market. As in a single finger click shoppers can buy any product online within a minute. Due to its simple and secure process it's beneficial for both customers and merchants. But the Indian internet retail market is far behind its expected potentials. Online shopping is not only budding up in entire India, but its emerging rapidly in Chhattisgarh State. The aim of this research is to know the catching up trend of e-shopping on e-customer's both male and female (Professionals, businessmen's, housewives and students). The study is done in three Districts of Rajnandgaon, Raipur and Bilaspur. The study will attempt to focus mostly on the group which prefer to do online shopping and its buying behavior with respect to the products they like to purchase more and the factors motivating them. The outcomes are expected to hold value to the e-customers and even to internet retailers. Overall this study seeks to provide the prolific prospect for online shopping in Chhattisgarh State. The present research paper has used Qualitative and Quantitative research methods to study the impact of demographic factors of consumers on on-line shopping parameters like satisfaction with on-line shopping, future purchase intention, frequency of on-line shopping, numbers of items purchased, and overall spend on e- shopping.

KEYWORDS

Consumers, e-shopping, internet.

INTRODUCTION

In the year 1999-2000 internet boomed and it increased the popularity of on-line shopping. The concept of online shopping developed gradually after the launch of the World Wide Web. Online shopping was invented and pioneered by Michael Aldrich in UK in 1979. Charles Stack was the first person to create an online book store in 1992. Today due to vast use of internet in India the online shopping is increasing widely. E-shopping is much more convenient and easier than traditional shopping. Today we can purchase electronic items, books, grocery, clothes, jewellery, footwear's, tickets and everything on a single finger click. Consumers want good quality and quantity of product which they have ordered within the time frame and to be billed properly.

In India online shopping Industry is growing rapidly and scope for its growth is exponential. India's e-commerce market rose 88% in 2013 to \$ 16 billion, riding on booming online retail trends and defying slower economic growth and spiraling inflation, Survey by industry in ASSOCHAM. According to a survey conducted by IMRB International and IAMAI, there was an estimate of 137 million internet users in the country as of June 2012. Out of which 99 million were from urban parts of the country and 38 million were from rural India. Today newly established, large and small scale businesses are using the internet as a medium of sales for their products and services. Now a days it's very easy for everyone to accessing internet through their mobile, laptop, tab etc. However online shopping are not only affected by ease of use, usefulness and enjoyment, but its affected by other factors like previous online shopping experience, faith on online shopping, consumer's individuality, less price than the local market and attracted by advertisement. Therefore to know the awareness of online shopping, who are the influenced customers, what are the factor affecting them, is studied through this research. This study is done in Chhattisgarh region as online shopping holds a great potential here. The aim of the study is to improve the understanding of online consumer behavior by investigating various factors affecting intention to purchase online.

For businesses, the key to survival in the future depends on how well they can integrate this medium in their business models. It was bit like Henryford's famous quote about the model T Ford: "the customer can have any color he wants, as long as it's black." Today's customer is a different kettle of fish. The disposable income of the middle class is rising and the emphasis is more on spending than saving. As truly stated "Customer is the King today", the concept of on-line shopping will not materialize if the customers are not benefited But the biggest disadvantage is that there is no "touch and feel factor" involved in on-line shopping. Apart from item/product cost, transaction cost is also very important. Other important issue is that one of the major options to purchase from Internet is through credit cards. However, it is quite possible that customers may fall victim due to security and privacy problems on the Internet.

OBJECTIVES OF THE STUDY

- 1- To study the factors affecting the perception of online customers
- 2- To study the demographic profile of e-customers

LITERATURE REVIEW

Online shopping holds a great potential for youth marketers. According to Verchopoulos et.al (2001) youth are the main buyers who used to buy products through online. By Ranganthan and Ganapathy (2002) found four key dimensions of online shopping namely web sites, information content, design, security and privacy. He concluded that security and privacy have greater impact on the purchase intent of online buyers.

Burke et al., (2002); Relevant exogenous factors in this context are “consumer traits”, “situational factors” “ product characteristics” “ previous online shopping experience” and “ trust in online shopping”. All these factors effecting consumer’s perception together provide a framework for understanding consumer’s intention to shop on the internet.

Menon and Khan, 2002; Mathwick et al., 2001; says that if consumers enjoy their online shopping experience, they have a more positive attitude toward online shopping and are more likely to adopt the internet as shopping medium. In our framework, we identify three latent dimensions of “enjoyment” construct, including “escapism”, “pleasure”, and “arousal”.

According to Jun et al. (2004) online consumers apparently want to receive the right quality and right quantity of items that they have ordered within the time frame, promised by the retailers and they expect to be billed accurately.

Younger consumers searched for more products online and they were more likely to agree that online shopping was more convenient by Sorce et al. (2005). Research summarized by Emarketer (2005) showed that the internet applied a bigger influence than for offline media for electronics compared to that for offline media for electronics compared to that clothing, beauty or home improvement as would be expected. Internet marketing has changed the way people buy and sell good and service. It had added lot of convenience and easy to the whole process of buying. Internet buying prevalence is highest in the United States, where 93% of internet users have bought on-line (Business Software Association, 2002) and it is growing rapidly in India as well (www.ebay.com).

Gehrt et al.(2007) identified seven shopping orientation they are recreation, novelty, impulse purchase, quality, brand, price and convenience. Of all the seven shopping orientations, impulse purchase orientation, quality orientation and brand orientation were perceived as more important from web retailer perspective and often investigated together (Ling et al., 2010)

Younger people are more ready to embrace innovative technology compared to the older group. The early adopters of internet technology are typically younger in age primarily on account of its utilitarian and hedonistic benefits (Bordeaux et al., 2002).It is also found that the younger generation is less concerned about the security and reliability aspects of internet technology (Fogg et al., 2000). Computers intimidate many elderly (Eastman and Iyer, 2004) leading to reduced internet activities amongst older population.

SCOPE OF THE STUDY

- 1- To determine which factors influence online shopping
- 2- To know the refraining factors distracting e-shopping
- 3- To know which gender is more fascinated towards e-shopping
- 4- To analyze the best features necessary for e-shopping

RESEARCH METHODOLOGY

Both primary and secondary data has been collected for the study. A structured questionnaire is designed to collect the primary data and secondary data has been taken from research papers, articles in Newspapers, journals, magazines and websites. The questionnaire has been divided into two parts, the first part deals with the demographic details of the potential respondents including age group, education level, income, and number of hours internet use in a day and second part contains statements covering independent and dependent variables of the study. Each statement has been scaled into five points Likert scale with “strongly disagree -1” to “strongly agree-5

SAMPLE DESIGN

Both male and female consumers are selected for the research. The total sample sizes of respondents are 100 i.e.54 male (students, businessmen and service class) and 46 female (students, service class and housewives)

RESULTS AND DISCUSSIONS

1- H1: OFFERS AND DISCOUNTS ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

TABLE 1: OFFERS AND DISCOUNTS

| | AGE | | | | TOTAL | 9 DEGREE OF FREEDOM |
|--------------------------|-----------|-----------|-----------|--------------|--------|--|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| STRONGLY DISAGREE | .0% | .0% | 5.3% | .0% | 1.0% | CHI-SQUARE VALUE 12.582 ASYMP. SIG. (2-SIDED)- .182 |
| NEUTRAL | 3.7% | .0% | .0% | .0% | 2.0% | |
| AGREE | 42.6% | 33.3% | 52.6% | .0% | 40.0% | |
| STRONGLY AGREE | 53.7% | 66.7% | 42.1% | 100.0% | 57.0% | |
| TOTAL | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Table value of chi-square for 9 d.f at 5% level of significant is 16.919. So the calculated value of chi-square is less than the table value, so we accept null hypothesis. Thus offers and discounts are significantly independent of age group. All the age groups of customers are attracted towards the offers and discounts.

2- H2: TIME SAVING BY e-SHOPPING ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

TABLE 2: TIME SAVING BY E-SHOPPING

| | AGE | | | | TOTAL | 9 DEGREE OF FREEDOM |
|-----------------------|-----------|-----------|-----------|--------------|--------|---|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| DISSAGREE | 3.7% | .0% | 5.3% | .0% | 3.0% | CHI-SQUARE VALUE-9.688 ASYMP. SIG. (2-SIDED)- .376 |
| NEUTRAL | 7.4% | 9.5% | 10.5% | .0% | 8.0% | |
| AGREE | 63.0% | 38.1% | 68.4% | 50.0% | 58.0% | |
| STRONGLY AGREE | 25.9% | 52.4% | 15.8% | 50.0% | 31.0% | |
| TOTAL | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

The table value of chi-square for 9 degree of freedom at 5% level of significance is 16.919. The calculated value of chi-square is less than the table value. So we accept the null hypothesis Time saving are significantly independent of age group. Thus for every age group time is a precious factor, which drive them towards e-shopping.

3- H3: COST FACTOR ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

TABLE 3: COST FACTOR

| | AGE | | | | Total | 12 Degree of freedom |
|--------------------------|-----------|-----------|-----------|--------------|--------|--|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| STRONGLY DISAGREE | 0.0% | 0.0% | 5.3% | 0.0% | 1.0% | Chi-square vau17.946 Asymp. Sig. (2-sided)-.117 |
| DISSAGREE | 5.6% | 0.0% | 10.5% | 0.0% | 5.0% | |
| NEUTRAL | 16.7% | 19.0% | 5.3% | 0.0% | 14.0% | |
| AGREE | 35.2% | 23.8% | 52.6% | 83.3% | 39.0% | |
| STRONGLY AGREE | 42.6% | 57.1% | 26.3% | 16.7% | 41.0% | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

The above table shows that the calculated value of chi-square is more than the table value (16.919) of chi-square for 9 d.f at 5% level of significance. Reject null hypothesis. and accept the alternative hypothesis i.e. Cost factor are significantly not independent of age group. Hence it can be describe that people of 25-30 age group are more influence by cost factor than people of other age group.

4- H4: GOODS AND SERVICES ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

The calculated value of chi-square is 11.427, whereas the table value of chi-square for 9 df at 5% level of significance is 16.919. Hence we accept the null hypothesis. Thus good services like delivery on time, cash on delivery etc attract each group.

TABLE 4: GOODS AND SERVICES

| | AGE | | | | Total | 9 Degree of freedom |
|----------------|-----------|-----------|-----------|--------------|--------|---|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| DISSAGREE | .0% | .0% | 5.3% | .0% | 1.0% | Chi-square value-11.427 Asymp. Sig. (2-sided)-.248 |
| NEUTRAL | 20.4% | 23.8% | 42.1% | .0% | 24.0% | |
| AGREE | 72.2% | 71.4% | 47.4% | 100.0% | 69.0% | |
| STRONGLY AGREE | 7.4% | 4.8% | 5.3% | .0% | 6.0% | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

5- H5: AD AND MOUTH PUBLICITY ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

TABLE 5: AD AND MOUTH PUBLICITY

| | AGE | | | | Total | 9 degree of freedom |
|----------------|-----------|-----------|-----------|--------------|--------|--|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| DISSAGREE | 3.7% | .0% | .0% | 16.7% | 3.0% | Chi-square value-22.570 ^a Asymp. Sig. (2-sided)-.007 |
| NEUTRAL | 7.4% | 14.3% | 10.5% | .0% | 9.0% | |
| AGREE | 46.3% | 47.6% | 89.5% | 16.7% | 53.0% | |
| STRONGLY AGREE | 42.6% | 38.1% | .0% | 66.7% | 35.0% | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

The above analysis shows that the calculated value of chi-square is more than the table value of chi-square at 5% level for 9df that's 16.919, so we reject the null hypothesis. Advertisements and mouth publicity are not independent of age groups. Thus it can be said that age group of 20-25yrs are highly influenced by the advertisements of e-shoppers, whereas others are less affected. As of today the media plays a very strong role in the promotion of each and every product or services.

6- H6: WIDE VARIETIES OF PRODUCT AND INFORMATION ARE SIGNIFICANTLY NOT INDEPENDENT OF AGE GROUP

TABLE 6: WIDE VARIETY OF PRODUCT AND INFORMATION

| | AGE | | | | Total | 9 Degree of Freedom |
|----------------|-----------|-----------|-----------|--------------|--------|--|
| | 20-25 YRS | 25-30 YRS | 35-40 YRS | ABOVE 40 YRS | | |
| DISSAGREE | 3.7% | 4.8% | 15.8% | .0% | 6.0% | Chi-square value-14.160 ^a Asymp. Sig. (2-sided)-.117 |
| NEUTRAL | 40.7% | 28.6% | 47.4% | 16.7% | 38.0% | |
| AGREE | 42.6% | 66.7% | 31.6% | 83.3% | 48.0% | |
| STRONGLY AGREE | 13.0% | .0% | 5.3% | .0% | 8.0% | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

The above table shows that the calculated value of chi-square is less than the table value(16.919) of chi-square for 9 d.f at 5% level of significance. Accept null hypothesis. Hence it can be describe that people of all the age group are affected by the factor that e-shopping sites provide ample variety of product options and information about it.

7- H7: CORRELATION BETWEEN INTERNET USE AND INTERNET SHOPPING IN YEAR

TABLE 7: CORRELATION BETWEEN INTERNET USE AND INTERNET SHOPPING IN YEAR

| | | i | t |
|-------------------------------------|---------------------|-------------------|-------------------|
| I Use of Internet | Pearson Correlation | 1 | .246 [*] |
| | Sig. (2-tailed) | | .014 |
| | N | 100 | 100 |
| t- No. of time purchasing in a year | Pearson Correlation | .246 [*] | 1 |
| | Sig. (2-tailed) | .014 | |
| | N | 100 | 100 |

* Correlation is significant at the 0.05 level (2-tailed).

As the r value is 0.246 hence there is positive relationship between daily use of internet and no of times online shopping done by e-customers.

8- H8: FEMALES ARE MORE FASCINATED TOWARDS E-SHOPPING THAN MALE

TABLE 8: FEMALES ARE MORE FASCINATED TOWARDS E-SHOPPING THAN MALE

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|-------|------|
| Between Groups | .217 | 1 | .217 | 1.004 | .319 |
| Within Groups | 21.143 | 98 | .216 | | |
| Total | 21.360 | 99 | | | |

The table value of F at 5% level of significance for v1=98 and v2 = 1 as 3.92, Since the calculated value of F is 1.004, which is less than the table value so the F ratio is insignificant at 5% level of significance. Hence we accept the null hypothesis and conclude that the male are more fascinated towards e-shopping.

9- FACTORS REFRAINING THE CUSTOMERS FROM E-SHOPPING

TABLE 9: REFRAINING FACTORS

| Valid | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| | DISSAGREE | 3 | 1.5 | 3.0 | 3.0 |
| | NEUTRAL | 46 | 23.1 | 46.0 | 49.0 |
| | AGREE | 49 | 24.6 | 49.0 | 98.0 |
| | STRONGLY AGREE | 2 | 1.0 | 2.0 | 100.0 |
| | Total | 100 | 50.3 | 100.0 | |

The above table shows that 49% and 46% of the respondents are neutral and agree respectively that it certain factors exist that refrain the customers from e-shopping like: necessity of having bank account, can't touch the product, not able to return the product, delay in delivery etc.

10- APPLICATION OF SUITABLE LEGISLATION TO MONITOR AND REGULATE ONLINE BUSINESS ILLEGAL PRACTICE OF E-COMMERCE

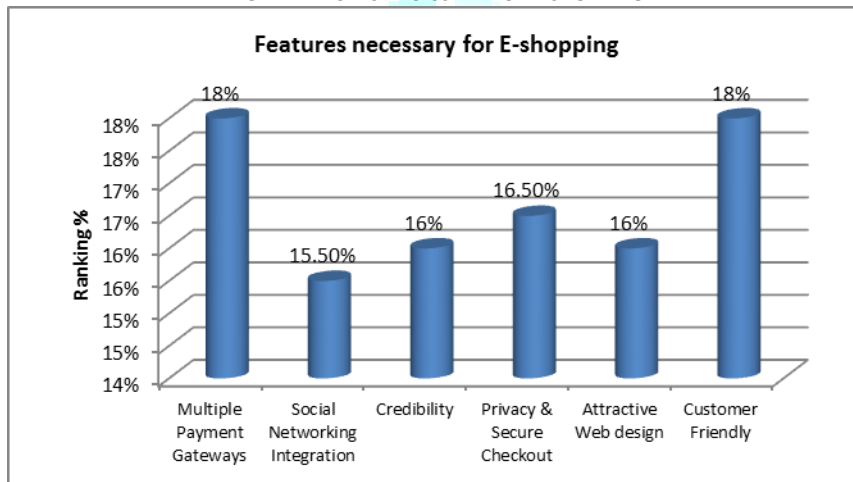
As the analysis show that respondent are in favour of application of suitable legislation to monitor and regulate online business illegal practice of e-commerce.

TABLE 10: SUITABLE LEGISLATION TO MONITOR AND REGULATE ONLINE BUSINESS

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | STRONGLY DISAGREE | 4 | 2.0 | 4.0 | 4.0 |
| | DISSAGREE | 4 | 2.0 | 4.0 | 8.0 |
| | NEUTRAL | 14 | 7.0 | 14.0 | 22.0 |
| | AGREE | 38 | 19.1 | 38.0 | 60.0 |
| | STRONGLY AGREE | 40 | 20.1 | 40.0 | 100.0 |
| | Total | 100 | 50.3 | 100.0 | |

11- FEATURES NECESSARY FOR E-SHOPPING

FIG. 1: FEATURES NECESSARY FOR E-SHOPPING



The above fig.1 shows that multiple payment gateways and customer friendly are the most necessary features needed by e-customers. Apart from this privacy and secure checkout, credibility and attractive web design motivate the customers for e-shopping.

CONCLUSION AND SUGGESTIONS

The above study reveal's online shopping saves time and cost of the customer. The discount and offers, ad and mouth publicity , home delivery, and availability of wide varieties of products in single window attract the e-shoppers. The services provided by online retailer their search function, download speed and navigation Search function plays a key role in catching the attention of customer As today the customers are more access to internet which is motivating them to have online purchase. Further the research shows that males are more ahead in e-shopping as compare to female customers. In order to increase their sale the online retailers are more indulge into promotional activities. All this development of e-commerce is possible today because of the updated technology. Study focus that shoes, clothes, railway, airplane and movie tickets are the most preferred items. It was also found that mobile is playing a vital role for developing online shopping. As the trends of online shopping are rapidly growing

With the view of respondent obtained regarding the popularity of e-porters flipkart was found to be the most popular among e-shoppers. As its popularity is spearheading the conversion of offline shoppers into online bargain hunters Also its easy transaction option and availability of wide variety of products added it as a best option among e-customers. As per the report by "The Hindu" Flipkart, this means the unlocking of a vast audience waiting to experience the joys and comfort of shopping online. The customers prefer multiple payment gateway and customer friendly portal As the customers agree that e-shopping can be harmful for the retailers so a suitable legislation to regulate and monitor online business and illegal trade practice of e-commerce should be implemented.

As per the study it was found that all the age group of male customers are mostly fascinated for online shopping as they are diverted towards the new technology and want to get globalized. The research reveals that there is high potential of online shopping in Chhattisgarh. As it can be a big emerging sector. The news of irregular trading and deficiency of service by e-retailers was also on highlights by the Newspapers and other media.

Though as per the Times of India, India stands world's third largest population of internet users. But still in rural areas of Chhattisgarh due to limited internet knowledge of customers and poor network connection it is not possible to connect for online shopping. However it was explore that in practical life people are still standing in queue for railway tickets, movies ticket etc. Recently, The Government of India decided to connect every village with broad band internet connection and the telecommunication companies are also working to reach for the remote areas so Chhattisgarh will also rapidly develop as one of the advanced sector for telecommunication.

As the program is getting success only in urban areas as people are technology skilled and having internet connections, but fail to reach in rural areas So the Government of Chhattisgarh have to try to implement program in untouched areas. But to make it successful computer literacy, a broadband connection, internet connection and telecommunication is must.

LIMITATIONS

- 1- As personal view of respondent's towards online shopping was unidentified only data through questionnaire survey has been conducted using e-mail, social networking and personal approach.
- 2- Survey was done only in three districts, other district and rural area is not covered due to the limitations of time and cost.
- 3- All factors that affect online shopping behaviors are not examined only few factor are examined, due to time constrain.
- 4- Data of the age group between 30-35 years has not been collected.

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ANALYSIS OF FACTORS AFFECTING UNDERPRICING STOCK IN INITIAL PUBLIC OFFERING IN INDONESIA STOCK EXCHANGE

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ABSTRACT

Underpricing is a phenomenon of the stock price when the supply in the primary market is always lower than the closing price on the first day of trading in the secondary market. This study aims to determine the factors that affect the level of underpricing stock in Initial Public Offering in Indonesia Stock Exchange (IDX). Data analysis uses multiple linear regression method with significance rate of 5%. The objective of this research is to test the impact of variabel such as Debt to Equity Ratio (DER), Return on Assets (ROA) and Return On Equity (ROE) to underpricing stock. The sampling technique is purposive sampling method with total sample 57 out of 79 IPO companies in IDX in 2011-2013. The test result of Test-t and Test-F proves that all of the independent variables in this study namely Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) have not partially and simultaneously significant effect on the level of underpricing stock.

KEYWORDS

Underpricing, Debt to Equity Ratio

OVERVIEW

The economic development now give the effect for the strength competition between one company and others it makes increasing of the effort from the company to developing the company and do act to get fund for business expansion. Go Public is one of the alternatif by the company used to get new income that is sell shares of the company to public. The named "go public" (Public offering) means law term of the activity of an Emiten to marketing, offering, and than selling the effects of published, in the stocks, obligation, and other effect for public in generally. Therefore, Public Offering is the activity of emitten to sell the effects for public which is expected deal and than give the new income for Emiten to developing the company, pay debts, and for the other activity that desired. (Gunawan and Wulandari, 2009:6). In the process of Go Public, before trading in the secondary market, stocks previously sell in the primary market. The stocks which already sell to public than written on Stock Exchange and this activity called as "Initial Public Offering". As for Sitompul (2000), Initial Public Offering be expected can increasing the net income of the company, without need to pay back or asking additional loan.

As for Ritter (1991) in Johnson (2013), the stock's price determined of depend on deal between Emiten (Issuer) with Underwriter in Initial Public Offering often exist the difference of the Stock's Price. In the trading on Stock Exchange. Stock's price in time of IPO tend to lower than compared with the stock's price on Stock Exchange at the first day (closing price). This phenomena "called" underpricing and out performed"

Underpricing is a Phenomena of Stock's price when the offering in the prime market always lower than at the closing price in the first day of selling on secondary market. While overpricing or "underpricing negative" is a condition when the first price higher than the closing price in the first day in secondary market. (Yasa, 2008).

If there's underpricing, Company which spend the stocks will loss the chance to get the maximum fund. Otherwise if overpricing, so the company will get maximum fund because a company can accumulating the fund cheaper.

The underpricing phenomena are interesting to be exploration because as we know that the underpricing point which in the theory can be minimalize but, in the implementation still many companys have underpricing.

There is so many kind of method to analyze the financial performance in the company. On of them is by analitation of ratio in the emiten financial report.

Debt to Equity Rasio (DER) is one of the leverage ratio. DER shows about the capability of company in meet all the obligation that asked by part of the equity that used to pay the liability. The high Financial leverage showing the financial risk or the company's eror to return the loan will higher or contrarily. (Ang, 1997 by Handayani dkk, (2008). Wulandari (2011) and Tyagita (2009) Research get if as high as financial leverage in the company so that higher in the initial reutrn. Handayani et.all (2008), Retnowati (2013), and Kurniawan (2006) who show that Variabel in Debt Equity Ratio didn't give significant impact for initial return.

Return on Assets (ROA) is the size of profitability of the company. The high Companys probability will decrease the uncertainty IPO so that can decrease level of stock's underpricing. As Shendy et.all (2012) and Suyatman et.all (2006) that the variable ROA give the significant impact for Underpricing Stocks. Otherwise as Astuti et.all (2013), Retno (2013), and Handayani et.all (2008) said that there is no the corelation between ROA level with initial return.

Return on Equity (ROE) is a net profit for Stock holder divide with the total equity of the stock holder. The Stock holder of course want to get the high return level for the capital which invested by them, and ROE show the level that got by them. (Brigham Houston, 2010:133) The ROE level determine investor to investation. The research by Yolana et.all (2005) and Tyagita (2009) how that ROE has significant impact positive for underpricing. Otherwise as Muna Amalia et.all (2007) that there is no significant impact between ROE level with Stock Underpricing level. By Johnson Research (2013) not significant ROE result can cause by many factor that is the capability of each Industry to produce the high profit are different. Other reason why ROE didn't give impact of the purpose of buying stock is the speculation purpose not investation, for speculan ROE is not too important because they will not keep their Stock for a long time. Although ROE Variable didn't have significant, the negative point of of regretrion coefisien is appropriate with the result of the Research. As high as ROE means lower the level of underpricing Stock. Because ROE is one of indicator of company efficiency in poduce the capital.

In other research we can see that still high the phenomena of underpricing in companys that doing IPO in 2011-2013 and there's the inconsistent of the reaserch result about the factors that influence underpricing Stock.

LITERATURE REVIEW

UNDERPRICING

Underpricing is a phenomena of stock’s price in a offering at the prime market as significant its’s lower than the closing price of stock in secondary market. In Chastina Yolana and Dwi Martani (2005) definition of underpricing is there’s positive difference between stock’s price in secondary market with stock’s price in prime market or at IPO time. The price difference which is known as initial return (IR) or positive return for investor.

The underpricing phenomena often make a problem in the company, that is Between a company which sell their stock in prime market with investor who will do in incestation. That is the reason why the owner want to minimalize underpricing :

1. If stock sell in underpricing condition , means company loss a chance to get fund as maximal.
 2. underpricing will make transferring of fund between owner to investor. Especially who buy a stock in prime market will get capital gain
- Otherwise investor want to underpricing being bigger because as big as underpricing will make capital gain bigger which is accepted when stock sell in secondary market (Hapsari, 2012). Underpricing reflected from initial return that is a difference between stock price in secondary market wth the prime price in primary market. In this research underpricing stock count with formula :

$$\text{Initial Return} = \frac{P1 - P0}{P0} \times 100 \%$$

Remarks :

P0 = Offering Price

P1 = Closing Price

INITIAL PUBLIC OFFERING (IPO)

Initial Public Offering (IPO) or prime general offering is the sell of stock by the company for first time. This is done by company to get additional fund with find other partner who want invest the capital for company (Sitompul, 2000 : 11)

THE FACTORS WHICH INFLUENCE UNDERPRICING

Phenomena of underpricing affected by many factors and this is the study of factor which be variabel in this research:

DEBT TO EQUITY RATIO (DER)

DER is one of the ratio leverage or Solvabiity. DER count the capability of the company which fulfill the obligation in long time. The company which not solvabel is the company which the liability bigger than total of asset. (Hanafi, 2004:40). DER show between leverage level than the own capital of the company. DER also give warranty about how big the liability of company kept by own capital of the company which used as Company Fund. (Ang, 1997 in Handayani et.al, 2008) the formula from DER Variabel is:

$$DER = \frac{\text{Total Liability}}{\text{Total Equity}} \times 100\%$$

RETURN ON ASSETS (ROA)

Return on Asset (ROA) is one of the ratio profitability. Profitability is a net return from the policy and decision. Profitability ratio show the influence between liquidity, activa manager, liability manager of the operation result (Brigham, Weston: 1994). ROA used to counting ability of the company to make a net profit based on the asset level. The high Ratio show the esience and efectivity of asset manager are better (Hanafi, 2004:42). This Ratio show the capability of profit in the future (Brigham Houston, 2010:148). ROA count with the formula:

$$ROA = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100 \%$$

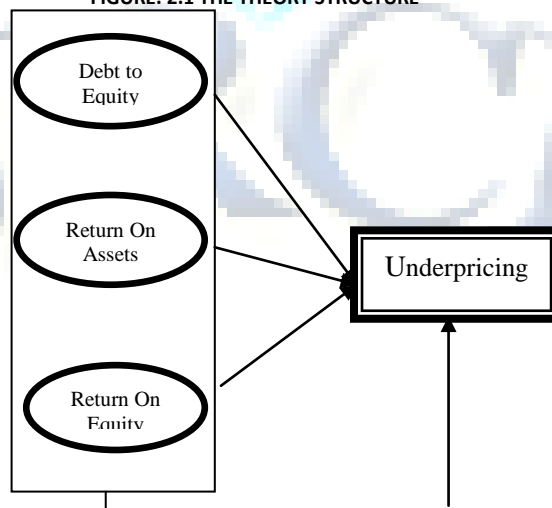
RETURN ON EQUITY (ROE)

Return on Equity (ROE) is one of profitability ratio. Return On Equity (ROE) is a ratio which often use to count the level of the refund of investation by stock holder. This ratio used to compare the net profit with total equity. (Brigham Houston,2010:149). ROE used to counting ke capability of the company to make a net profit by the capital. This ratio is a profitability see from stock holder’s point of view. (Hanafi,2004:43).

ROE can count with the formula:

$$ROE = \frac{\text{Net Profit}}{\text{Total Equity}} \times 100\%$$

FIGURE. 2.1 THE THEORY STRUCTURE



Based on the mindset grafic show that the hypotesis:

Ha (1) : DER, ROA and ROE as a partial give the significant influence for the underpricing stock level.

Ha(2); DER, ROA, and ROE in common give significant influence for underpricing stock level.

METHODS

TABEL 3.1: SUMMARY OF OPERATIONAL DEFINITION AND VARIABEL INDICATOR

| Variabel | Definisi | Pengukuran | Satuan |
|---------------------------|--|--|--------|
| Initial Return | Difference between the closing of stock price at first day in secondary market with stock price on the prime offering devide by prime offering stock price | $= \frac{P1 - P0}{P0} \times 100 \%$ | Ratio |
| Debt to Equity Ratio(DER) | Percentage of Company's liability to total of Equity (own Capital) | $= \frac{\text{Total liability}}{\text{Total Equity}} \times 100 \%$ | Ratio |
| Return On Assets (ROA) | Percentage of net profit of the company with total of Company's Assets | $= \frac{\text{Net Profit}}{\text{Total Assets}} \times 100 \%$ | Ratio |
| Return On Equity (ROE) | Percentage of clear profit from company to Equity tottal (Own Capital) | $= \frac{\text{Net Profit}}{\text{Total Equity}} \times 100 \%$ | Ratio |

Source: Secondary Data on,2014

TYPE AND SOURCE OF DATA

In this research writer use the quantitative data type that is report from finance and ratio of finance data (Debt to Equity Ratio, Return On Assets, and Return On Equity) Company year 2011-2013.

The source of the data are secondary data from www.idx.co.id dan www.e-bursa.com

Secondary data needed in this research are :

1. List of the company's which doing IPO in 2011-2013
2. List of the prime stock price in first day in market secondary find from www.e-bursa.com in 2011-2013.

POPULATION AND SAMPLE

In this research writer take population from all company which doing IPO in BEI in 2011-2013. In periode 2011-2013 there's 79 companies which doing IPO in Indonesian Stock Exchange.

The technique to take a sample by Purposive sampling. Samples have a characteristic

1. Sample must be a company which doing Initial Public Offering and listing in indonesian Stock Exchange in 2012-2013
2. The company didn't delisting
3. The company didn't overpricing/accuratepricing
4. The company didn't outlier
5. Have the financial data a year before IPO
6. The company's stock didn't underpricing

From 79 IPO Companies in 2011-2013 only 57 companies doing underpricing, 4 companies accuratepricing, 15 companie overpricing, 3 companies out off because outlier.

Based on this requirement this 79 companies which doing IPO in Indonesian Stock Exchange in 2012-2013. But only 57 companies which appropriate with the requirement.

DATA ANALYSIS METHODS AND DISCUSSION

Data analysis methods used in this research is multiple linear regression analysis with SPSS for Windows. The aim of this study was to obtain empirical evidence variables influence Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) to underpricing stock.

To test the method of multiple linear regression analysis used the model is:

$$UP = a + b_1DER + b_2ROA + b_3ROE + e$$

Remarks:

UP = Underpricing first day as the dependent variable

a = constants

b1, b2, b3 = regression coefficient of each independent variable

e = error term

The Results of Regression

| Model | Unstandardized Coefficients | | Standardized Coefficients | | Collinearity Statistics | | |
|----------------------|-----------------------------|------------|---------------------------|--------|-------------------------|-----------|-------|
| | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| (Constant) | -1.524 | .315 | | -4.831 | .000 | | |
| Debt to Equity Ratio | -.011 | .007 | -.251 | -1.534 | .131 | .671 | 1.489 |
| Return On Assets | -1.741 | 2.903 | -.128 | -.600 | .551 | .393 | 2.546 |
| Return On Equity | .035 | .079 | .101 | .448 | .656 | .356 | 2.806 |

Coefficientsa

a. Dependent Variable: LnUP

From the result of regression analysis over the first hypothesis or Ha (1) states that, based on the statistical test known variable t DER does not positively and significantly effect on underpricing. It can be seen from the result of the testing parameters t value 1.534 < t table 1.674 and views of the significance value of 0.131 which is greater than 0.05 so that H0 is accepted. These findings do not support the result of research conducted by Wulandari (2011) and Tyagita (2009), which states that the higher a company's financial leverage the higher its initial return. However, these findings support the result of research conducted by Handayani (2008), Retnowati (2013), and Kurniawan (2006) which states that the DER does not significantly effect on underpricing.

Thus Ha (1) which states DER significantly effect on underpricing, can not be accepted.

DER variable does not significantly effect on underpricing because the higher the value of DER signifies the company uses high debt. The use of high debt will increase profitability, on the other hand high debt will also increase the risk. As a result, investors tend to avoid stocks that have a high DER value.

Based on the statistical test t is known that ROA does not positively and significantly effect on underpricing. It can be seen from the result of the testing parameters t value of 0.600 < 1.674 and views of the significance value of 0.551 which is greater than 0.05 so that H0 is accepted. These findings do not support the result of research conducted by Shendy et al (2012) and Suyatmin et al (2006), which states that the variable ROA significantly influence underpricing. However, these findings support the result of research conducted by Astuti et al (2013), Retnowati (2013), and Handayani (2008) that there is not relationship between the magnitude of the initial return ROA.

Thus Ha (1) which states ROA positively and significantly effect on underpricing, can not be accepted.

ROA does not significantly effect on underpricing as investors have alleged that the financial statements of companies that conduct an IPO has been marked up to show better performance. Thus investors do not pay attention ROA presented in the prospectus, but tend to refer to the ROA for several years before the company Go Public.

Based on the statistical test t is known that the ROE does not positively and significantly effect on underpricing. It can be seen from the result of the testing parameters t value 0.448 < t table 1.674 and views of the significance value of 0.656 which is greater than 0.05 so that H0 is accepted. These findings do not

support the research conducted by Yolana et al (2005) and Tyagita (2009), which states that the ROE significantly effect on underpricing. However, these findings support the research conducted by Saftiana et al (2007) found that there is not difference between the amount of ROE with the level of underpricing.

Thus H_0 (1) which states ROE positively and significantly effect on underpricing, can not be accepted.

ROE does not significantly effect on underpricing as investors in buying shares in the primary market was very attentive to the company's ability to generate net income.

The second hypothesis or H_0 (2) states that the alleged Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) together significantly effect on underpricing. To test this hypothesis, F test, where the result of the analysis show significance value is 0.454 greater than the predetermined significance level of 0.05. In this research note that H_0 is accepted, it indicates that the variable Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) together does not significantly affect on underpricing.

CONCLUSION

From the result of the analysis can be deduced such as:

1. Debt to Equity Ratio (DER) does not significantly effect on underpricing, it is evident from the result of the testing parameters t value 1.534 < t table 1.674 and views of the significance value of 0.131 greater than 0.05 so that H_0 is accepted and H_a rejected.
2. Return on Assets (ROA) does not significantly effect on underpricing, it is evident from the results of the testing parameters t value of 0.600 < 1.674 and views of the significance value of 0.551 which is greater than 0.05 so that H_0 is accepted and H_a rejected.
3. Return On Equity (ROE) does not significantly effect on underpricing, it is evident from the results of the testing parameters t value 0.448 < t table 1.674 and views of the significance value of 0.656 which is greater than 0.05 so that H_0 is accepted and H_a rejected
4. Debt to Equity Ratio (DER), Return on assets (ROA) and Return on Equity (ROE) simulataneously effect on underpricing, this is evidenced by the value of sig F 0.454 greater than the significance level which has been determined as 0.05, thus H_0 and H_a rejected.

THEORETICAL IMPLICATIONS

POLICY IMPLICATIONS

1. The results of this study stated that the Debt to Equity Ratio (DER) does not effect on underpricing. These findings do not support the results of research conducted by Wulandari (2011) and Tyagita (2009), which states that the higher a company's financial leverage, the higher its initial return. However, these findings support the result of research conducted by Handayani (2008), Retnowati (2013), and Kurniawan (2006) which states that the DER no significant effect on underpricing.
2. The result of this study stated that the Return on Assets (ROA) does not effect on underpricing. These findings do not support the result of research conducted by Shendy et al (2012) and Suyatmin et al (2006), which states that the variable ROA significantly influence the level of underpricing. However, these findings support the result of research conducted by Astuti et al (2013), Retnowati (2013), and Handayani (2008) that there is not relationship between the magnitude of the initial return ROA.
3. The result of this study stated that the Return On Equity (ROE) does not effect on underpricing. These findings do not support the research conducted by Yolana et al (2005) and Tyagita (2009), which states that the ROE significantly effect on underpricing. However, these findings support the research conducted by Saftiana et al (2007) found that there is not difference between the magnitude of the level of underpricing ROE stocks.

PRACTICAL IMPLICATIONS

1. Investors should consider the value of ROE listed in the prospectus which is considered too high, as this could indicate that the issuer may have mark-up ROE value in the financial statements to attract investors.
2. For issuers that do an IPO in the future, it is advisable to pay attention to the Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) has an influence on underpricing. This is done so that the underpricing of shares are not too high.
3. For those who want to invest underwriter can use fundamental factors to be able to analyze the company and reduce the level of uncertainty underpricing. With this fundamental analysis, is expected to be considered for both the issuers and underwriters in determining the price of the stock, so as to achieve a fair price that is mutually beneficial.

SUGGESTIONS

Put forward suggestions below are intended to provide greater benefits for similar studies in the future:

1. For further research should add independent variables in order to be able to explain the cause of which is estimated to affect stock underpricing. Should variables used expanded using variables include non-financial variables.
2. Using a longer observation time, so it can be precisely known variables affecting the underpricing and samples obtained will be more.
3. Although this study can not prove that there is a significant effect of Debt to Equity Ratio (DER), Return on Assets (ROA) and Return on Equity (ROE) to underpricing, but for issuers and underwriters who want to invest can use fundamental factors to be able to analyze the company and reduce the level of uncertainty underpricing.

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RETHINKING ON MAHABHARATA: MAHABHARATA AND MANAGEMENT

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ABSTRACT

Mahabharata is considered as the largest epic of the world. It's said that whatever is not there in Mahabharata is not anywhere else. So, we will try to find out some intricate management messages that are relevant even today. Our main focus would be the Great War that changed the course of the Third Age of Man. The essence of Mahabharata is not in religion or war but in time. The Hindu literature classifies Mahabharata as history, not history but account of life as it was, is and always will be'. From this timeless tale one can account for everything in the world today like some of these management principles.

KEYWORDS

Mahabharata, War, History, Management principle, Literature.

1. BACKGROUND**PANDAVAS**

Exiled for 13 years, have no kingdom. Their main strength both in terms of political and financial power depends on their friends and relatives: The Pancalas, The Yadavas, The Magadhas and The Chedis.

KAURAVAS

In power for 13 years. Duryodhan has been a benevolent king. There no guarantee that the Subjects really miss the Pandavas. Not only have they the wealth and power of Hastinapur, but also that of Indraprastha, the kingdom that the Pandvas had taken such labors to build and which had surpassed the Hastina of old in all degrees. Karna had gone on a nation-wide conquering on behalf of Duryodhana. They are the national sovereigns

2. INSPIRATION**PANDAVAS**

"We fight over a Kingdom, as dogs over a piece of meat."-Yudhisthira

The Pandavas had been humiliated, their wife insulted, their kingdom taken. But...still they wanted to avoid the War. The three elder Pandavas were against the War. They even went as far as making an offer that they will stop the War in exchange of 5 villages.

KAURAVAS

"Without war, will concede not a needle prick of earth" - Duryodhna

Duryodhana was completely focused on the War. It was his moment of truth. He had usurped a kingdom, and he meant to keep it. He had resorted to any means, foul or fair to get the kingdom, which he believed to be rightfully his, and he was in no mood to give it up.

3. LOGISTICS

An akshauhini is described in the Mahabharata as a battle formation consisting of 21,870 chariots; 21,870 elephants; 65,610 cavalry and 109,350 infantry as per the Mahabharata.

The ratio is 1 chariot: 1 elephant: 3 cavalry: 5 infantry soldiers. In each of these large number groups (65,610, etc.), the digits add up to 18.

It is said that the size of Pandava's army in the Kurukshetra war was 7 akshauhinis, and those of Kauravas 11 akshauhinis.

4. COMMANDERS AND LEADERS**PANDAVAS**

1. **Overlord** - Yudhisthira
2. **Commanders-in-chief** - Dhrishtadyumna (day 1-18)
3. **Strategists** - Krishna

KAURAVAS

1. **Overlord** - Duryodhana
2. **Commanders-in-chief** - Bhishma (day 1-10) Drona (day 11-15)
Karna (day 16-17) Shalya (day 18)
Ashwatthama (night raid)
3. **Strategists** - Shakuni

5. OUTCOME OF WAR

War Lasted: 18 Days. 10 Days (Bhisma), 3 Days (Drona), 1½ Days (Karna) ½ Day (No General), 1 Day (Shalya), 1 Night (Ashwatthama)

Victory for Pandavas and allies, fall of Kauravas.

Dhritrashtra abdicated the throne of Hastinapura and Yudhisthira succeeded him.

Yuyutsu was appointed as Yudhisthira's subordinate king in Indraprastha

6. What were the strategies?**1. PREPARATION – "TURN YOUR WEAKNESS INTO YOUR STRENGTH"****KAURAVAS**

- Karna went on a country-wide military mission, subdued the different kingdoms and acquired wealth. But it meant a loss in terms of both men and money and creation of new enemies.

PANDAVAS

Though in exile they turned their attention to improving over their weakness

- Arjuna - set out on a mission to acquire Divyastras.
- Bhima - met his brother Hanuman and got a blessing of enhanced strength.
- Yudhisthira - acquired teachings from the various wise saints, and also learnt the game of Dice from Gandharava Chitrasena, lest he was challenged to yet another dice game.

It's said that he had become undefeatable in Dice.

2. ADJUVANT- "MAKE POWERFUL ADJUVANT"

KAURAVAS

Kauravas had centralized power system. The greatest empire of the time, but not many Powerful allies, except from old relations from far off places like Gandhara (Shakuni), Sindhu (Jayadrath) and Kambodia (Camboja - Bhagadutt)

PANDAVAS

No wealth. No power of their own. But powerful allies all over India

- Panchala through Marriage with Darupadi.
- Dwarka through marriage with Arjuna and Subhadra.
- Magadh through marriage of Shadewa and Vijaya.
- Chedi through marriage of Nakula and Karenmayi.
- Kasi through marriage of Bhima and Balandhara.
- Kekaya through marriage of Yudhisthira and Devika.
- Matsya through marriage of Abhimanyu and Uttara.
- The Rakshasas through marriage of Bhima and Hidimba.
- The Nagas through marriage of Arjuna and Uloopi.

3. LEADERSHIP

"The sharing of responsibility, thus power leads to a democracy in the management and reduced reliance on one individual, thus reducing risk"

KAURAVAS

Kauravas had centralized leadership, one head of army at a time, who has supreme authority of 11 akshouhini of army. Bhishma, Drona, Karna, Shalya and Ashwatthama.

PANDAVAS

Distributed leadership, seven commanders for the seven divisions

Like as per a successful company's organizational structure had a Director, CEO, advisor and individual manager for individual department.

- Virat (King of Matsya)
- Drupad (King of Pancala)
- Sahadeva (King of Magadha)
- Dhritaketu (King of Chedi)
- Satyaki (Only warrior from Dwarka)
- Shikhandi (Prince of Pancala)
- Commander in Chief - **Dhrishtadyumna**
- Supreme Commander - **Arjuna**
- Arjuna's charioteer and counselor - **Krishna**

4. TEAM STRENGTH

"Teamwork succeeds where individual fails, but the team formed must have the same vision, goal and passion"

KAURAVAS

No team spirit. They all fought their individual wars.

Bhishma: For his Vow to protect the throne Hastinapur.

Drona and Kripa: They owed allegiance to the throne.

Shalya: Simply cheated by Duryodhana to be there, Was originally a Pandava ally.

Karna: To prove his mantle against Arjuna, Friendship for Duryodhana

PANDAVAS

One team, one goal. As men, they all had huge respect for Krishna and Yudhisthira. While as warriors they were in complete awe of Bhima and Arjuna. Most of them were close relatives – cousins, brother-in-laws, and father-in-laws. More than that they all were part of the decision making process. It was their "common" war.

5. CHARACTER MOTIVES

"The Right team is made by selecting the Right Individuals. Get the right man for the right job"

KAURAVAS

Except for Duryodhana nobody wanted the War. All the 4 main generals had strong ties with the Pandavas.

- Bhishma (grandchildren) – Won't kill the panadavas. Will kill a thousand soldiers each day.
- Drona (students) – Won't kill the Pandavas. Will capture them only.
- Shalya (Nakula-Shadeva's maternal uncle) – Loved the Pandavas and covertly helped them by humiliating Karna
- Karna: Promised not to kill any of the other Pandavas save Arjuna.

PANDAVAS

Common goal, but the individuals had their individual targets there, own agenda which just became one with the teams' agenda.

- Dhritadyumna : Drona
- Shikhandi : Bhishma
- Satayaki – Bhurisravas
- Arjuna – Karna
- Bhima – Duryodhana and his brothers
- Sahadeva – Shakuni and his sons
- Nakula –Karna's sons

6. WOMEN EMPOWERMENT

KAURAVAS

Patriarchal structure.

Bhishma, Drona, Kripa, Dhritarashtra, Vidur, Shakuni, Duryodhana, Karna, Duhsasana. No women in the decision making process. Gandhari retreated to the Inner Chambers. Nobody listened to her.

PANDAVAS

Matriarchal Structure.

Kunti was the authority supreme for the Pandavas.

"Whatever my mother says is Dharma to me": Yudhisthira.

Draupadi was a companion in whatever the Pandavas did. She had a big role in the entire decision making. Without her the Pandavas would have most probably declined to the forests. Even the younger Pandavas : Ghatotkach, Abhimanyu and Iravan were brought up by their mothers. So the female influence was huge.

7. LORD KRISHNA: THE BEST MANAGER

A discussion of any aspect of Mahabharata is incomplete without the mention of Lord Krishna. His divinity scintillates throughout the tale and Panadavas would have had a hard time winning but for him. For a moment let us set aside his divinity and views him in the scope of a manager.

7. CONCLUSION

- Turn your weaknesses into strengths.
- Turn enemies into allies.
- Share your responsibilities.
- Teamwork scores over Individual Effort.
- Right team right set of Individuals. The right man for the right job.
- Commitment scores over Competence.
- Team interests over individual interests.
- Know your enemy/challenges. Exploit its weaknesses. Take calculated risks.
- The Right Managers: To inspire, invigorate, counsel in crisis.
- Know ground realities. Accept different ideologies. Cooperate.
- Empower Women. The gender balance is required for stability and administration.

8. SOME MORE IMPORTANT AND INTERESTING FACTS

1. **Don't sign a blind contract** (Bhishma did, and had to suffer for the rest of his life)
2. **Don't be disrespectful** (Draupadi was, towards Duryodhana, got repaid worse, much worse) (Shakuni was, towards Dhritarashtra, his sister went blind, he spent the rest of his life planning revenge)
3. **Your right, power and role is just to put your best efforts, expectations of results are futile.** (The famous **Karmanyevadhikaraste...**)
4. **Don't worry about your weaknesses, they are helping you in disguise** (Arjun's impotency)
5. **Don't risk what you can't afford to lose** (Yudhishtira did, won years of problems for his family)
6. **He who is reverent for you, may be a villain for others.**(Dronacharya for Arjun v/s Dronacharya for Karna and to some extent, Eklavya)
7. **Don't play around if playing around means getting pregnant.** (Kunti did, ended up with Karna)
8. **Even if you are super smart, it's no good if you have to listen to idiots.** (Vidura, second smartest fellow in Mahabharat was rendered frustrated by Dhritarashtra, Pandavas because they had to listen to Yudhishtira)
9. **Don't be angry.** Keep patience and wait for the right time
10. **Half knowledge can always be a dangerous thing** - Abhimanyu

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PEOPLE'S ATTITUDE TOWARDS TOURISM DEVELOPMENT IN BODHGAYA, BIHAR

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ABSTRACT

Tourism is a major social phenomenon of the modern society with enormous economic consequences. Its importance as an instrument for economic development and employment generation has now been well recognized the world over. In this paper an attempt has been made to find out people's attitudes towards tourism development in the rural areas of Bodhgaya Bihar. The empirical investigations of the study covered a total of 100 respondents of which 25 were councilors, 25 officials and 50 general people including slum people, middle class or working population and high income business man. A pre-structured questionnaire was administered to these three categories of respondents to find out their overall responses to the existing pattern of tourism development programmes involved there. Their perception, attitudes, views in respect of tourism growth, socio-economic and infrastructural development problems and management.

KEYWORDS

Bodhgaya, Sustainable Tourism, Peoples attitude and perception.

INTRODUCTION

This research deals with to examine the Local resident's perception of tourism developed product and attitudes towards the existing tourism industry and possibility of future tourism development in the region. The result of the study will enhance knowledge and understanding of resident's attitude towards future tourism development and help in formulation of appropriate policies and strategies to alleviate residents concern and issue as well as minimize problems and optimise benefits associated with tourism development. It is also the key to sustainable tourism development. This means that those who implement and participate in formulation of policies and strategies should consider the following points:

1. To consider that benefits of tourism positive tourism is whether reaching to local or not.
2. To involve the local in the employment opportunity which is being generated through tourism?
3. To promote the tourism with special consideration to the local culture.
4. To make the resident feel that they are integral part of tourism development in its region.

Bodhgaya is a small but internationally renowned town of immense religious and cultural significance, located in the Gaya District of Bihar, India. Its claim to fame lies in the fact that Lord Buddha attained enlightenment here more than 2500 years ago under the Bodhi tree. It is thus considered as the geographical centre of the Buddhist world by followers of this faith worldwide. It has a tremendous cultural connotation, and is therefore an extremely important centre for national, as well as international Review of Related Literature.

The economic and cultural impacts are positively associated with the total tourism impacts while the social and environmental impacts negatively selected the total tourism impacts. In addition perceived environmental impact is found to affect local residents' support for tourism development. The present study is an Endeavour of the author to present the varied dimensions and facets of developing the Tourism industry in Bodhgaya Bihar India. Author has made an endeavour to bring in account a comprehensive study with regard to tourism development. The case study of Gaya district Bihar, India would successfully represent the development of tourism in Bodhgaya Bihar India. Very little research has examined residents' perception toward the tourism development in the Bodhgaya. In point of case local communities in the district have never been studied of such. Thus there is limited understanding of residents' perceptions of tourism development toward local communities and also very few research has been done here.

Hence the purpose of this study is to Research Methodology Six Villages and census towns were drawn into the sample in Bodhgaya district under the preview of the study where tourism development was studied during the period 20010-2011. To investigate peoples' attitude towards tourism development in different villages and Census towns of the district 50 respondents were interviewed of which 25 respondents are officials and 25 respondents are the general people including slum people, middle class people and the high income businessman.

OBJECTIVES

The objectives of the present study are the following:

- The need for a non-forced measurement of perceived tourism impacts is highlighted.
- Perceived impacts should be explored in line with the triple bottom line approach.
- Perceived economic, socio-cultural and environmental impacts exercise a positive effect on support.
- To analyze the factors or impacts of tourism development.
- To identify the attitudes towards tourism development
- To suggest some future directions regarding tourism development.

RESEARCH METHODOLOGY

Data was accumulated through various sources like internet, reference materials, newspapers, magazines etc.

RESEARCH INSTRUMENT

A structured questionnaire was developed consisting of various questions regarding tourism development based on economic, social, cultural and environmental and infra-structural impacts. Respondents were asked to give their level of attitudes with their perception of the statements. In this study the author classified five major tourism impacts and each impact factor influences the perception of the different types of respondents in varying degrees. Therefore each impact factor has varying effects on local residents' support for tourism development. The author examined the overall perceived impacts of tourism development by local residents involving different impact factors. The peoples' perception of tourism may have both negative and positive aspects. Some are likely to perceive tourism as having negative social, cultural or environmental impacts; and some are inclined to regard tourism as having positive impacts on the local economy and environment. It is to be found that in Bodhgaya the perception of the councillors according to their priority on tourism development is highest in economic impacts comprising 40% followed by infra-structural (25%) and environmental impacts (15%) respectively. The perception of the officials on tourism development is recorded highest in economic impacts comprising 40% followed by environmental (30%) and infra-structural (10%) impacts respectively. Among the general people the perception of economic impact on tourism development is recorded highest (50%) on economic impacts followed by infra-structural and environmental comprising 20% and 10% respectively. But the perceptions on social and cultural impacts are comparatively less important among the respondents.

TABLE 1

| | |
|--------------------------|---|
| Economics Impacts | <ol style="list-style-type: none"> 1. Tourism has created more jobs for your community 2. Tourism has attracted more investment to your community 3. Our standard of living has increased considerably because of tourism 4. The prices of goods and services have increased because of tourism 5. Tourism has given economic benefits to local people and small businesses 6. Tourism has created more banking facilities 7. Tourism has increased trade and commerce |
| Social impacts | <ol style="list-style-type: none"> 1. Tourism has changed our precious traditional culture 2. Local residents have suffered from living in a tourism destination area 3. Tourism has led to more vandalism in your community 4. Tourism has increased the crime rate |
| Cultural impacts | <ol style="list-style-type: none"> 1. Tourism has encouraged a variety of cultural activities by the local residents 2. Tourism has resulted in more cultural exchange between tourists and residents 3. Meeting tourists from other regions is a valuable experience to better understand their culture and society |
| Environmental impacts | <ol style="list-style-type: none"> 1. Tourism has resulted in traffic congestion noise and pollution 2. Construction of hotels and other tourist facilities have destroyed the natural environment 3. Tourism provides more parks and other recreational |
| Infra-structural impacts | <ol style="list-style-type: none"> 1. Tourism provides more transport and communication networks 2. Tourism has increased accessibility 3. Tourism provides Construction of hotels and food and lodging facilities 4. Tourism has increased urban amenities and recreational facilities. |

CONCLUSION

The scope of this paper is to examine the people's attitudes or perception towards tourism development. There is no significant difference in attitudes of the respondents by sex. The results of the study indicate that the residents perceived the economic impacts most favorably followed by supporting infra-structural environmental social and cultural impacts. It is expected that peoples had negative perceptions about the socio- cultural impacts. There are still some peoples within the community that remains unsatisfied. It can be noted that the existing infrastructural parameters for tourism development respond highly demand of the communities. In addition there is a negative attitude by local peoples with regard to supporting socio-cultural impacts. There is a strong and positive attitude regarding economic environmental and infra-structural impacts. These findings can be useful to the planners and industry professionals in formulating strategies to enhance tourism planning and policy.

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VOLATILITY SPILLOVER ACROSS MAJOR EQUITY MARKETS: A CRITICAL REVIEW OF LITERATURE

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ABSTRACT

Volatility spillover among major equity markets has long fascinated academicians and researchers alike. This paper presents an elaborate survey and analysis of the literature on the subject. Review of extant studies on various basis such as markets studied, methodology employed, among others has important implications for various stakeholders. We report that there has been wide variation in results because different studies have examined different markets using wide range of financial econometric methodologies. Some have considered only volatility or both volatility and spillover. Still others have incorporated the impact of global financial crisis on volatility spillover. Future researchers should examine if there is any volatility spillovers between various sectors of an economy, between different financial markets of the same economy, amongst same sectors of different markets, probe whether size effect is relevant, identify the transmission channels of volatility spillover, enumerate reasons behind volatility spillover, examine asymmetric volatility responses among stock markets and can use more advanced econometric techniques.

JEL CLASSIFICATION

F36, F65, G01, G11, G15.

KEYWORDS

Volatility, Spillover, Equity Markets, Global Financial Crisis.

1. INTRODUCTION

Interdependence between the international stock markets can be of two forms: return and volatility transmissions. This interdependence is important because one can benefit from international diversification only if there are low correlations across international equity markets. These gains dwindle as the degree of financial market integration increases making the markets to move together and creating spillovers. Moreover, strong comovements may increase the financial instability at the global level as domestic disturbances spreads rapidly across countries without any fundamental changes. As the market integration increases, the correlation and interdependence of world financial markets have increased over time. Understanding the association between volatility and correlation along with the increasing trend between correlation coefficients of various markets deserves attention by regulators and portfolio managers.

Volatility is regarded as an important risk factor in the global financial markets. The ups and downs in prices are a general phenomenon in the stock markets. A highly liquid stock market is often characterized by the levels of volatility. Investors infer a raise in volatility level as an increase in the risk level and hence they shift their capital to less risky financial instruments. A volatility spillover occurs when changes in price volatility in one market produce a lagged impact on volatility in other markets, over and above local effects. Volatility spillover patterns seem to be prevalent in financial markets. Global integration effects have highlighted the importance of the study of spillovers between capital markets.

Academicians and researchers find it interesting to study the relationships among various stock markets in the light of global financial crisis because international linkages among stock markets play decisive role in international portfolio and risk management during periods of extreme volatilities.

The rest of the paper is framed as follows. Section 2 lays the objectives of the study. Literature review is presented in Section 3. Critical analysis of extant studies constitutes Section 4 of the paper. Section 5 discusses the scope for future research. Summary and conclusion of the present work are provided in Section 6.

2. OBJECTIVES OF THE STUDY

The present work has multiple objectives which are listed below.

1. To provide a theoretical and conceptual framework of volatility spillover.
2. To scrutinize whether volatility spillover differs across developed and developing markets.
3. To segregate the literature that has only considered volatility and those which include spillover also.
4. To analyze the literature on the basis of various methodologies applied.
5. To examine studies which have incorporated the impact of global financial crisis on volatility spillover.

3. REVIEW OF LITERATURE

This section of literature review has been segregated on the basis of markets studied, considering volatility and spillover, methodologies applied and incorporating global financial crisis in their research design.

3.1 MARKETS STUDIED

This sub section has been further categorized in two parts - those considering developed and those examining developing economics. The prominent ones are explained below.

3.1.1 DEVELOPED MARKETS

Most of the initial studies have analyzed volatility spillovers in context of developed markets. Some of the important ones are discussed below.

Susmel & Engle (1994) examined New York and London equity markets for the period between January 2, 1987 and February 29, 1989 using ARCH, GARCH models with BHHH algorithm. Minimal volatility spillovers were evidenced.

Koutmos & Booth (1995) investigated the New York, Tokyo and London stock markets for the period from September 3, 1986 to December 1, 1993 using multivariate EGARCH models. Price spillovers from New York to Tokyo and London and from Tokyo to London were found. Second moment interactions were more extensive and reciprocal.

Jeong (1999) studied international stock markets of USA, UK and Canada for the year 1992 using ARMA models and GARCH based on BHHH algorithm. Results concluded that the volatility spillover was bidirectional & its magnitude did not decrease monotonically with the increase in lag length.

Baur & Jung (2006) investigated USA and German stock markets for the period January 2, 1998 through December 29, 2000 using a variant of aggregate shock (AS) model, GARCH model and ARCH-LM tests. Results indicated that foreign daytime returns significantly influenced the domestic overnight returns in both the US and the German market.

Canarella et al. (2007) studied USA, Canadian & Mexican stock markets for the period January 1992 till December 2003 using AR (1)-APARCH (1, 1) model, BHHH algorithm, ARCH and GARCH models. Findings indicated that the returns in the Canadian and Mexican stock markets are significantly impacted by US stock market. Leverage effects were reported more intensely in Mexican market in comparison Canadian market.

Abidin et al. (2014) investigated the stock markets of Australia, New Zealand, Hong Kong, Japan and China over a period extending from May 6, 2004 to August 31, 2010 using AR-VAR model and AR-GARCH models. Significant return and volatility spillovers are evidenced across these markets.

Park et al. (2015) analyzed Japanese and US stock indices for the period from January 4, 1990 to October 31, 2014 using GARCH-BEKK model, symmetric and asymmetric GARCH models. Shock transition effect between both markets was identified with volatility transition from US to Japanese markets. Leverage and clustering effects were found in Japanese stock markets.

3.1.2 DEVELOPING MARKETS

Then the focus of literature shifted to the developing or emerging markets. Some of the extant studies are explained below.

Christofi & Pericli (1999) investigated five major Latin American stock markets: Argentina, Brazil, Chile, Columbia and Mexico from May 25, 1992 to May 16, 1997 using VAR model with errors following a multivariate EGARCH process. Stronger volatility spillovers were indicated in these markets than mean spillovers and in comparison to other regions of the world. Leverage effect in volatility was detected.

Worthington & Higgs (2004) scrutinized the developed markets of Hong Kong, Japan and Singapore and six emerging markets of Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand for the period from January 15, 1988 to October 6, 2000 using multivariate GARCH model. Large, positive and heterogeneous mean & own-volatility spillovers were reported for the emerging markets.

Yu & Hassan (2008) investigated MENA stock markets of Bahrain, Oman, Saudi Arabia, Jordan, Egypt, Morocco and Turkey from January 1, 1999 to December 31, 2005 using VEC model, the EGARCH-M models, multivariate AR-GARCH models, BEKK model and BHHH algorithm. The estimation results evidenced large and predominantly positive volatility spillovers and volatility persistence in conditional volatility among MENA and world stock markets. Own-volatility spillovers were usually higher than cross-volatility spillovers for all the markets.

Sarwar & Bhuyan (2009) analyzed the stock indices of USA and BRIC economies for the period January 16, 1995 to April 13, 2007 using a variant of the aggregate shock model under the GARCH framework. The results indicated significant mean return and volatility spillover effects from US stock market onto the BRIC stock markets. Bidirectional mean spillover effects among Chinese and Indian stock markets and unidirectional mean spillover effects from Chinese to US stock markets were found.

Sariannidis et al. (2010) explored the stock markets of Hong Kong, India and Singapore from July 1, 1997 to October 31, 2005 using multivariate GARCH model with BEKK specification. Strong GARCH effects were evidenced. The empirical analysis showed that the markets were highly integrated reacting to information which influences the mean returns as well as their volatility.

Maghyereh & Awartani (2012) investigated the stock markets Dubai and Abu Dhabi for a period from January 7, 2005 to February 17, 2010 using VAR-BEKK framework and asymmetric DCC model. Significant return and volatility spillover were reported from the stock markets of Abu Dhabi to stock markets of Dubai.

Adrang et al. (2014) investigated the equity indices of Argentina, Brazil and Mexico for a five year period from August 2007 to August 2012 using bivariate VAR-GARCH and VAR-EGARCH models. Leverage effects and bidirectional volatility spillovers were evidenced.

Nishimura et al. (2015) analyzed Chinese and Japanese stock markets over the period extending from November 4, 2003 to November 18, 2011 using Fractionally Integrated GARCH model. Chinese markets affects other markets while are not greatly affected by them. Information is mainly transmitted through returns and not through volatility from China to Japan.

3.2 VOLATILITY & SPILLOVER

In this sub section, the literature has been segregated on the basis of studies which considered only volatility and those which considered spillover effects also. The prominent ones are listed below.

3.2.1 VOLATILITY

First, volatility studies have been discussed.

Engle & Susmel (1993) analyzed 18 major stock markets of European, Far East and North American countries from the first week of January 1980 to the first week of January 1990 using ARCH tests and multivariate ARCH tests. Results reported similar time varying volatility in some international stock markets.

Ramchand & Susmel (1998) inspected major equity markets of European, Far East and North American countries for the time period from January 1980 through January 1990 using a switching ARCH technique, bivariate SWARCH model and GARCH models. The results reported that when the US market was in high variance state the correlations between US and other world markets are about 2 to 3.5 times higher than low variance regime.

Miykoshi (2003) explored Hong Kong, Indonesia, Korea, Malaysia, Singapore, Taiwan and Thailand equity markets along with USA and Japan for the period ranging from January 1, 1998 to April 30, 2000 using a bivariate EGARCH model. Results concluded that the returns of Asian markets were influenced from US and not from Japan. Japanese markets had more and in fact adverse influence on the volatility of Asian markets than US.

Kumar & Dhankar (2009) observed the stock markets of India, Sri Lanka, Pakistan and Bangladesh using ARCH and GARCH models. Volatility clustering in stock returns was reported. Conditional volatility in all stock markets was significantly explained by ARCH and GARCH models.

Kumar (2012) analyzed Nifty index and the volatility index of India (Ivix) for a period from November 1, 2007 till May 31, 2010 using dummy variable regression, GARCH (1, 1) model, ARCH-LM tests, quantile regression and VAR techniques. The results evidenced that Ivix returns are negatively related to stock market returns and the leverage effect was significant. Monthly volatility forecasts supported its predictive ability about future market volatility.

Ding et al. (2014) scrutinized the stock option indices of US, European, German, Japanese, and Swiss equity markets from January 1999 to December 2009 using multivariate GARCH model, general VAR (1)-VECH (1, 1) and GARCH model. The results showed asymmetric bi-directional relation between the VIX and other market volatility indices, in which VIX has a larger impact in both the pre-crisis and during crisis times.

3.2.1 SPILLOVER

Now, studies which considered spillover effects have been elaborated.

Hahm (2003) inspected USA and Korea for a sample period from November 1, 1977 to December 31, 2001 using GARCH (1, 1)-M model with higher order MA processes and GARCH (1, 1)-M model with ARMA (1, 1). Statistically significant unidirectional lagged volatility spillovers from Korea to the US were found.

Gebka & Serwa (2007) studied emerging capital markets of Central and Eastern Europe, Latin America, and South-East Asia for the period from April 1, 1998 to January 4, 2006 using the two-step procedure developed by Cheung and Ng (1996). Significant intra- and inter-regional spillovers were found with intra regional spillovers being more distinct than the inter-regional spillovers.

Wang & Wang (2010) studied the stock market of Greater China, USA and Japan from July 15, 1992 to May 21, 2004 using univariate ARCH/GARCH and multivariate GARCH (1, 1) with BEKK specification. Stronger volatility spillovers exist between the Greater China markets and the developed markets of the US and Japan.

Kutler & Torun (2014) studied the major stock markets of USA, UK, Germany, France, Japan, Brazil, China, Hong Kong, Russia and Istanbul from January 5, 2000 to January 13, 2014 using GARCH-BEKK and CCC GARCH models. Results conclude the existence of strong volatility spillover between developed economies and weak spillovers were reported from developed to developing economies.

Syriopoulos et al. (2015) investigated the BRICS and US markets from January 3, 2005 to December 31, 2013 using disaggregated VAR (1)-GARCH (1, 1) models. Return and volatility spillovers were reported to be significant between the US and BRICS stock markets.

3.3 METHODOLOGY

In this sub section, the literature has been segregated on the basis of methodology adopted.

Hamao et al. (1990) studied the major stock markets of Tokyo, London & New York for the period beginning from April 1, 1985 to March 31, 1988 using the ARCH models, GARCH-M model and BHHH algorithm. They observed evidence of price volatility spillovers from US & the UK stock markets to the Japanese market. The volatility spillover effect on the Japanese market was significant.

Pan et al. (1999) examined USA, Australia, Hong Kong, Japan, Malaysia and Singapore from January 4, 1988 to December 30, 1994 using a modified cointegration test with GARCH effects and ARCH tests. The results suggested that volatility transmissions among these stock markets exist in the short term as well as long term.

Wongswan (2006) examined USA, Japan, Korean and Thai stock markets for the period from January 3, 1995 to December 29, 2000 using AR (1)-GARCH (1, 1) model and OLS regressions of ARMA models. The study found large and significant association between US and Japan macroeconomic announcements and Korean and Thai equity market volatility but the impact was short-lived.

Chuang et al. (2007) investigated stock indices of Japan, Hong Kong, Singapore, South Korea, Taiwan and Thailand from January 3, 1992 to June 10, 2006 using six variable VAR-BEKK models, Error-Correction Model (ECM), VAR analysis and the impulse response functions. The empirical results evidenced volatility clustering effects. The Japanese market was most influential in transmitting volatility to the other East Asian markets.

Pandey & Kumar (2011) studied nine major stock markets of India, China, Singapore, Japan, Indonesia, the UK, Australia, Germany and the US for the period January 4, 2000 to July 17, 2009 using GARCH (1, 1) model with BHHH algorithm. The volatility of Indian markets was dependent on its lagged volatility along with volatility of Japan, China, Singapore, UK and Indonesian stock markets.

Saadah (2013) investigated the Singaporean and Indonesian stock market for the sample period from January 3, 2008 till August 15, 2012 using ARMA-TGARCH (1, 1) model and Langrange multiplier. The results evidenced that the transmission of the shock from the Singapore stock exchange became stronger when this market experiences a negative return and is in the bearish phase.

Prashant (2014) the stock market of India and US from January 2012 to April 4, 2014 using ARCH, multivariate ARCH and GARCH model with BEKK specification. The results indicated greater impact of US stock markets on Indian stock markets in terms of shocks and volatility transmission. Volatility clustering is observed in the returns.

3.4 FINANCIAL CRISIS

In this sub section, the studies which incorporated the effect of Global Financial Crisis have been elucidated.

Angabini & Wasiuzzaman (2010) analyzed the stock markets of Malaysia for two periods: one from June 1, 2000 to December 31, 2007 and the second from June 1, 2000 to March 16, 2010 (including the crisis) using ARMA, ARIMA, ARCH-LM and GARCH (1, 1) models. On comparison, it was observed that volatility increased by 24.5% and the persistence of volatility decreased by 2.16% during the crisis.

Sabbaghi (2011) studied G5 stock markets, namely the UK, Germany, France, Japan and the US, in the light of the global financial crisis of 2008 for a sample period from January 4, 2008 to December 31, 2010 using GARCH and EGARCH (1, 1) models. Volume was evidenced to be an important variable in explaining conditional volatility. Results suggested that trading volume captured a significant fraction of asymmetric volatility effects during the recent financial crisis.

Sed'a (2012) examined the impact of crisis on the Czech and Polish stock markets for the period of around eight years from 2004 to 2012 using AR (1) – GARCH (1, 1) and Jump-Diffusion GARCH (1, 1) model with heteroskedasticity. The results showed no statistical significant jump behavior in both markets before the crisis but the opposite was found during the crisis.

Hwang (2014) examined the Latin American stock markets of Argentina, Brazil, Chile, Mexico and USA in the light of crisis for a period from January 1, 2006 to December 31, 2010 using cointegration GARCH-BEKK and DCC-GARCH models. Evidence of financial contagion during crisis was reported. Conditional correlations were more volatile during the crisis.

Sakthivel et al. (2014) studied the volatility of Indian stock markets for the period March 1, 2005 to December 31, 2012 using GJR GARCH model and dummy variable. The results concluded that leverage effects, increased volatility and negative impact on mean returns were the outcomes of crisis.

Golosnoy et al. (2015) studied USA, German and Japanese stock markets before and during the subprime crisis for a period from January 5, 1996 to February 26, 2009 using a novel four-phase model based on conditional autoregressive Wishart framework. Significant spillovers from one market to the next trading market were found to be short-lived and which intensified during crisis. And the crisis decreased the persistence in volatility.

4. CRITICAL ANALYSIS

Initially studies in the volatility literature have majorly based their research on developed markets. Most studied developed markets include the US, the UK, Japan, Germany and France. Other developed markets such as Australia, Canada, etc. have not been examined much. All the studies found volatility transmission from other markets (mostly developed) to be significant for domestic markets in these developed nations. The studies in literature have not analyzed spillovers from emerging markets to the developed markets.

The emerging and developing markets like Latin American countries: Argentina, Brazil, Chile, Columbia and Mexico; Asia-Pacific countries: Indonesia, Korea, Malaysia Singapore, Taiwan and Thailand; Russian, Chinese and Indian economies have been the area of interest after studying the volatility among major developed countries. But a majority of lesser developed countries like South Africa, Saudi Arabia, Nigeria, Pakistan, Sri Lanka, Bangladesh, etc. are yet to be studied. Results show that volatility spillover effect is much more pronounced in case of developing economies as compared to developed economies. Also while in case of developed economies volatility transmission occurred from mainly other developed markets; in case of emerging economies transmission was from both developed and developing markets.

While many researchers measured time-varying volatility, correlations and integrations along with conditional volatility covering the symmetrical volatility in their studies, very few have taken up the asymmetrical components of volatility such as fat tails, clustering effects and leverage effects.

Studies that analyzed the spillover effects have found significant mean and volatility spillovers across countries not on friendly terms. Regionally close countries have volatility links among them. Common dependence on the global market as in the case of European Countries leads to linkages among their emerging markets. In totality, volatility spillovers were found to be stronger in comparison to return spillovers and emerging markets adjust to foreign information efficiently.

Majority of studies in the literature have applied ARCH (Auto Regressive Conditional Heteroskedasticity) and GARCH (Generalized Auto Regressive Conditional Heteroskedasticity) family of models with slight variations such as ARCH-LM, GARCH-M, AR (1)-GARCH, Jump Diffusion GARCH, GARCH with BEKK and BHHH

algorithm, CGARCH, TGARCH, ARMA-TGARCH and EGARCH. Some others apply VAR (Vector Auto Regressive) analysis and VEC (Vector Error Correction) model. Still others have used Impulse Response Functions. This marks a significant shift in financial econometric techniques applied as studies are increasingly considering second generation advanced econometric tools which relax several assumptions of traditional techniques and are more suited to financial time series data.

Most of the studies that have incorporated the impact of Financial Crisis have examined its impact mainly on the developed markets like American and European stock markets owing to the popular perception that developed markets particularly the US and European ones have taken the hardest hit. Some of the studies have investigated the impact of Financial Crisis on some developing and emerging markets like Malaysia, India etc. But the literature is scant on developing markets. The literature almost unanimously conclude that crisis accentuated volatility spillover across global equity markets but, more so in case of developed markets.

5. SCOPE FOR FURTHER RESEARCH

The critical analysis of literature review has helped to identify the following three research gaps in the literature of volatility spillover.

1. To examine if there is any volatility spillovers between various sectors of an economy.
2. To investigate for presence of volatility spillover amongst same sectors of different markets.
3. To analyze if there is any volatility spillover between different financial markets of the same economy.
4. To probe whether size effect is relevant in volatility spillovers i.e., does volatility spillover significantly vary across large cap, mid cap and small cap stocks.
5. To identify the transmission channels of volatility spillover.
6. To enumerate the reasons behind volatility spillover.
7. To examine the asymmetric volatility responses among the stock markets.
8. More advanced econometric techniques like multivariate SWARCH model can be used wherever applicable.
9. To probe the impact of trading volume volatility on the return volatilities across different countries.
10. Since nowadays, volatility indices are available for major market indices, they can be directly used instead of actual series.

6. SUMMARY & CONCLUSION

In this paper, various facets of volatility spillover across major equity markets across the world have been elucidated. The paper starts with the introduction to stock market interlinkages, volatility spillover and the impact of crisis on the volatility spillovers.

Extant studies have been analyzed on the various bases such as markets examined (developed and developing); whether considered only volatility or spillover; methodology applied and those which incorporated the impact of financial crisis. Investors infer a raise in volatility level as an increase in the risk level and hence they shift their capital to less risky financial instruments.

Critical appraisal of literature reveals that there has been volatility transmission from both developed and developing markets to emerging economies while this is mainly from advanced markets for developed economies. Analysis of previous work on volatility shows that asymmetrical components of volatility such as fat tails, clustering effects and leverage effects have not been extensively examined. Volatility spillover and links was reported amongst regionally close countries. Also, volatility spillover was stronger than return spillovers. Though, general volatility increased post crisis, developed markets were worst hit.

Future researchers should examine if there is any volatility spillovers between various sectors of an economy, investigate for presence of volatility spillover amongst same sectors of different markets, analyze if there is any volatility spillover between different financial markets of the same economy, probe whether size effect is relevant in volatility spillovers, identify the transmission channels of volatility spillover, enumerate the reasons behind volatility spillover, examine the asymmetric volatility responses among the stock markets, can use more advanced econometric techniques like multivariate SWARCH model wherever applicable, probe the impact of trading volume volatility on the return volatilities across different countries and can use volatility indices directly instead of actual series.

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MUNICIPAL BONDS AS AN OPTIMISTIC APPROACH FOR FINANCING URBAN INFRASTRUCTURE IN INDIA**SARITA BELE****RESEARCH SCHOLAR****R. A. PODAR COLLEGE OF COMMERCE & ECONOMICS
MUMBAI****SANDHYA BELE****RESEARCH SCHOLAR****INDIAN INSTITUTE OF TECHNOLOGY, BOMBAY
MUMBAI****ABSTRACT**

Tremendous growth of population and rapid urbanization has put forward urban infrastructure under severe pressure that results, increasing demand for basic infrastructural services in developing countries where, India is not an exception. Urban local bodies (ULBs) are striving to promote infrastructure development wherein urban infrastructure is a crucial determinant in economic development that has a multiplier effect on the economy. Unplanned urbanization is deterrent in the process of economic and social development. Hence, adequate supply of infrastructure stock is needed to foster economic development. The ULBs are facing resource constraints to finance the growing need of infrastructure investment as they are facing the issue of narrow base revenue crunch and fiscal mismanagement. In market based economy, it has been leading transition from the domain of public funding to private funding. The emergence of municipal bonds in India is an important breakthrough and a potential financial instrument in mobilizing resources from the capital market to finance urban infrastructure though it is at promising stage. The present study seeks to understand the current status and role of Municipal bonds in urban infrastructure financing.

KEYWORDS

Infrastructure Finance, Municipal Bonds, Urban Local Bodies (ULBs).

INTRODUCTION

The Process of industrialization accelerates rapid growth of urbanization which also considered as a significant determining factor in economic development. Urbanization is concern with shift of rural population to urban region leading the demand for basic services include infrastructural facilities. Infrastructure development contributes inclusive development in the form of growing employment opportunities, reducing poverty and thereby it leads to improve the standard of living (PPPA, 2011). The urban infrastructure has linkages in terms of an essential component of industrial development that contributes to the economic growth of any economy. However, the unplanned urbanization also draws attention toward the requisite of policy implication for urban infrastructure development. According to the study of the planning commission (GOI, 2007), 21 per cent of the urban population exists in unlawful tenant settlements, only 89 per cent of the urban population has access to safe drinking water, but there are severe deficiencies with respect to equitable distribution of water, 46 per cent of urban households have water, toilets, but only 36 per cent of the urban households are connected to the public sewerage system. Indian cities are under pressure due to increasing demands on basic services because of inadequacy of these resources. Urban local bodies (ULB) are lacking to provide basic civic infrastructure systems like water supply, sewerage and drainage, solid waste management, etc. as per standard norms stipulated by various committees (Mathur et al. 2007).

The adequate and timely infrastructure investment is very crucial for infrastructural development. In this context, local government must strive to deliver better quality infrastructure and improved public utility services to the local community, where India is not an exception. However, crucial concern that persists is the inadequacy of funding availability for urban infrastructure sector. Although, Urban Local Bodies (ULBs) in India identified modernization of infrastructure and newer infrastructure as high priority targets, ULBs struggle with tight budgets, narrow tax base and fiscal mismanagement. There is raising concern for funding such infrastructural project due to its lumpy requirement. It has been resulting in the transition from public financing toward the capital market. The Municipal bond is emerging as one of the important financing instruments, though Municipal bond market development is at nascent stage in India. Hence, the present study seeks to understand the current status and role of Municipal bonds in urban infrastructure financing.

AN INVESTIGATION INTO THE NEED OF URBAN INFRASTRUCTURE FINANCING AND ROLE OF MUNICIPAL BOND IN INDIA

Infrastructure can be defined as the arrangements and amenities that are necessary for the functioning of the economy and society infrastructure supports economic activity and social services, rather than being an end in itself (Chong et al., 2013). Urban infrastructure is one of the important elements in infrastructure development which significantly influence economic development. The growing numbers of cities are the signs of rapid urbanization wherein unwitting urbanization is restrictive in the process of economic development. Unplanned urbanization with regards to growing population has been leading to the issue of slum dwellers, degradation of quality of life and thereby adverse effect on standard living are the results of unplanned urbanization in India. In this sense, the role of urban infrastructure is crucial for policy makers, whereas financing urban infrastructure is posing critical challenges in which it requires lumpy investment with long gestation period. The Planning Commission of India estimated infrastructure investment requirements to be about \$1 trillion from 2012 to 2017. With the advent of the global economy, the demand for heavy infrastructure investment has been leading to transition from public funding to capital market funding. The role of the state is transforming as regulator and facilitator in a market economy. There is growing concern for private stakeholder's participation.

Temel (2001) define term municipal bond as a promise by state or local governmental units (called the issuers) or other qualified issuers to repay to lenders (investors) an amount of money borrowed, called the principal, along with interest according to a fixed schedule. Municipal bonds have advantages in terms of the size of borrowing and the maturity period, often 10 to 20 years. Both these features are considered as ideal for urban infrastructure financing probably because of nature, of infrastructure sector which consist of long gestation period. Globally, municipal bonds have long been considered as a lucrative investment option for tax sensitive investors, as tax free bonds are exempt from income tax and sometimes may also be exempt from local taxes where the bond is issued. Generally, compared to other taxable or corporate bonds, municipal bond has relatively higher credit quality and lower price volatility (Spiegelman, 2013). Tax free bonds are exempt from income taxes and may also be exempt from local taxes for bond investors where the bond is issued.

INVESTMENT BY CENTRAL & STATE GOVERNMENT WITH REFERENCE TO PRIVATE SECTOR INVESTMENT

(Billion Us \$ At Nominal Prices 1 US\$=Rs52.)

| | 10 th Plan Actual | 11 th Plan Anticipated | 12 th Plan Projected |
|----------------|------------------------------|-----------------------------------|---------------------------------|
| Central | 3,52,504 \$68 bn | 8,56,717 \$165 bn | 16,01,061 \$308 bn |
| States | 2,98,633 \$57 bn | 6,80,056 \$131 bn | 12,89,762 \$248 bn |
| Private | 1,86,023 \$36 bn | 8,87,504 \$171 bn | 26,83,840 \$516 bn |
| Total | 837759 \$161 bn | 2424277 \$466 bn | 5574663 \$1072 bn |

Source: planning commission 12th plan

The gain of using municipal bonds to finance, urban infrastructure is progressively evident in India. There are several characteristics that make the municipal bond desirable for investors. First of all, there is a central or state tax exemption status on interest income. Municipal bonds might be popular among the investors due to additional benefits, such as tax exemptions that investors are bucketing into municipal bonds, driving yields to record lows and hoping for a safe hiding place at a time when taxes are almost certain to rise. Additionally, if properly structured, municipal bonds can be issued at interest costs that are lesser than the risk-return profile of individual ULBs. High income tax bracket investors get significantly more benefits than lower income tax bracket investors' i.e. after-tax yield is higher for high income tax bracket investors (Financial Planning Association, 2013). However the earning from municipal bonds receives certain tax exemption, municipal bonds are still subject to capital gains tax or may be subject to alternative minimum tax or state and local taxes for some investors. Since the capital intensive public infrastructure project requires an immense investment for a longer period and at lower cost of capital. In this backdrop, tax exempted municipal bond recognized as an appropriate option to raise capital at lowering the cost of capital to the local government. However, tax exempted municipal bonds directly cost to local government in the form of individual and corporate income tax revenue forgone (Maguire, 2012). Their performance might attract new investors into a certain municipal bond market. This particularly concerns the interest of the foreign financial institutions or private investors that would like to vary their investment portfolios.

THE CURRENT STATUS AND DEVELOPMENT OF MUNICIPAL BOND MARKET IN INDIA

The functioning of the municipal bond market is firmly associated with the existence of the functional capital market, institutional mechanisms for assessing the credit rating or a proper autonomy and credibility of local public sector. The administrative structure in India for municipal governance and urban service delivery mainly composed of the Constitutional provisions, State, Municipal Laws, State Finance Commission (SFC) and Central Finance Commission (CFC), and status of ULBs. The municipal bond is regulated by legislation of concern government, which gives directives for issuance of municipal bond and related issues. Article 293 of the Constitution of India makes certain provisions as to borrowing by the Centre government and the States government. It's necessary for every state government to take permission from the central government before borrowing money from the market, which may be in the form of municipal bonds also. For the local authorities, all borrowing is governed by municipal legislation in different states. In most of these, the current provisions do permit market borrowing, but only with permission from the state government. At the state level, permissions for local borrowing generally rely on some assessment of the agency, capacity to service the total outstanding debt.

Since 1994, the Indo-US Financial Institution Reform and Expansion (FIRE-D) project is working with national, state and local governments to develop a market-based municipal bond market. In municipal financing, Several ULBs and utility organizations so far have mobilized over Rs.12884 million that includes taxable bonds, tax-free bonds and pooled financing (Vaidya et al 2008). The Government of India (GOI), recognizing an infrastructure's key role in the process of economic development, set up the expert group on the commercialization of infrastructure, often known as the Rakesh Mohan Committee, in 1994. The FIRE-D project worked closely with this Committee to provide international experience on tax-free municipal bonds. The Committee recommended private sector participation in urban infrastructure development and accessing the capital markets through issuing municipal bonds.

FIGURE 1: TAXABLE MUNICIPAL BONDS IN INDIA

| City Government | Projects | Amount of Tax-free Municipal Bond (Rs. million) |
|---|--|---|
| Ahmedabad Municipal Corporation (2002) | Water supply and sewerage project | 1,000 |
| Hyderabad Municipal Corporation (2003) | Road construction and widening | 825 |
| Nashik Municipal Corporation (2002) | Underground sewerage scheme and storm water drainage system | 500 |
| Visakhapatnam Municipal Corporation (2004) | Water supply system | 500 |
| Hyderabad Metropolitan Water Supply and Sewerage Board (2003) | Drinking water project | 500 |
| Ahmedabad Municipal Corporation (2004) | Water supply project, storm water drainage project, road project, bridges and flyovers | 580 |
| Chennai Metropolitan Water Supply & Sewerage Board (2003) | Chennai water supply augmentation project | 420 |
| Chennai Metropolitan Water Supply & Sewerage Board (2005) | Chennai water supply augmentation project | 500 |
| Chennai Municipal Corporation (2005) | Roads | 458 |
| Ahmedabad Municipal Corporation (2005) | Roads and water supply | 1,000 |
| Nagpur (2007) | Nagpur water supply and sewerage project | 212 |
| TOTAL | | 6,495 |

Source: Vaidya, C. and Vaidya, H. (2010), "Market-Based Financing of Urban Infrastructure in India" in Kochar, S. and Ramchandran, M. (Ed.), Building from the Bottom, Academic Foundation.

FIGURE 2: TAX-FREE MUNICIPAL BONDS IN INDIA

| City | Amount (in Rs. Million) | Placement | Guarantee | Annual Interest | Escrow | Purpose | Rating |
|----------------------|-------------------------|------------------|------------------|-----------------|--|---------------------------|-----------|
| Bangalore (1997) | 1,250 | Private | State Government | 13% | State Government grants and property tax | City roads/street drains | A- (SO) |
| Ahmedabad (1998) | 1,000 | Public & Private | No | 14% | Octroi from 10 Octroi collection points | WS&S project | AA- (SO) |
| Ludhiana (1999) | 100 | Private | No | 13.5% to 14% | Water & Sewerage taxes and charges | WS&S Project | LAA- (SO) |
| Nagpur (2001) | 500 | Private | No | 13% | Property tax and water charges | WS project | LAA- (SO) |
| Nashik (1999) | 1,000 | Private | No | 14.75% | Octroi from four collection points | WS&S project | AA- (SO) |
| Indore (2000) | 100 | Private | State Government | 13.0% | Grants/property tax | Improvement of city roads | A (SO) |
| Madurai (2001) | 300 | Private | No | 12.25% | Toll tax collection | City road project | LA+(SO) |
| Visakhapatnam (2004) | 200 | Private | No | 7.75% | Property tax | Water supply project | AA-(SO) |
| TOTAL | 4,450 | | | | | | |

Source: Vaidya, C. and Vaidya, H. (2010), "Market-Based Financing of Urban Infrastructure in India" in Kochar, S. and Ramchandran, M. (Ed.), Building from the Bottom, Academic Foundation.

CONCLUSIONS

In the phase of Globalization, the significant role of infrastructure development in economic growth is well recognized across the globe. The infrastructure development is essential for all economic and social activities as our daily life depend on different types of infrastructural services which includes transport, power, telecommunication etc. in terms of reducing the gap while satisfying human need. The infrastructure development also produces externality in terms of increase employment opportunity, reduces poverty and thereby leads to improve the standard of living. Infrastructure finance is prerequisite to foster such prompt infrastructure development, whereas urban infrastructure is a crucial factor in these economic developments. The infrastructure finance is posing challenges for policy makers with the rapid growth of urbanization that creates heavy investment needs. The urban local bodies are facing resource constraint to finance huge infrastructure investment, experiencing a transition from public spending to the capital market in a market based economy. The present level of urban infrastructure and services in urban cities has lagged behind the pace of urbanization.

In this backdrop, the municipal bond is leading as an alternative, optimistic financing instrument to the gap of deficit finance in the urban infrastructure in India. The success of Municipal bond financing is well evident across the globe e.g.US, China economy. Municipal bond possesses several advantages in terms of longer maturity periods, tax free status, and size of borrowings. The municipal bond market development in India is at promising stage. In India, The growth potential for the development, municipal bond is very large wherein traditional public funding proved to be insufficient and less convenient for increasing institutional stakeholder's participations. The first Ahmadabad Municipal bond was a huge success that leads to the exposure of a new arena in bond financing. So far till 2010, 28 municipal bonds have been issued, however no single municipal bonds were issued after 2010 due to lack of effective institutional and regulatory framework. In this context the role credit rating agencies are also crucially important in terms of attracting potential investors. The policy maker should strive to promote municipal bonds by adopting structural changes as it is essential, as with growing demand for urban infrastructure finance. With regards to this, the present study attempts to highlight the significant aspects of municipal bonds with reference its scope in infrastructure development. Further, Policy makers seeking to contribute the economic development should concentrate their efforts on establishing a favorable investment climate.

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E-BANKING: BOON TO FINANCIAL MARKET WITH CHALLENGES OF INSECURITY

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ABSTRACT

E-banking means electronic banking which is popularly known as anywhere banking. Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Increased use of mobile services and use of internet as a new distribution channel for banking transactions and international trading requires more attention towards e-banking security against fraudulent activities. The development and the increasing progress that is being experienced in the Information and Communication Technology have brought about a lot of changes in almost all facets of life. In the Banking Industry, it has been in the form of online banking, which is now replacing the traditional banking practice. Although it is proving boon to all sectors specially to all types of customers and financial sector but its growing use without awareness has also attracted many crimes and frauds. Through this paper, it is tried to discuss about growth of E-banking along with growing challenges of risk & Insecurity. Emphasis is given on awareness to be given to E-banking users and establishment of more security measures to avoid chances of misappropriation of funds and cyber crimes. Online banking has a lot of benefits which add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable the banks gain more competitive advantage over other competitors. This paper discusses some challenges in an emerging economy and benefits of E-banking.

KEYWORDS

e-banking, customer satisfaction, cyber crimes, security checks, mobile banking.

INTRODUCTION

The fast advancing global information infrastructure (including information technology and computer networks such as the Internet and telecommunications systems) enables the development of electronic commerce. The revolution of information technology has influenced almost every facet of life, among them is the banking sector. The introduction of electronic banking has revolutionized and redefined the ways banks were operating at a global level. As a direct consequence of the emergence of the 'digital economy', the balance of power seems to be shifting to the customers. Customers are increasingly demanding more value, with goods customized to their exact needs, at less cost, and as quickly as possible. So the banks, be it domestic or foreign are investing more on providing on the customers with the new technologies through e banking. PC banking, mobile banking, ATM, electronic funds transfer, account to account transfer, paying bills online, online statements and credit cards etc. are the services provided by banks. Also the feature which is commonly unique to internet banking includes importing data into personal accounting software.

WHAT IS E-BANKING?

In simple words, e-banking implies provision of banking products and services through electronic delivery Channels. Electronic banking has been around for quite some time in the form of automatic teller machines (ATMs) and telephone transactions. In more recent times, it has been transformed by the internet – a new delivery channel that has facilitated banking transactions for both customers and banks. For customers, the internet offers faster access, is more convenient and available around the clock irrespective of the customer's location. Electronic banking involves many different types of transactions, rights, responsibilities and sometimes it involves fees. Following are some services provided by banks through internet,

- Electronic Fund Transfer
- Mobile Banking
- Disclosures
- Errors
- Lost or Stolen Credit or debit cards
- Overdraft for one time debit card transaction and ATM cards
- Limited stop- payment privileges
- Additional Rights
- For more information and complaints

ELECTRONIC FUND TRANSFERS

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology in place of checks and other paper transactions. EFTs are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use ATM or debit cards and Personal Identification Numbers (PINs) for this purpose. Some use other types of debit cards that require your signature or a scan.

Here are some common EFT services:

ATMs are electronic terminals that let you bank almost virtually any time. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert an ATM card and enter your PIN. Some financial institutions and ATM owners charge a fee, particularly if you don't have accounts with them or if your transactions take place at remote locations.

Direct Deposit lets you authorize specific deposits — like paychecks, Social Security checks, and other benefits — to your account on a regular basis. You also may pre-authorize direct withdrawals so that recurring bills — like insurance premiums, mortgages, utility bills, and gym memberships — are paid automatically.

Pay-by-Phone Systems let you call your financial institution with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement with your institution to make these transfers.

Personal Computer Banking lets you handle many banking transactions using your personal computer. For example, you may use your computer to request transfers between accounts and pay bills electronically.

Debit Card Purchase or Payment Transactions let you make purchases or payments with a debit card, which also may be your ATM card. Transactions can take place in-person, online, or by phone. The process is similar to using a credit card, with some important exceptions: a debit card purchase or payment transfers money quickly from your bank account to the company's account, so you have to have sufficient funds in your account to cover your purchase. This means you need to keep accurate records of the dates and amounts of your debit card purchases, payments, and ATM withdrawals. Be sure you know the store or business before you provide your debit card information to avoid the possible loss of funds through fraud. Your liability for unauthorized use, and your rights for dealing with errors, may be different for a debit card than a credit card.

Electronic Check Conversion converts a paper check into an electronic payment in a store or when a company gets your check in the mail.

When you give your check to a cashier in a store, the check is run through an electronic system that captures your banking information and the amount of the check. You sign a receipt and you get a copy for your records. When your check is given back to you, it should be voided or marked by the merchant so that it can't be used again. The merchant electronically sends information from the check (but not the check itself) to your bank or other financial institution, and the funds are transferred into the merchant's account.

MOBILE BANKING

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through mobile device such as mobile phone or tablet.

The earliest mobile banking was offered over SMS, a service known as SMS banking. With the instruction of smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking to their customers.

- It uses the mobile connectivity of telecom operators and therefore does not require internet connection.
- With mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobiles.
- You can check your account balance, review recent transactions, transfer funds, pay bills, locate ATM's, deposit cheques, manage investments, etc.
- Mobile banking is available round the clock 24/7/365, it is easy and convenient and an ideal choice for accessing financial services for most mobile phone owners in rural areas.

DISCLOSURES

To understand your rights and responsibilities for your EFTs, read the documents you get from the financial institution that issued your "access device" – the card, code or other way you access your account to transfer money electronically. Although the method varies by institution, it often involves a card and/or a PIN. No one should know your PIN but you and select employees at your financial institution. You also should read the documents you receive for your bank account, which may contain more information about EFTs.

Before you contract for EFT services or make your first electronic transfer, the institution must give you the following information in a format you can keep.

- a summary of your liability for unauthorized transfers
- the phone number and address for a contact if you think an unauthorized transfer has been or may be made, the institution's "business days" (when the institution is open to the public for normal business), and the number of days you have to report suspected unauthorized transfers
- the type of transfers you can make, fees for transfers, and any limits on the frequency and dollar amount of transfers
- a summary of your right to get documentation of transfers and to stop payment on a pre-authorized transfer, and how you stop payment
- a notice describing how to report an error on a receipt for an EFT or your statement, to request more information about a transfer listed on your statement, and how long you have to make your report
- a summary of the institution's liability to you if it fails to make or stop certain transactions
- circumstances when the institution will share information about your account with third parties
- a notice that you may have to pay a fee charged by operators of ATMs where you don't have an account, for an EFT or a balance inquiry at the ATM, and charged by networks to complete the transfer.

Errors

You have 60 days from the date a periodic statement containing a problem or error was sent to you to notify your financial institution. The best way to protect yourself if an error occurs is to notify the financial institution by certified letter. Ask for a return receipt so you can prove that the institution got your letter. Keep a copy of the letter for your records.

Under federal law, the institution has no obligation to conduct an investigation if you miss the 60-day deadline.

Once you've notified the financial institution about an error on your statement, it has 10 business days to investigate. The institution must tell you the results of its investigation within three business days after completing it, and must correct an error within one business day after determining that the error has occurred. An institution usually is permitted to take more time — up to 45 days — to complete the investigation, but only if the money in dispute is returned to your account and you're notified promptly of the credit. At the end of the investigation, if no error has been found, the institution may take the money back if it sends you a written explanation.

Lost or Stolen ATM or Debit Cards

If you report an ATM or debit card missing to the institution that issues the card before someone uses the card without your permission, you can't be responsible for any unauthorized withdrawals. But if unauthorized use occurs before you report it, the amount you can be responsible for depends on how quickly you report the loss to the card issuer.

Overdrafts for One-Time Debit Card Transactions and ATM Cards

If you make a one-time purchase or payment with your debit card or use your ATM card and don't have sufficient funds, an overdraft can occur. Your bank must get your permission to charge you a fee to pay for your overdraft on a one-time debit card transaction or ATM transaction. They also must send you a notice and get your opt-in agreement before charging you.

Limited Stop-Payment Privileges

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or your order isn't delivered, it's as if you paid cash: It's up to you to resolve the problem with the seller and get your money back.

One exception: If you arranged for recurring payments out of your account to third parties, like insurance companies or utilities, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be written or oral, but the institution may require a written follow-up within 14 days of your oral notice. If you don't follow-up in writing, the institution's responsibility to stop payment ends.

Although federal law provides limited rights to stop payment, financial institutions may offer more rights or state laws may require them. If this feature is important to you, shop around to be sure you're getting the best "stop-payment" terms available.

Additional Rights

The EFT Act protects your right of choice in two specific situations: First, financial institutions can't require you to repay a loan by preauthorized electronic transfers. Second, if you're required to get your salary or government benefit check by EFT, you can choose the institution where those payments will be deposited.

For More Information and Complaints

If you decide to use EFT, keep these tips in mind:

- Take care of your ATM or debit card. Know where it is at all times; if you lose it, report it as soon as possible.
- Choose a PIN for your ATM or debit card that's different from your address, telephone number, Social Security number, or birthdate. This will make it more difficult for a thief to use your card.
- Keep and compare your receipts for all types of EFT transactions with your statements so you can find errors or unauthorized transfers and report them.
- Make sure you know and trust a merchant or other company before you share any bank account information or pre-authorize debits to your account. Be aware that some merchants or companies may process your check information electronically when you pay by check.
- Read your monthly statements promptly and carefully. Contact your bank or other financial institution immediately if you find unauthorized transactions and errors.

TOOLS OF E-BANKING

- Automatic Teller Machine
- Credit Cards
- Debit Cards
- Smart Cards
- Mobile Banking

MERITS OF E-BANKING SYSTEM**FROM POINT OF VIEW OF BANKS**

- **Very low set-up cost:-** From point of view of banks, E-banking system involves a very low set-up cost. Installation of this system attracts a very low investment by keeping in view area and numbers of transactions involved in banking.
- **Capacity to cater to very large customer base:-** E-banking system helps bank to cater requirements of large customers at one place. It can handle many customers at single point of time. It involves multitasking and save time of banking officials.
- **Saves a lot of operational cost. Adds to baseline:-** As a large customer base is served at same time by banks, so it saves a lot of operational cost like stationary, paperwork, less employees requirements etc. thus a bank can add many more features in its baseline and schemes for customer and enjoy high profitability.
- **Banks can offer a lot of personalized services to their customers:-** By using e-banking banks can add variety to their products by providing personalized services as per their specifications and requirements.
- **Reduction of burden on branch banking:-** It reduces the burden of workload on branches and helps them in managing their affairs coolly.

FROM POINT OF VIEW OF CUSTOMERS

- **Convenient:-** It is very easy and convenient to use e-banking for customers.
- **Round the clock availability:-** E-banking system provides services to customer round the clock. It is not bound by operational timing and customers can enjoy banking services at any time.
- **No geographical barriers:-** It is not restricted by geographical barriers i.e. a customer can operate its accounts from anywhere in the world.
- **Minimizes cost for customers:-** By using e-banking banks can add variety to their products by providing personalized services as per their specifications and requirements. Hence it minimizes cost for customers.
- **Helps in managing customer account at anytime, anywhere:-** customers can check and operate their bank account and transaction at anytime or any number of times in a day.
- **Getting quarterly statements from the banks, transferring funds to outstation, and any other such activities can be done free of charge through online banking.**

DEMERITS OF E-BANKING

- Understanding the usage of internet banking might be difficult for a beginner at the first go. Though there are some sites which offer a demo on how to use internet banking, but all does not offer this facility. So a person who is new to internet banking might face some difficulty.
- You cannot have access to internet banking if you don't have an internet connection.
- Security of transactions is a big issue. Your account information might get hacked by unauthorized people over the internet.
- Password security is a must. After getting your net banking password, do change it and memorize it otherwise your account maybe misused by someone who gets to know your password inadvertently.
- You cannot use internet banking, in case, the bank's server is down.
- Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not.

SECURITY ISSUES RELATED WITH E-BANKING

- One of the biggest problems with electronic banking is security. Regardless of what type of security is in place for on line banking sites or ATMs, people are able to obtain customer information.
- Through so-called phishing, where someone tries to trick a customer into revealing sensitive information, or harming, where malicious code is introduced into a computer, customers can become victims to identity theft.
- These issues are often beyond the bank's control, as criminals try many tactics to obtain customer information.
- At ATMs, thieves can also hack the system, so your personal identification number (commonly called a PIN number) and card number is stolen after you use them.

FRAUD ISSUES RELATED WITH E-BANKING

- Electronic banking also lacks the one thing most bank institutes thrive on: customer service.
- Electronic banking is conducted by the customer instead of a bank teller, so there is no face-to-face interaction.
- The customer must seek any additional services or help on by pro-actively contacting the bank.
- Some customers refuse to use these services because they feel they are entitled to in-person customer service.

CUSTOMER SERVICE RELATED ISSUE WITH E-BANKING

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FEW STEPS TO AVOID PROBLEMS WITH E- BANKING:- SECURITY TIPS**STEP 1**

- Make sure your transmissions are encrypted before doing any online transactions or sending personal information.
- E-mail is usually not secure.
- Do not send sensitive data via e-mail (unless you know it is encrypted).
- Change all passwords and PIN codes received via e-mail that is not encrypted.
- Make sure you are on the right website.

STEP 2

- Make sure that the financial institution is properly insured.

- Be "password smart" (use mix of letters and numbers; change pw regularly; keep your pw and PIN codes to yourself; avoid easy to guess pw like first names, birthdays, anniversaries, social security numbers...)
- Keep good records. Save information about banking transactions. Check bank, debit and credit card statements thoroughly every month. Look for any errors or discrepancies.

STEP 3

- Report errors, problems or complaints promptly
- Keep virus protection software up-to- date. Back-up key files regularly.
- Exit the banking site immediately after completing your banking.
- Do not have other browser windows open at the same time you are banking online.
- Do not disclose personal information such as credit card and Social Security numbers unless you know whom you are dealing with, why they want this information and how they plan to use it.
- You should not ignore online bank accounts.
- You may never run into these problems, and your overall experience will probably be great. However, you now have an idea of what can go wrong when using these services.

CONCLUSION

It is concluded that Electronic banking, which is also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Increased use of mobile services and use of internet as a new distribution channel for banking transactions and international trading requires more attention towards e-banking security against fraudulent activities. The development and the increasing progress that is being experienced in the Information and Communication Technology have brought about a lot of changes in almost all facets of life. In the Banking Industry, it has been in the form of online banking, which is now replacing the traditional banking practice. Although it is proving boon to all sectors specially to all types of customers and financial sector but its growing use without awareness has also attracted many crimes and frauds. Through this paper, it is tried to discuss about growth of E-banking along with growing challenges of risk & Insecurity. Emphasis is given on awareness to be given to E-banking users and establishment of more security measures to avoid chances of misappropriation of funds and cyber crimes. Online banking has a lot of benefits which add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable the banks gain more competitive advantage over other competitors. This paper discusses some challenges in an emerging economy and benefits of E-banking.

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