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ASSESSMENT OF CUSTOMER HANDLING COMPETENCIES OF NIGERIAN EMPLOYEES

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Abstract

Service quality has become essential for the survival of service companies to attract and retain customers in the present day's fiercely competing business world. Competent employees are the key to deliver excellent quality services; this study mainly focuses on evaluation of customer handling competencies of Nigerian employees' which is an imperative to maximize customer satisfaction. Data for the study was collected through self administered questionnaires distributed to 300 customers and 500 employees of 50 companies in Nigeria. Collected data was analyzed using SPSS software package. The result shows that most employees working at the front desk service areas did not demonstrate most of the basic marketing competency indicators. As a result, most customers were not satisfied with the service provided by the Nigerian companies and ranked its service quality as poor. The research identifies basic competency deficiencies of Nigerian employees in handling customers' and has managerial implication of how to staff the work force with the skill needed to deliver quality service.

Key words

Customer handling/marketing competencies of frontline employees, elements of marketing competency, factors affect employees' competency, service delivery standards, customers' satisfaction.

INTRODUCTION

In the complex and dynamic present day's business environment, organization's survival is highly determined by its ability to attract and retain customers. Customers are attracted and remain loyal only if they are satisfied with the product or service offered by the company. Customers' satisfaction has a potential impact on profitability of an organization through repeat of purchase and as a source of new business through word of mouth. Satisfying customers requires effective delivery of quality services.

Service quality is the ability of the organization to meet or exceed customer expectations. The benefits of quality service include customer retention and loyalty, positive word-of-mouth to attract new customers, cost savings and increased revenues and profit. The pay-offs also relate to employees in terms of morale, satisfaction and retention to increase customer satisfaction. However, quality service delivery is affected by the human element of the delivery system. "Strong customer satisfaction and loyalty depends on the value they receive which in turn depends on the relationships between people within the firm and customers." (Doyle, 1995). "The attitude and behaviour of contact employees can influence customers' perceptions of the service quality" (Coggins, 2003).

Frontline employees are the first lines of contact in the organization and they are the main players to create the first and long lasting impression on the organization and project a positive image in the minds of customers. They are also capable of creating awareness, understanding and need among customers to use the organization's programs, products and services effectively to generate revenue. According to Lovelock and Wirtz (2004), competent employees play a crucial role to create satisfied and loyal customers. "They are the actors who appear front stage in the service drama when they serve customers. Elements of the drama can be related to the service

design and delivery, the setting (service scope, social and physical characteristics), scene (with script), performance (service delivery), cast of actors and actresses (service providers) and audience (customers)". Competency is more than just knowledge and skills. It involves the ability to meet complex demands, by drawing on and mobilizing psychosocial resources (including skills and attitudes) in a particular context. "Marketing competency involves the ability to meet complex demands, by drawing on and mobilizing psychosocial resources (including skills and attitudes) in a particular context." (Salganik et al., 2003) From the customers' point of view, as per the understanding of the researchers, frontline employees are: i.) Core part of the service (visible element of the service, deliver the service and significantly affect the service quality). ii.) The service firm (represents the service firm). iii.) The brand (frontline employees and the service are core part of the brand and the human element is the most important).

Competencies are observable behaviours, knowledge, skills, and abilities of marketing personnel to attract and retain customers by delivering quality service. Competent frontline employees are invaluable assets for any organization's survival in the dynamic and competitive environment.

In Nigerian corporate sector just like other parts of the world, there is also a high customers-employees contact in the service and product delivery areas of sales, installation and bill collection centers. These frontline employees are the main interface of these Ethiopian organizations that play crucial role to delight customers and serve as a key source of competitive advantage.

Literature review

Competency is defined as a required standard of skill, knowledge, ability or behavioural characteristics that an individual needs to perform his/her work successfully. It is a combination of several factors like motives, traits, self concepts, attitudes or values, skills and abilities all of which are required from an individual to function properly and satisfy the needs and interest of customers as well as achieve the objectives of the organization. The nature of competency is described in different literature as: "The behaviours, knowledge, and motivations that is required to be effective in a job" (Summers, 2004). "A standardized requirement for an individual to properly perform a specific job "(Wikipedia, 2007). Basically there are three level of competency requirement. i.) Organization-wide requirements in terms of the culture and the behaviours required at which the individual operate. ii.) Organization-specific requirements full understanding of the strategic requirements of the business and the requirements of the business as reflected in the strategic areas of competence. iii.) Job requirements in terms of personal competencies of both business professional and technical requirements.

Importance of Assessing Employees' Competency

Assessing the competency level of employees helps organizations to communicate desired behaviours, control costs and increase customer satisfaction. It can also serve as the foundation to hire, train and develop employees. It is necessary to continually assess the competency level of employees. i.) To ensure that employees in a particular job/occupation have the necessary skills abilities and attitude to perform the needed activities and achieve organizational objectives. ii.) Identify the skills employees possess as well as any gaps existing between actual and required skill levels and to close these gaps. Assessing the competency level of

employees help management to identify and close the gaps in individuals' capabilities for better customers' service. iii.) To identify current skill levels and the needs of training and development to meet skill requirements of a particular positions. iv.) To make necessary changes in the training curriculum based on the gap. According to the United states office of personnel Management (1999), the competency level of employees are used to integrate selection, training, appraisal and compensation. On the other hand competencies are used.

- i.) As a strategy to strengthen the link with organizational culture, results, and individual performance by emphasizing competencies that are needed across occupational specialties.
- ii.) As a tool to help describe work and what is required from employees in jobs in a broader, more comprehensive way to identify and close the gaps in individuals' capabilities and the requirement of the position.
- iii.) As a method to align individual and team performance with organization, vision, strategies, and the external environment (United States Office of Personnel Management, 1999).

The commonwealth of virginia identified the following six most important marketing skills and core competencies to be possessed by frontline service employees that help them to work towards profitability of their organization and provide quality service to satisfy customers and commonwealth of virginia, 2007). Understanding of the business results focus, customer service teamwork and cooperation interpersonal communication personal effectiveness. The BC public service, on the other hand, focuses only on the three competencies of result orientation, customer service and team working (BC public service, 2002).

METHODOLOGY

The main objective of the research was to assess the competencies of frontline employees at the high customers contact areas of Nigerian organizations. Due to the wide geographical coverage and large population of the study, the scope of the research was limited only to 50 Nigerian companies in both public and private sector also covered both manufacturing and service sectors. The population for the study includes both front desk employees and all types of customers of the corporations found in Nigeria. A random sampling technique was used to select sample employees and customers from the stratified population across fifty Nigerian companies. A self-administered questionnaire of both open ended and closed ended forms to collect the relevant data from 300 customers and 500 employees of 50 companies in Nigeria. Two types of questionnaires (for employees and for customers) were used to collect the necessary data from the selected sample employees and customers. The questionnaire for employees was structured around six marketing competence areas of business understanding, result orientation, customer service, team work, interpersonal communication and personal effectiveness. The questionnaire for customers was designed to collect data supplementary to the data collected from employees and data related to competency of employees that might not be directly answered by them. The collected data from both employees and customers were summarized, coded and manipulated by using SPSS software package. The data was analyzed and interpreted using the statistical tools of frequency tables, cross tabulation and descriptive frequencies (mean responses) to answer the research question and achieve the desired objectives.

Table 1. Analysis of selected Nigerian companies employees' competency factors

Marketing parameters	Positive		Totals	Negative			Totals
	always	frequently		occasionally	rarely	Never	
Business understanding	3.6	6.4	10.0	19.7	32.3	38	90.0
Result focus	5.7	7.3	13.0	17.1	42.4	27.5	87.0
Customer service orientation	6.5	9.2	15.7	15.1	36.7	32.5	84.3
Teamwork	9.0	9.2	18.2	15.8	30.5	35.5	81.8
Interpersonal communication	10.0	13.7	23.7	10.3	28.1	37.9	76.3
Personal effectiveness	41.5	34.1	75.6	13.4	6.2	4.8	24.4

Figures are in percentage



Table 2. Customer' overall evaluation of services quality provided by the Nigerian companies.

Types of customers	Overall evaluation of the quality of the services provided by the Nigerian companies					
	Very poor	Poor	good	Very good	Total	
Individual consumers	76	88	32	4	200	
Corporate customers	34	12	4	0	50	
Retailers	26	19	3	2	50	
Total	136	119	39	6	300	

RESULTS AND DISCUSSION

Customer handling competencies: All frontline employees competency was assessed using the basic marketing competency indicators of business understanding, result focus, customers' service orientation, teamwork, interpersonal communication and personal effectiveness. In analyzing the result, the responses of the first three measurements (never, rarely and occasionally demonstration of competency indicators) are deduced as negative and the other two measurements (frequently and always) are inferred as a positive response to the questions (Table 1).

Business understanding: Understanding organizational aspiration, technical and operational skills of the services, ability to solve work related problems and knowing where to obtain assistance were the key sub competency indicators asked under this competency. According to

the response of participants, the corporation's mission, objectives and goals is never (38%), rarely (32.3%) and occasionally (19.7%) understood by participants. The rest 6.4 and 3.6% of participants frequently and always understood the mission, objectives and goals of the corporation. From the above results it is clear that most frontline employees do not have a clear understanding of the company's mission, objectives and goals. Majority of them comment that they are not given awareness in training about the company's vision, mission and objectives.

Result focus: Under this competency indicator, participants are asked five questions regarding application of innovative ideas, timely performance of activities, working process improvement, prioritizing activities, achieving own performance target. The responses of participants show that they had never (27.5%), rarely (42.4%) and occasionally (17.1%) demonstrated result oriented competency and the remaining 7.3 and 5.7% frequently and always demonstrated expected level of result oriented competency. It is understandable from the above data that the majority frontline employees are less result oriented in delivering the service to customers.

Customers' service: Under this competency indicator, 15.7% of marketing employees frequently and always consider the needs and interest of customers while they deliver the service. The rest of them never (32.5%), rarely (36.7%) and occasionally (15.1%) consider the needs and interest of customers while delivering the customer oriented service. From the above results, it was apparent that Nigerian companies' front desk employees were not that much competent in delivering customer oriented service.

Team working: Under this competency indicator, the response of participant shows that they had never (42.5%), rarely (33.5%) and occasionally (15.8%) participate in a teamwork willingly and actively to achieve common goals. The rest of them frequently and always (8.2%) participate willingly and actively in teamwork. From the above result it is lucid that most Nigerian

companies' frontline employees don't exhibit the team work, cooperation and information and experience sharing while treating the customer.

Interpersonal communication: The result shows that 37.9, 28.1 and 10.3% of respondents never, rarely and occasionally maintained proper exchange of information with the remaining peers. Only the remaining 23.7% of the employees were willing to exchange communication with their co-employees. The above analysis shows that there was poor inter-personal communication among the most marketing personnel of the Nigerian companies.

Personal effectiveness: Under this competency factor, 4.8, 6.2 and 13.4% of frontline marketing employees of Nigerian companies replied that they had never, rarely and occasionally had observed some inconvenience to show personal effectiveness in tackling the customers. And more than 75% of Nigerian employees' confidently expressed their personal effectiveness at the time of customer tackling. From the data presented above, it is possible to say that most frontline employees are competent and personally effective.

Quality of the service and customers' satisfaction: As it is seen from Table 2, 255 customers out of 300 totally expressed their dissatisfaction about the services provided by the frontline employees of Nigerian companies' even though most of the employees have given positive opinion on their personal effectiveness. However, it is difficult to exactly associate the quality of service with the level of employees' competency since service quality encompasses many more factors external to the basic marketing indicators.

CONCLUSION

Measuring customer handling competency of frontline employees is not a simple task as it is difficult to identify which marketing capabilities leads to high performance of employees

especially in the developing country like Nigeria. There are so many factors beyond the basic marketing competencies that influence individual performance. However, it is possible to draw several conclusions from the findings of the study. The overall competency profiles show that majority of participants rarely and occasionally demonstrate most of the basic marketing or customer handling competency indicators and are not competent enough to deliver the full pledges of the service.

Based on the findings of the research and the changing conditions of Nigerian business environment, the following changes are required in handling the customers.

Staffing the service delivery position with appropriately skilled personnel (the right man at the right position) is the first method for ensuring competent marketing personnel to achieve the strategic objectives of quality service. The training departments of Nigerian companies should be focused on changing the training curriculum which is going to bring the competent knowledge, skills as well behavioural and attitudinal changes required to meet the present day's market situation. Customers' feedback is also an important input for the continuous improvement of the service delivery. Therefore, it is necessary to persistently collect the information from both the employees as well from the customers to get the frequent feedback about the service delivery and its system.

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JOB SATISFACTION IN MANAGEMENT FACULTIES OF A METROPOLITAN AND PROXIMATE AREA: A STUDY ON PRIVATE COLLEGES

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ABSTRACT

The concept of job satisfaction of faculty members has great relevance for effective and productive higher education system. The present study tries to examine the job satisfaction factors like financial, working

condition, supervision, geographic location, advancement opportunities, organizational prestige and gender for faculty members of 32 professional colleges in Delhi National Capital Region. Conceptual framework of the study was developed and the selected convenient sample size of 188 was determined after a pilot study done for 30 not included in the study. Questionnaire having five point Likert type scale, ranking questions, having a mix of qualitative as well as quantitative research design was employed. Cronbach's alpha was used as reliability statistics. Other statistical methods engaged to analyze the data were descriptive statistics, correlation matrix, chi square test and ranking of variables. The results of this empirical study show that there is a significant relationship between four factors while gender has no role to play vis-à-vis job satisfaction. Positive satisfaction levels with job were found among faculties and they would remain in their present jobs only if they have advancement opportunities closely followed by organizational prestige and financial factors.

Key words: Delhi-NCR, Faculty, Job Satisfaction, Private/Professional Colleges.

1. BACKGROUND

1.1. If finance is considered the lifeblood of the business, human resource can be aptly called the soul of business. With proven instances of organizations failing to retain high performers being often left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport, Bancroft, & Okum, 2003), it becomes imperative to understand the importance of factors which lead to employee retention and their job satisfaction. Moreover, with many experts believing that job satisfaction affects work productivity, work effort, employee absenteeism and staff turnover, it is not only an indicator of overall individual well-being (Diaz-Serrano and Cabral Vieira, 2005), but also a good predictor of intentions or decisions of employees to leave a job (Gazioglu and Tansel, 2002).

1.2. Though, various authors have investigated the concept of job satisfaction in various disciplines such as psychology, sociology, economics and management sciences, the primary reason for their interest in the concept has been the fact that work takes up a significant amount of a person's life, and an enhancement in an individual's overall satisfaction with his or her work life improves the overall well-being of the individual, the organization, and the society (Staples et al., 1998).

1.3. With turnover continuing to be a serious business predicament despite the vast literature aimed at identifying factors that cause employees to quit (Griffeth, Hom, & Gaertner, 2000), the concept of job satisfaction assumes significance not only for contemporary business scenario where employers are fighting to get talented employees in order to maintain a prosperous business but also for the sectors like education often plagued with acute shortage of qualified and competitive teaching work force. In teaching institutions, this may have even wider ramifications, with work like discontent getting translated into academic output, and ultimately influencing the morale and attitudes of the new recruits to the profession. (Madaan, 2008).

1.4. Thus, the job satisfaction levels of the faculties seem to have direct bearing on the institutional as well as the student development and an understanding of motivation, job satisfaction, retention and employee turnover aspects of the faculties would help policy makers as well as the other stakeholders understand a very important organ of the society responsible for future of the nation and generation.

1.5. With an apparent dearth of quality professionals in the market, education industry in India is fighting hard to have a well endowed, skilled and qualified faculty in their institutions. Additionally, whatever little the resources are at the disposal of the colleges in terms of the qualified faculty is drastically affected by the fact that these vital human resources are in perennial quest for greener pastures. Thus, the phenomenon is that the faculties are involved in constant job hopping, which even put a grass hopper to shame, especially so if we talk about the faculties in the opportunity abundant 'National Capital Region'.

1.6. Clearly, this disturbing trend is a lose-lose situation both for the colleges as well as the faculties and not to forget the students, who at the end of the day are the most vulnerable stakeholders in this whole affair with their future and career being at stake in this perpetual tussle. Compounding the situation further, there is an acute shortage of quality researches on the issue which leaves the stakeholders groping in the darkness and often resorting to 'trial and error' corrective mechanisms. Thus, even though the discontentment and dissatisfaction has lingered on the minds of the stakeholders, there has been little headway in terms of identification of plausible causes and their subsequent remedies. The key issues dealt in the study are the determinants of job satisfaction among faculty in the relative order of their impact and the constraints which lead to job dissatisfaction thereby leading to following objectives of the study:

- To understand the basic issues of job satisfaction leading to retention of employees in a particular organization.
- To identify factors which lead to retain the employees themselves in their present job?
- To find out various constraints which lead to job dissatisfaction among the faculties of Delhi NCR region?
- To make suitable suggestions for educational institutions in the region on the problem of employee retention and employee turnover avoidance.

2. REVIEW OF RELATED LITERATURE

2.1. Several studies have dealt with the issue of job satisfaction among faculties. Based on Herzberg's two factor theory, for job satisfaction of Malaysian faculty members it was found that major sources of job satisfaction for Malaysian faculty members are policy, administration, and salary (Wong and Heng, 2009). While educators in Southern Nigerian colleges were found to be most satisfied with work load followed by coworkers, supervision and promotion, they expressed high level of dissatisfaction with the present pay offered to them. (Akporfure et al, 2006)

2.2. Providing empirical evidence as to the job satisfaction levels of academics in North Cyprus and also to ascertain as to whether academic rank is a reliable predictor of their job satisfaction showed only a moderate level of overall job satisfaction. The job facets advancement, compensation, co-workers and variety were found to be statistically significant with academic rank indicating that academic rank affects the satisfaction associated with 4 out of the 20 facets of the academics' job examined. In general, it can be

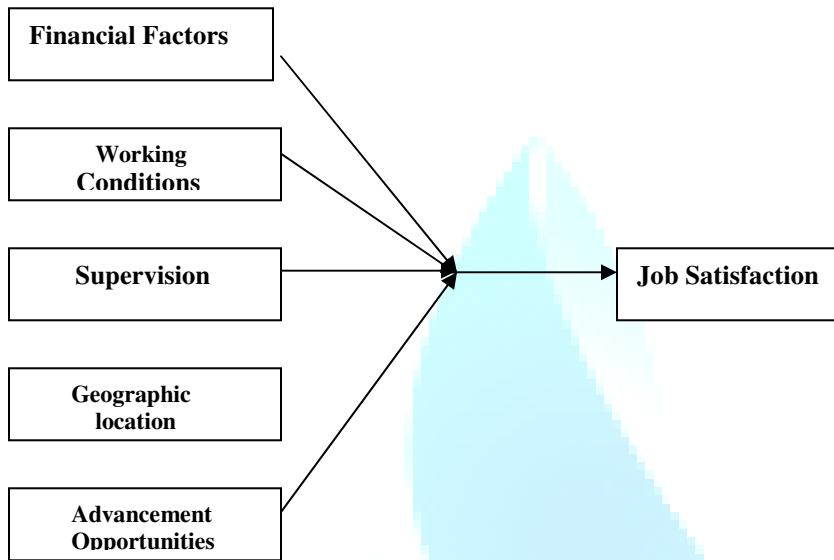
said that the results of this study indicated the extent of the low to moderate satisfaction levels that existed among academics in North Cyprus. (Eyupglu and Saner, 2009)

2.3. Castillo and Cano, (2004) in their descriptive study described the amount of variance in faculty member's overall level of job satisfaction explained by Herzberg, Mausner, and Snyderman's (1959) job motivator and hygiene factors faculty at the College of Food, Agricultural, and Environmental Sciences at The Ohio State University. The faculties were generally satisfied with their jobs. However, female faculty members were less satisfied than male faculty members. Bartel also is in the view that women report no higher job satisfaction. (Bartel, 1981) Negative relationship between job satisfaction and academic women was also reported, although only for women less than 35 years of age. (Sloane and Ward, 2001) There exists significant negative relationship between job stress and job satisfaction among academicians in a Malaysian University. (Ahsan et al, 2009)

2.4. Several studies have highlighted the consequences of job satisfaction among employees in different sectors. A study on managerial cadre of Indian Oil Corporation focuses on 11 parameters of job satisfaction and several of these parameters are mutually related. The results of the study show that job security, pay package, career advancement and promotions are the most decisive factors of job satisfaction. (Prakash and Bhati,2008) Attrition in BPOs happen due to reasons like lack of growth avenues, expectation mismatch, dissatisfaction with organizational policies, monotonous work, unusual working hours, stress and burnouts and the quest for better job profile etc.(Srikant and Tyagi,2007). A similar type of survey revealed the same factors and thus the identical results of high attrition rate in BPO Industry.(Gupta and Gupta,2008) Consequently, factors influencing satisfaction at work by Indian workers were career development opportunities and training which happen to be consistent with the top three global demands. (Business Standard, 2008)

3. CONCEPTUAL FRAMEWORK OF JOB SATISFACTION

3.1. An understanding of factors which lead to satisfaction of employees is extremely important. Previously, Herzberg et.al, (1959) highlighted achievement, recognition, work itself, responsibility, and advancement as the determinants of satisfaction and named them "the motivators" and the determinants of dissatisfaction (called the "hygienes") were found to be policy and administration, supervision, salary, interpersonal relations, working conditions. While some authors such as Padilla- Velez (1993) supported the motivator-hygiene theory in educational settings some of them (Steers and Porter, 1992; Bowen, 1980) have been voiced criticism on its application to the teacher educators.

Figure 1. DIAGRAM OF CONCEPTUAL FRAMEWORK

3.2. Based on objectives of our research and examination of previous literature, the concept of job satisfaction among the faculties of national capital region of Delhi is based on five factors, namely financial factors, organizational prestige, advancement opportunities, geographic factors and working condition. The authors have zeroed on to these factors after careful deliberation and consultation with the experienced faculty members.

3.3. The main construct included in the research model encircles job satisfaction which is shown in figure-- and according to Locke and Lathan's (1976) definition it can be defined as; "pleasurable or positive emotional state resulting from the appraisal of ones job or job experience. Job satisfaction is a result of employee's perception of how well their job provides those things that are viewed as important".

3.4. This study infers that there exists a relationship between the five factors, namely; financial factors, organizational prestige, advancement opportunities, geographic factors and working condition, and the overall job satisfaction. Based on the above discussions, statement of hypothesis is as follows:

- H1. There is no significant relationship between financial factors and job satisfaction.
- H2. There is no significant relationship between working conditions and job satisfaction.
- H3. There is no significant relationship between supervision and job satisfaction.
- H4. There is no significant relationship between geographic factors and job satisfaction.
- H5. There is no significant relationship between advancement opportunity and job satisfaction
- H6. There is no significant relationship between organizational prestige and job satisfaction.
- H7. There is no significant relationship between gender and job satisfaction.

4. METHODOLOGY

4.1. SAMPLE: The study intended to use primary data from a sample size of 200 faculty members teaching management, law, computer application subjects in professional colleges of Delhi NCR region, from Delhi, Ghaziabad, Noida, Gurgaon, Faridabad and Greater Noida regions. However, on account of inconsistencies 12 responses were rejected and only 188 responses were selected for analysis. Since it is difficult to ascertain the exact number of faculties in the region, convenient sampling is used. In all, out of the total 188 responses, 133 were males and 55 were females from 32 colleges.

4.2. Out of the total 188 respondents, majority of them were married (107 out of 188) while the remaining were single.

4.2. INSTRUMENTATION

4.2.1 RELIABILITY STATISTICS:

4.2.1.1 A pilot study with sample size 30 was conducted after discussions with senior faculty members and human resource experts (not included in the final study). The reliability coefficient for the factors were: financial, .657; working conditions, .745; supervision, .743; geographic location, .779; advancement opportunity, .812; organizational prestige, .794 and overall satisfaction, .712.

4.2.1.2 Agreeing with the recommendations of Churchill (1979) and Gerbing and Anderson (1988), reliability procedures for all reflective scales comprised the calculation of Cronbach's alphas. The values exceeding .7 threshold were deemed acceptable (Nunnally, 1978). The only exception is in the case of financial factors in which the use of low alpha .657 followed the Song and Parry's (1993) research standard. Table 2 details the study's reliability statistics. Thus constructs were deemed to have adequate reliability.

Table 1					
Sample Composition					
Gender	Age	No.		Marital Status	Number
Male	< 25 years	10		Married	
	25-30 years	76			73
	30-35 years	26			
	>35	21			
	Total	133			
Female	< 25 years	16		Married	
	25-30 years	26			34
	30-35 years	10			
	>35-40 years	3			
	Total	55			
Grand Total		188		Grand Total	188

4.2.1.3

4.3. PROCEDURE

4.3.1 Qualitative as well as quantitative research design has been employed in the present study, using questionnaire/interview method, having both the close ended as well as open ended questions. The first part of questionnaire consisted of close ended questions based on different variable related to job satisfaction among faculties. These were Financial Factors (FF), Working Conditions (WC), Supervision (SV), Geographic Location (GL), Advancement Opportunity (AO), Organizational Prestige (OP) and Overall Satisfaction (OS). It employed Likert type five point scales to collect the data ranging from 1(strongly disagree) to 5 (strongly agree).

4.3.2 The second part of the questionnaire comprised of ranking the different variable in the order of preference while the third part consisted of qualitative questions based on suggestions and changes in their present work. Additionally, last part of questionnaire sought the demographic details of the respondents. Measurement scales were adopted from previous studies and data was analyzed using SPSS software.

4.3.3 Various statistical methods have been employed to analyze the data. These methods include descriptive statistics, reliability statistics, correlation matrix, chi square test and ranking of variables

Reliability Statistics		
Factors	Cronbach's Alpha	N of Items
FF	.657	2
WC	.745	7
SV	.743	5
GL	.779	2
AO	.812	2
OP	.794	2
OS	.712	3

5. RESULTS

5.1 DESCRIPTIVE STATISTICS

5.1.1 In addition to the overall satisfaction experienced by the various faculty members, the descriptive statistics for the various factors like financial, working condition, supervision, geographic location, advancement opportunities, and the organizational prestige were calculated. Table 3 provides a summary of the means and standard deviations for the scores within each of the seven factors. Overall, respondents were most satisfied with geographic location ($M = 3.40$, $SD = 1.15$) and least satisfied with advancement opportunities ($M = 2.87$, $SD = 0.84$). While Serife Zihni Eyupoglu and Tulen Saner (2009) in their study in North Cyprus found that overall satisfaction of academics was 3.69 our findings suggest it to be 3.37 on a scale of 5.

Table 3

Descriptive Statistics

Factors	No.	Mean	Std. Deviation
OS	188	3.3750	.98
FF	188	2.9167	1.00
WC	188	3.0125	.75
SV	188	3.1639	.78
GL	188	3.4028	1.15
AO	188	2.8708	.84
OP	188	3.1181	1.20

5.2 CORRELATION ANALYSIS:

5.2.1 A correlation coefficient matrix using SPSS was developed to study the relationship between job satisfaction at workplace and factors like financial, working conditions, supervision, geographical location, advancement opportunities and organisational prestige. As the table 4 suggest there is a significant positive correlation between overall satisfaction and financial factors ($r = .361$), between overall satisfaction and working condition ($r = .521$), between overall satisfaction and supervision ($r = .249$) and between overall satisfaction and geographic location ($r = .331$).

Table 4								
Correlation Matrix								
Factors		OS	FF	WC	SV	GL	AO	OP
OS	r	1	.361**	.521**	.249**	.331**	.023	.073
	sig		.000	.000	.001	.000	.441	.302
FF	r	.361**	1	.311**	.147	.121	.183*	.150
	sig	.000		.000	.058	.112	.020	.527
WC	r	.521**	.311**	1	.413**	.202**	-.062	.044
	sig	.000	.000		.003	.010	.431	.570
SV	r	.249**	.147	.413**	1	.298**	.167*	.121
	sig	.001	.058	.003		.000	.034	.160
GL	r	.331**	.121	.202**	.298**	1	.254**	.038
	sig	.000	.112	.010	.000		.001	.451
AO	r	.023	.183*	-.062	.167*	.254**	1	.105
	sig	.441	.020	.431	.034	.001		.180
OP	r	.073	.150	.044	.121	.038	.105	1
	sig	.302	.527	.570	.160	.451	.180	

OS- Overall Satisfaction; FF- Financial Factors; WC- Working Conditions; SV- Supervision; GL- Geographical Location;

AO- Advancement Opportunity; OP- Organization Prestige **Correlation Significant at 5% *Correlation Significant at 1%

5.3. RANKING OF FACTORS LEADING TO RETENTION IN PRESENT JOB

5.3.1 Testing the relative importance of various factors towards the employee retention it came to fore that employees primarily rate advancement opportunities in their careers as the main consideration. Surprisingly, organizational prestige was the second most important consideration for the faculty members closely followed by financial factors. However, factors such as working conditions and geographical location obtained the bottom consideration clearly highlighting the inherent long term growth approach being the primary consideration and also a fact that location can not be a binding factor for majority of the faculty members.

5.3.2 However, it must be understood that the difference between the various factors in terms of their relative importance was is minimal which indicates that there is no clear demarcation of one being out rightly preferred and that all the factors re somehow important to the faculty members in the various Institutions.

Table 5

Rank	Factor	%
1.	Advancement Opportunity	21.30
	Organizational Prestige	16.40
3.	Financial Factors	16.18
4.	Supervision	15.67
5.	Working Conditions	15.67
6.	Geographic location	14.79

5.4. RANKING OF FACTORS WHICH WOULD LIKELY LEAD TO ATTRITION OF EMPLOYEES FROM THE PRESENT JOB

5.4.1 Interestingly the research also tried to find out what are the factors which would most likely compel the faculties to leave their present jobs. Advancement opportunities tops the ranks at 18.56% followed by organizational prestige at 17.28%, and financial factors startlingly come at third rank (16.91%). Bottom of the list consists of supervision, working condition and geographic location at 16.08%, 15.72% and 15.44% respectively.

5.4.2 The research indicates that employees are not too happy with the current advancement opportunities provided to them and rate it as the primary factor which could lead to their departure from the current organization.

5.5. HYPOTHESIS TESTING

Table 6		
Rank	Factor	%
1.	Advancement Opportunity	18.56
2.	Organisational Prestige	17.28
3.	Financial Factors	16.91
4.	Supervision	16.08
5.	Working Conditions	15.72
6.	Geographic location	15.44

5.5.1. Hypothesis 1: There is no significant relationship between financial factor and job satisfaction.

Chi square test was used to measure the significance of financial factors of faculty members in relation to overall job satisfaction which was found to be 4.8 at .05 level of significance. The null hypothesis thus proposed was rejected for this factor which indicates that faculty members definitely associate financial factors with their overall job satisfaction. This finding is consistent with Akafure et.al (2006) who observed that financial factors do affect the overall satisfaction

5.5.2. Hypothesis 2: There is no significant relationship between working conditions and job satisfaction.

Calculated Chi-square value for testing the significance of various working condition factors of faculty members in relation to overall job satisfaction was 8.72 at .05 level of significance. The null hypothesis thus proposed was rejected. This finding seems consistent with Oshagbemi (2000) who reported that the level of job satisfaction to some extent depended on peers' behavior.

Table- 7 : Chi Square Difference Tests for Survey Group

Variables	Responses		
	Chi Square Value	Level of significance	Accepted/Rejected
Financial Factors v/s Overall Satisfaction	4.8	.05	Rejected
Working Conditions v/s Overall Satisfaction	8.72	.05	Rejected
Supervision v/s Overall Satisfaction	7.41	.05	Rejected
Geographic location v/s Overall Satisfaction	5.08	.05	Rejected
Advancement opportunities v/s Overall Satisfaction	1.32	.05	Accepted
Organizational Prestige v/s Overall Satisfaction	.122	.05	Accepted
Gender v/s Overall Satisfaction	.497	.05	Accepted

5.5.3. Hypothesis 3: There is no significant relationship between supervision and job satisfaction.

The results of this study show an association between supervision in relation to overall job satisfaction. So as significant differences are noted in the faculty member's responses for the factors, the null hypothesis is rejected at 7.41 value for Chi Square at .05 level of significance.

5.5.4. Hypothesis 4: There is no significant relationship between geographic factors and job satisfaction.

A significant statistical difference between geographical location and overall job satisfaction of faculty members was found for this factor. Based on results of the study it can be obviously concluded that majority of people prefer working in NCR, and it did contribute to their overall satisfaction. At significance level of .05, calculated chi square value was 5.08 which meant the null hypothesis that there is no significant relationship between geographic factors and job satisfaction was rejected.

5.5.5. Hypothesis 5: There is no significant relationship between advancement opportunity and job satisfaction.

An inspection of table 7 reveals no significant difference in advancement opportunity factors with overall satisfaction among the faculty groups. The chi square value of 1.32 at .05 level of significance illustrate that there is no significant differences produced for this factor. Thus, the null hypothesis is accepted indicating that there is no significant relationship between advancement opportunity and job satisfaction.

5.5.6. Hypothesis 6: There is significant no relationship between organizational Prestige and job satisfaction.

As the value of the chi square determination at .122 and .05 level of significance reveals that there is no significant difference between organizational prestige and overall satisfaction of the faculty members.

5.5.7. Hypothesis 7: There is no significant relationship between gender and job satisfaction.

Surprisingly, the examination of table 7 reveals no significant difference in gender as a factor with overall satisfaction among the faculty groups. The chi square value of .497 at .05 level of significance illustrate that there is no significant differences produced for the factors, thus the null hypothesis is accepted for those factors.

6. DISCUSSION AND CONCLUSION

6.1 In this study five core job factors were studies, namely financial, working condition, supervision, geographic location, advancement opportunities, organizational prestige and overall satisfaction. The relationship of these factors was established with job satisfaction of the faculties. An association was found to exist between the first four factors with overall job satisfaction. An important finding which emerged from the study was that gender has no role to play in overall job satisfactions of the faculties, which is inconsistent with the findings of Bartel, (Bartel, 1981) and Sloane et al. (Sloane and Ward, 2001)

6.2 Means and standard deviations for the scores within each of the seven showed that faculties were most satisfied with geographic location and least satisfied with advancement opportunities. It implies that though the colleges do not have to work on the issue of the geographic location, but they have to pay a great amount heed to the issue of advancement opportunities, which can be a cause of discontent among the respondents. Faculty members not surprisingly are less satisfied with the financial factors also, thus the salary structure should be improved and timely payment of the same should be ensured. The positive thing which has come to fore in the study is that in overall terms, faculties of NCR region are satisfied.

6.3 There was found to be significant relationship between overall satisfaction with, factors like financial, working condition, supervision and geographic location. There exist, astonishingly no association between overall job satisfaction and advancement opportunities, which implies that this very important factor has no bearing on the satisfaction levels of the faculties. They rather pay more heed to factors like financial, working condition, supervision and geographic location. These findings are supported in the correlation matrix as well as the chi square test.

6.4 The major implication of the study on the employees (faculty) was to know possible causes of discontent among them and factors affecting their job satisfaction thereof. In this direction the major cause of disgruntlement was found to be advancement opportunity, followed by organizational prestige and financial factors, and these factors must be kept in mind by the college administrations as these very factors are indicated by the respondents as aspects which are retaining them in their present job.

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TRAININING CONSTRAINTS & OBSTACLES: A STUDY OF INDIAN AUTOMOBILE INDUSTRIES

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ABSTRACT

Continuous investment in job-related training for employees is essential for ensuring the long-term economic growth of organizations in today's global economy. However, each of the employees who want or need the training can't access it. The purpose of this paper is to present finding on employees' perspective regarding training hurdles that impede the employees in gaining the benefits of training and the constraints that are minimizing the benefits of training in automobile industries. Data were collected through structured questionnaires, unstructured checklists and review of documents from the websites. Despite a well designed training program, the findings established that much importance was assigned to skill development in comparison to personal development and major constraints included inadequate and poor allocation of training funds, unfriendly training environment, unsuitable training venue and uncertain standards for trainees' up-gradation in the automobile industry. Furthermore the results show that training and development is not motivating the employees in order to determine the benefits it could bring to the industry. From these findings it is recommended that current training program needs to be re-analyzed and improved in order to promote efficacy as well as profitable implementation of training plans.

KEY WORDS: Benefits, Budget, Constraints, Designing, Motivation, Perspective.

1. INTRODUCTION

Organizations spend significant amounts of money on training of employees. Training is conducted in organizations normally for two objectives. The first objective is to ensure that

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employees perform their current jobs effectively and efficiently. The second objective is to prepare employees to be able to carry on future projects and responsibilities. Often organizations assure to an immensely popular but rarely admitted erroneous belief for training, that training is not as natural as any other activity performed by the organization and its workforce for their survival and growth. They tend to look at the training and development department as a bunch of supercilious & arrogant idealists, far removed from the grime and rut of their daily operational survival. But after going through all these efforts mostly the attempt is just a failure and only due to some constraints, some limitations in pre-training preparation and post- training evaluation.

According to Mathis and Jackson (1998) training can be defined as a learning process in which people acquire knowledge (K), skills(S), attitudes (A), and experience (E) that they need in order to execute their jobs well for the accomplishment of organizational and personal goals. Training is a systematic designing of methods and types so as to facilitate an individual or group to learn predetermined knowledge and processes against predetermined objectives and apply it to a required standard. The extent to which organizations support employee's training and development indeed alter, and that variability leads towards the interest of organizations for providing training to their employees. Based upon the findings of the study, the researcher analyzed that big companies are not satisfied with their own HR in Training services. Some constraints of organizers, trainers, and trainees are limiting the effect of training regardless of how much the company values it. If policies and practices are to be developed to improve the efficacy, effectiveness and access, then it is necessary to understand the barriers and the employees who are experiencing them.

As per the findings of Cross (1981) mainly three types of barriers have been identified: Situational, Institutional, and Dispositional. Situational Barriers arise from one's situation like being too busy at work, financial constraints, family responsibilities, and health problems etc. Institutional Barriers contains discouraged participation, non-established practices and procedures, high tuition fees, inconvenient time and venue etc. Dispositional barriers include attitude and opinion towards learning as well as perception of learner.

As per the study of P. Mohnen, F.C. Palm, S. Schim van der Loeff and A. Tiwari (2008) Major constraints of training includes:

- Financial Constraints
- Costs too high
- Economic Uncertainty
- Shortage of Personnel
- Shortage of Knowledge
- Organizational Rigidities
- Market Uncertainty
- Regulations etc.

2. LITERATURE REVIEW

Training is an activity that changes employee's behavior. To increase the productivity and modify the behavior is often said to be the most important reason for training. But it is only one

of the benefits. Jackson and Schuler (2000) referred training as the act of improving competencies needed today or in the upcoming time while development refers to improving competencies over the long term. Training is required not only to increase productivity but also to motivate and inspire workers by letting them to distinguish the importance of their jobs and giving them all the information they need to perform those jobs (Anonymous, 1998).

Rosner (1999) found that training can be a great investment and training can be a waste of money after interviewing Brandt Sakakeeny, training industry analyst for Solomon Smith Barney. Training is certainly a waste of money when the desired behavior does not occur. Gupta (1999) acknowledges that not all performance problems can be addressed by training. In many cases, non-training interventions are necessary. The answer to the problem is to identify the problems that can attribute to training deficiencies and, once that is accomplished, to insure that the right training is implemented. Bartram and Gibson (2000), in their Training Needs Analysis Toolkit agree that without the right training, employees can be organization's biggest liability but if trained effectively, they can become the biggest asset. Rosner (1999) adds another ingredient for success – support after training. He states, "The most effective programs train workers in new behaviors and then train managers to support employees as they apply learning daily. Support and endorsement from management can greatly enhance training results.

As per the study of National Development and Reform Commission (NDRC), automobile sector in India is employing around 10 million employees and its employment is growing continuously. With this rapid expansion and coming up of major players in this sector, the focus is more on the skilled and trained employees. The companies are looking for skilled, knowledgeable and hard working people who can deliver their best to the organization. Lots of companies are opening training institutes to train interested people in this sector, like Toyota had opened Toyota Technical Training Institute (TTTI) near Bangalore.

Matthews (2004) argues that training is concerned with and related to providing opportunity to the individual to learn what they need in order to do their job more effectively. As per the study of Singh and Vinnicombe (2003) training is considered to be a process of enhancing an employee's capacity to handle greater responsibilities successfully.

3. OBJECTIVES OF THE STUDY

The review of literature provides the deep insight of the work done by the experts and researcher on various aspects of Training and Development. The maximum researchers have done their work on Training Need Identification and Training Assessment. Only a few studies have been taken up to know the constraints management is facing in maximizing the benefits of training in automobile industries. So the study is related to answer the questions regarding the constraints that may adversely affect training efficacy, and suggestions to overcome these limitations. After reviewing the above mentioned studies, the following objectives are taken for the present study. The objectives are as follows:

1. To study the employee perspective related to constraints of training program that may adversely affect the training efficacy.
2. To study the effect of demographic profiles- Personal as well as Professional on above mentioned employee perspective.

4. SAMPLE & PROCEDURE

This study's participants were from automobile industries. All the automobile industries spend a considerable amount in term of time and money for the training of employees due to cut throat competition in this industry. Survey recipients were identified by the researcher and by human resource department. The sample size was taken as 200. A total of 38 refused to participate and another 14 questionnaires were discarded because the employees failed to complete them properly. The effective sample size was thus 148. The valid response rate was 74% (or 148 completed surveys). Most of the final samples were below 30 years of age (48%), 79% were male, 65% were technically or professionally qualified, 64% were married, 64% were from operative level, 36% were having experience below 5 years, 74% were on the same position from less than 5 years, and 70% were in the same organization from less than 5 years. In the present study, responses from respondents were collected, coded and tabulated in SPSS 13.0. For analyzing the data both simple and advanced statistical tools have been used. Advanced tools like Factor Analysis, multiple variance analysis, K Independent samples tests were used. The confidence level was taken as 95% (or 5% level of significance).

5. DATA ANALYSIS

Data analysis was done through factor analysis because the researcher had 16 variables in the questionnaire for the research. Further analysis was done through Non-parametric K-Independent Sample Test to determine whether the factors were influenced by various demographic profiles of employees. Significance value less than 0.05 indicated the existence of some relationship between the independent (demographic variable) and dependent variables (factors). In depth analysis was done through Post hoc Analysis by Multiple Comparisons using LSD Method.

Factor Analysis of Variables: The KMO value found (0.833) is indicative of a data set considered to be highly desirable for factor analysis. The result of Bartlett's sphericity test (Approx. Chi-square 3885.888, df 120, p 0.000) implies that the data are approximately multivariate normal and acceptable for factor analysis. In factor analysis, a rotation procedure is commonly applied which maximizes the correlations of item on a factor. Principal Component analysis was used for extracting factors and five factors were retained depending on Eigen values and variance explained. The solution of factor analysis gave five factors, which explained 76.522% of the total variance. The results were obtained through orthogonal rotations with Varimax method and all the factor loadings greater than 0.40 were retained.

Naming of Factors: **5.1** **Table 1** clearly depicts that Factor 1 is linear combination of variable number 7, 5, 2, 14, 13, 11 and 1 ($\alpha=0.900$). Factor 2 is linear combination of variable number 16, 4, 6, and 8 ($\alpha=0.701$). Factor 3 is linear combination of variable number 15 and 10 ($\alpha=0.645$). Factor 4 is the linear combination of variable number 12 and 9 ($\alpha=0.579$). The fifth factor contains only one variable i.e. 3 so cronbach alpha value couldn't be calculated. All the factors have been given appropriate names according to the variables that have been loaded on each factor.

F1: Stumbling Blocks of Training: The rotated matrix has revealed that respondents have perceived this factor to be the most important factor containing major constraints that should get

proper consideration from management. This factor contributes the highest explained variance of 29.962 %. Seven out of sixteen training types load on significantly to this factor. Researcher has named this factor as Stumbling Blocks of Training as it includes unclear training objectives, disinterest shown by management, unfriendly presentation methods, duplication of program, high work pressure, high training cost and no linkage between training and further promotions.

F2: Improper Designing of Training: It has been revealed to be the second most important factor with explained variance of 16.026 %. This is the second major factor loading four types of training constraints that management should remove to increase the effectiveness of training. Unsuitable venue, lack of information for participation, incompetent trainer and inadequacy of physical facilities for training were the variables loaded on this factor.

F3: Ill-assorted Facilitation: This is the next important factor, which accounts for 12.716% of the variance. Two types of constraints were loaded on to this factor. Unsuitable training timing and date and larger trainee's group size were two constraints loaded on this factor.

F4: Dispiritedness: This is the second last factor and two variables loaded on this factor account for 10.472% of the variance. Longer duration of training program and lack of competitive spirit of trainees were two variables of this factor.

F5: Budget Shortage: This is the last factor and only one variable is loaded on it and i.e. budget shortage as the constraint for effective training and accounts 7.345% of variance.

PERSONAL PROFILE

5.2 Table 2 (Non Parametric - K independent samples test between Factors vs. Age) depicts that represents that factor 2, 4, and 5 has no influence of age i.e. people from all age group perceived these factors as same. But Factor 1 and 3 have sig. value less than .05 so people from all age groups don't perceive these factors as same. Respondents differed significantly on the basis of Stumbling Blocks of Training and Ill-assorted Facilitation. In depth analysis is done through post hoc test.

5.3 Table 3 (Post hoc analysis: Multiple Comparisons using LSD Method between-Independent Variable: Age/ Dépendent Variable: Stumbling Blocks of Training, Ill-assorted facilitation) revealed that respondents of age up to 30 years differ significantly from other category people for the factor stumbling blocks of training. Positive mean difference marked that these people (age up to 30 years) are more concerned regarding stumbling blocks of training factor than other category people. This category indicated that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees and high training cost should be lowered, proper linkage should be maintained between training and further promotions to maximize the effects of training. For the factor Ill-assorted Facilitation of training employees above 45 years age group have different perspective than other two age groups. As this factor includes variables Unsuitable training timing and date and larger trainee's group size, so management should arrange training on appropriate time and date and trainee's group size should be small so that proper interaction could be maintained.

5.4 Table 4 (Non Parametric - K independent samples test between Factors vs. Gender) represents that all factors have significance value more than .05 means both genders perceived all the factors to be same.

5.5 Table 5 (Non Parametric - K independent samples test between Factors vs. Qualification) represents that factor 4 has no influence of qualification i.e. all employees perceived these factors as same. But Factor 1, 2, 3, and 5 have sig. value less than .05 so employees of both qualification groups don't perceive these factors as same. Respondents differed significantly on the basis of Stumbling Blocks of Training, Improper Designing of Training, Ill-assorted Facilitation and Budget Shortage. In depth analysis is done through Descriptive compare mean.

5.6 Table 6 (Descriptive Mean - Independent Variable: Qualification/ Dependent variable: Stumbling Blocks of Training, Improper Designing of Training, Ill-assorted facilitation and Budget Shortage) represents the mean score of Stumbling Blocks of Training and Ill-assorted Facilitation of training for general qualification group was -.589 and -.260 respectively and for tech./professional qualified group is .338 and .149 respectively. The positive mean denoted that G2 are more concerned for stumbling blocks of training factor and Ill-assorted facilitation of training than other category people. This category indicated that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees and high training cost should be lowered, proper linkage should be maintained between training and further promotions and training time and date should be appropriate and trainee's group size should be small to maximize the effects of training.

The mean score of Improper Designing of training and Budget Shortage for training for G1 was .154 and .111 respectively and for G2 it was -.088 and -.064 respectively. The positive mean denoted that G1 are more concerned for Improper designing of training and budget shortage than G2. This group had emphasized that management should remove training constraints like budget shortage, unsuitable venue, and lack of information for participation, incompetent trainer and inadequacy of physical facilities for training to increase the effectiveness of training.

5.7 Table 7 (Non Parametric - K independent samples test between Factors vs. Marital Status) analyzed that factor 2, 3, 4, and 5 have no influence of marital status i.e. people whether married and unmarried perceived these factors as same. But Factor 1 has value less than .05 so people from both marital statuses don't perceive this factor as same. Respondents differ significantly on the basis of Stumbling Blocks of Training. In depth analysis is done through Descriptive compare mean.

5.8 Table 8 (Descriptive Mean - Independent Variable: Marital Status/ Dependent variable: Stumbling Blocks of Training) the mean score of stumbling blocks of training for married employees was -.115 and for unmarried employees it was .228. The positive value of unmarried employees emphasized that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees should be lowered, and proper linkage should be maintained between training and further promotions to increase the satisfaction of employees for training.

PROFESSIONAL PROFILE

5.9 Table 9 (Non Parametric - K independent samples test between Factors vs. Cadre) represented that factor 1, 3, and 5 have no influence of cadre i.e. employees of all positions perceived these factors as same. But Factor 2 and 4 have sig. value less than .05 so people from all hierarchies don't perceive these factors as same. Respondents differed significantly on the basis of improper designing of training and dispiritedness .In depth analysis is done through post hoc test.

5.10 Table 10 (Post hoc Analysis: Multiple Comparisons using LSD Method between-Independent Variable: Cadre/ Dépendent Variable: Improper Designing of Training and Dispiritedness) revealed that respondents of middle level differ significantly from other cadre employees for the factor Improper Designing of training. These gave more emphasis to the removal of constraints like unsuitable venue, lack of information for participation, incompetent trainer and inadequacy of physical facilities for training.

The mean difference for dispiritedness differs significantly for top level employees. They perceived that by removing the constraint like longer duration of training program and lack of competitive spirit of trainees, management could maximize the effectiveness of training.

5.11 Table 11 (Non Parametric - K independent samples test between Factors vs. Total Experience) depicted that factor 2, 3, 4, and 5 have no influence of experience i.e. employees with all experiences perceived these factors as same. But Factor 1 has sig. value less than .05 so people from all experience groups don't perceive this factor as same. Respondents differed significantly on the basis of stumbling blocks of training. In depth analysis is done through post hoc test.

5.12 Table 12 (Post hoc Analysis: Multiple Comparisons using LSD Method between-Independent Variable: Total Experience/ Dépendent Variable: Stumbling Blocks of Training) revealed that respondents having experience below 5 years differ significantly from other category people for the factor Stumbling Blocks of Training. Positive mean difference marked that these employees (below 5 years of experience) emphasized that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees should be lowered, and proper linkage should be maintained between training and further promotions to increase the efficiency and motivation of employees.

5.13 Table 13 (Non Parametric - K independent samples test between Factors vs. Experience on present Position) represented that factor 2, 3, and 4 have no influence of various experiences on present position i.e. employees with all experiences on present position perceived these factors as same. But Factor 1 and 5 have sig. value less than .05 so people from all experience groups don't perceive these factors as same. Respondents differed significantly on the basis of stumbling blocks of training and Budget Shortage. In depth analysis is done through post hoc test.

5.14 Table 14 (Post hoc Analysis: Multiple Comparisons using LSD Method between-Independent Variable: Experience on present position/ Dépendent Variable: Stumbling Blocks of Training, Budget Shortage) revealed that respondents having experience below 5

years on present position differ significantly from other category people for the factor Stumbling Blocks of Training. Positive mean difference marked that these employees (below 5 years of experience on present position) emphasized that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees should be lowered, and proper linkage should be maintained between training and further promotions to increase the satisfaction of employees for training.

The positive mean difference of employees having experience between 5-10 years on present position explains that this group differs significantly from other categories for the factor budget shortage. These employees (Employees with 5-10 years of experience on present position) pressurized that organizations must concentrate on the budget of training. It is too low to deliver a perfect training.

5.15 Table 15 (Non Parametric - K independent samples test between Factors vs. Experience in Present Organization) analyzed that factor 2, 3, and 5 have no influence of various experiences in present organization i.e. employees with all experiences in present organization perceived these factors as same. But Factor 1 and 5 have sig. value less than .05 so people from all experience groups in present organization don't perceive these factors as same. Respondents differed significantly on the basis of stumbling blocks of training and dispiritedness. In depth analysis is done through post hoc test.

5.16 Table 16 (Post hoc Analysis: Multiple Comparisons using LSD Method between-Independent Variable: Experience in present organization/ Dépendent Variable: Stumbling Blocks of Training and Dispiritedness) revealed that respondents having experience below 5 years differ in present organization significantly from other category people for the factor Stumbling Blocks of Training. Positive mean difference marked that these employees (below 5 years of experience in present organization) emphasized that objectives of training should be clear, management should be interested, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees should be lowered, and proper linkage should be maintained between training and further promotions to increase the satisfaction of employees for training.

The positive mean difference of employees having experience between 10-15 years in present organization explains that this group differs significantly from other categories for the factor dispiritedness. These employees (Employees with 10-15 years of experience in present organization) perceived that by removing the constraint like longer duration of training program and lack of competitive spirit of trainees, management could maximize the effectiveness of training.

6. CONCLUSION

In this paper we have analyzed the various training hurdles, their nature and the degree of effectiveness. The major constraints were reported related to ambiguous criteria of sponsoring employees for training and ineffective & inferior presentation methods adopted by the trainer. Other reported constraints were disinterest of management and trainees, training were considered problematic due to increase in responsibilities and work load of employees. These problems affected the vast majority of staff regardless of their position or age. The younger employees

voted that objectives of training should be clear, management should be interested in conducting training, friendly presentation methods of training should be used, duplication should be aborted, high work pressure of employees and high training cost should be lowered, proper linkage should be maintained between training and further promotions to maximize the effects of training. Improper designing of training was reportedly the biggest constraints from view point of top level employees. They perceived that inadequate training objectives & training facilities, repetition of training, and unsuitable time and venue were the major hurdles in training effectiveness. Dispiritedness was the major concern for the upper age group employees. They felt that management was not encouraging and motivating employees regarding training objectives and importance. Maximum staff spoke of a 'Cinderella effect', whereby they perceived that training budgets were allocated and so were often forgotten. They also believed that their managers knew too little about their area of work to make informed decisions about their training needs.

7. SUGGESTIONS

The results of this study hopefully will help researchers, businesses and managers/trainers to better understand the perspective of employees that what are the major areas of training that need more concentration to get the best out of the program. To enhance effective improvement of the training programs, it's important to:

- Developing a more effective and uniform TNA exercise that aims to improve the level of efficiency of training function and ultimately develop clarity in scope and objectives of training.
- Encouraging the employees for participation in training.
- Prioritizing the issues of increasing employee capacity, by allocating adequate training style and budget.
- Implementing training functions transparently, openly and involvement of every individual in determining the needs of training.
- Deciding the training timing and venue according to the suitability of trainees.
- Proper emphasis and concentration on quality of trainer and presentation methods.

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9. ANNEXURE

Table 1: Factor Analysis of variables

F. No.	Name of Dimension	Variable	Factor Loading	Cronbach Alpha
F1	Stumbling Blocks of Training	7. Ineffective and unfriendly training presentation methods.	.882	.900
		5. Disinterest shown by the responsible person	.796	
		2. Lack of objective clarity for imparting training	.784	
		14. Duplication of training programs.	.771	
		13. High work pressure in the present positions.	.741	
		11. No linkage between training and further promotions.	.733	
		1. High training cost with limited returns on investment	.489	
F2	Improper Designing of Training	16. Unsuitable training venue.	.782	.701
		4. Lack of information on possible participation in training	.754	
		6. Standard of trainers is/are not up to mark	.678	
		8. Inadequacy of physical facilities (temp, light, noise etc.)	.580	
F3	Ill-assorted Facilitation	15. Unsuitable training date and timings.	.783	.645
		10. Large group size of trainees in the programs.	.692	
F4	Dispiritedness	12. Lack of competitive spirit in the trainees.	.836	.579
		9. Longer duration of training programs.	.603	
F5	Budget Shortage	3. Budget shortage for training function.	.907	

Table 2: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Age

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	29.062	2	.000
F2	Improper Designing of Training	1.144	2	.564
F3	Ill-assorted Facilitation	6.061	2	.048
F4	Dispiritedness	4.424	2	.110
F5	Budget Shortage	2.744	2	.254

Table 3: Multiple Comparisons using LSD Method between- Independent Variable: Age vs. Dépendent Variable: Stumbling Blocks of Training, Ill-assorted Facilitation.

Dependent Variable	(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Stumbling Blocks of Training	Upto 30yrs	31-45 yrs.	.27462973(*)	.10652560	.010	.0651918	.4840677
		Above 45yrs	.86138779(*)	.13723987	.000	.5915631	1.1312125
	31-45 yrs.	Upto 30yrs	-.27462973(*)	.10652560	.010	-.4840677	-.0651918
		Above 45yrs	.58675806(*)	.14197718	.000	.3076194	.8658967
	Above 45yrs	Upto 30yrs	-.86138779(*)	.13723987	.000	-1.1312125	-.5915631
		31-45 yrs.	-.58675806(*)	.14197718	.000	-.8658967	-.3076194
Ill-assorted Facilitation	Upto 30yrs	31-45 yrs.	.02238151	.11087453	.840	-.1956068	.2403698
		Above 45yrs	-.33474103(*)	.14284272	.020	-.6155814	-.0539006
	31-45 yrs.	Upto 30yrs	-.02238151	.11087453	.840	-.2403698	.1956068
		Above 45yrs	-.35712254(*)	.14777344	.016	-.6476571	-.0665880
	Above 45yrs	Upto 30yrs	.33474103(*)	.14284272	.020	.0539006	.6155814

		31-45 yrs.	.35712254(*)	.14777344	.016	.0665880	.6476571
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* The mean difference is significant at the .05 level.

Table 4: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Gender

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	.612	1	.434
F2	Improper Designing of Training	.473	1	.492
F3	Ill-assorted Facilitation	1.509	1	.219
F4	Dispiritedness	.632	1	.427
F5	Budget Shortage	2.597	1	.107

Table 5: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Qualification

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	82.600	1	.000
F2	Improper Designing of Training	11.570	1	.001
F3	Ill-assorted Facilitation	14.220	1	.000
F4	Dispiritedness	.835	1	.361
F5	Budget Shortage	5.169	1	.023

Table 6: Descriptive Mean of Stumbling Blocks of Training, Improper Designing of Training, Ill-assorted Facilitation, and Budget Shortage.

	Qualification	Stumbling Blocks of Training	Improper Designing of Training	Ill-assorted Facilitation	Budget Shortage
G1	General	-.5898581	.1541293	-.2600218	.1118963
G2	Tech./ Professional	.3387538	-.0885160	.1493298	-.0642617

Table 7: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Marital status

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	7.992	1	.005
F2	Improper Designing of Training	.282	1	.595
F3	Ill-assorted Facilitation	.567	1	.452
F4	Dispiritedness	.038	1	.844
F5	Budget Shortage	.922	1	.337

Table 8: Descriptive Mean of Stumbling Blocks of Training.

Qualification	Stumbling Blocks of Training
Married	-1158984
Unmarried	.2282846

Table 9: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Cadre

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	3.068	2	.216
F2	Improper Designing of Training	8.485	2	.014
F3	Ill-assorted Facilitation	1.335	2	.513
F4	Dispiritedness	7.644	2	.022
F5	Budget Shortage	.640	2	.726

Table 10: Multiple Comparisons using LSD Method between- Independent Variable: Cadre vs. Dépendent Variable: Improper Designing of Training and Dispiritedness.

Dependent Variable	(I) cadre	(J) cadre	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval

						Lower Bound	Upper Bound
Improper Designing of Training	top	middle	-.31889086	.19203052	.098	-.6964384	.0586567
		operative	.02571761	.17895380	.886	-.3261201	.3775553
	middle	top	.31889086	.19203052	.098	-.0586567	.6964384
		operative	.34460847(*)	.11326466	.003	.1219210	.5672960
	operative	top	-.02571761	.17895380	.886	-.3775553	.3261201
		middle	-.34460847(*)	.11326466	.003	-.5672960	-.1219210
	Dispiritedness	top	.17224895	.19242490	.371	-.2060740	.5505719
		operative	.40608961(*)	.17932132	.024	.0535293	.7586499

* The mean difference is significant at the .05 level.

Table 11: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Total Experience

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	35.543	3	.000
F2	Improper Designing of Training	.463	3	.927
F3	Ill-assorted Facilitation	2.869	3	.412
F4	Dispiritedness	6.169	3	.104
F5	Budget Shortage	4.021	3	.259

Table 12: Multiple Comparisons using LSD Method between- Independent Variable: Total Experience vs. Dépendent Variable: Stumbling Blocks of Training.

Dependent Variable	(I) Total	(J) Total	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
	Lower Bound	Upper Bound					

Stumbling Blocks of Training	Below 5 yrs.	5-10	.14624573	.12545961	.244	-.1004200	.3929115
		10-15	.69051042(*)	.15438060	.000	.3869832	.9940376
		above 15 yrs.	.74019523(*)	.12261780	.000	.4991168	.9812737
	5-10	below 5 yrs.	-.14624573	.12545961	.244	-.3929115	.1004200
		10-15	.54426468(*)	.16683197	.001	.2162569	.8722725
		above 15 yrs.	.59394950(*)	.13796616	.000	.3226947	.8652043
	10-15	below 5 yrs.	-.69051042(*)	.15438060	.000	-.9940376	-.3869832
		5-10	-.54426468(*)	.16683197	.001	-.8722725	-.2162569
		above 15 yrs.	.04968482	.16470555	.763	-.2741423	.3735119
	Above 15 yrs.	below 5 yrs.	-.74019523(*)	.12261780	.000	-.9812737	-.4991168
		5-10	-.59394950(*)	.13796616	.000	-.8652043	-.3226947
		10-15	-.04968482	.16470555	.763	-.3735119	.2741423

* The mean difference is significant at the .05 level.

Table 13: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Experience on Present Position

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	28.547	3	.000
F2	Improper Designing of Training	3.476	3	.324
F3	Ill-assorted Facilitation	1.874	3	.599
F4	Dispiritedness	5.438	3	.142
F5	Budget Shortage	8.384	3	.039

Table 14: Multiple Comparisons using LSD Method between- Independent Variable: Experience on present position vs. Dépendent Variable: Stumbling Blocks of Training, Budget Shortage.

Dependent Variable	(I) Present	(J) Present	Mean Difference (I-	Std. Error	Sig.	95% Confidence Interval
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						Lower Bound	Upper Bound
Stumbling Blocks of Training	Below 5 yrs.	5-10	.50868437(*)	.13102409	.000	.2510783	.7662904
		10-15	.84801371(*)	.23361753	.000	.3886990	1.3073284
		above 15 yrs.	.92785961(*)	.27269250	.001	.3917197	1.4639995
	5-10	below 5 yrs.	-.50868437(*)	.13102409	.000	-.7662904	-.2510783
		10-15	.33932934	.25586562	.186	-.1637273	.8423859
		above 15 yrs.	.41917524	.29197820	.152	-.1548822	.9932327
	10-15	below 5 yrs.	-.84801371(*)	.23361753	.000	-1.3073284	-.3886990
		5-10	-.33932934	.25586562	.186	-.8423859	.1637273
		above 15 yrs.	.07984590	.35023008	.820	-.6087404	.7684322
	Above 15 yrs.	below 5 yrs.	-.92785961(*)	.27269250	.001	-1.4639995	-.3917197
		5-10	-.41917524	.29197820	.152	-.9932327	.1548822
		10-15	-.07984590	.35023008	.820	-.7684322	.6087404
Budget Shortage	Below 5 yrs.	5-10	-.27475049(*)	.13578060	.044	-.5417083	-.0077927
		10-15	-.04232446	.24209845	.861	-.5183135	.4336645
		above 15 yrs.	.24923177	.28259194	.378	-.3063714	.8048349
	5-10	below 5 yrs.	.27475049(*)	.13578060	.044	.0077927	.5417083
		10-15	.23242603	.26515420	.381	-.2888928	.7537449
		above 15 yrs.	.52398226	.30257775	.084	-.0709149	1.1188794
	10-15	below 5 yrs.	.04232446	.24209845	.861	-.4336645	.5183135
		5-10	-.23242603	.26515420	.381	-.7537449	.2888928
		above 15 yrs.	.29155623	.36294433	.422	-.4220275	1.0051399

	Above 15 yrs.	below 5 yrs.	-.24923177	.28259194	.378	-.8048349	.3063714
		5-10	-.52398226	.30257775	.084	- 1.1188794	.0709149
		10-15	-.29155623	.36294433	.422	- 1.0051399	.4220275

* The mean difference is significant at the .05 level.

Table 15: K Independent Sample between Dependent variable: Factors of Training constraints vs. Independent Variable: Experience in present organization

F.No.	Factor	Chi-Square	df	Asymp. Sig.
F1	Stumbling Blocks of Training	55.575	3	.000
F2	Improper Designing of Training	4.911	3	.178
F3	Ill-assorted Facilitation	4.667	3	.198
F4	Dispiritedness	10.930	3	.012
F5	Budget Shortage	6.326	3	.097

Table 16: Multiple Comparisons using LSD Method between- Independent Variable: Experience in present organization vs. Dépendent Variable: Stumbling Blocks of Training and Dispiritedness.

Dependent Variable	(I) Exp in present org.	(J) Exp in present org.	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Stumbling Blocks of Training	Below 5 yrs.	5-10	.25196730	.14145677	.076	-.0261504	.5300850
		10-15	.57732455(*)	.17962160	.001	.2241711	.9304780
		above 15 yrs.	1.30356514(*)	.15742587	.000	.9940506	1.6130797
	5-10	below 5 yrs.	-.25196730	.14145677	.076	-.5300850	.0261504
		10-15	.32535725	.21470446	.130	-.0967725	.7474870
		above 15 yrs.	1.05159784(*)	.19651207	.000	.6652361	1.4379596

Dispirited ness	10-15	below 5 yrs.	-.57732455(*)	.17962160	.001	-.9304780	-.2241711
		5-10	-.32535725	.21470446	.130	-.7474870	.0967725
		above 15 yrs.	.72624059(*)	.22554577	.001	.2827958	1.1696854
	Above 15 yrs.	below 5 yrs.	-1.30356514(*)	.15742587	.000	-1.6130797	-.9940506
		5-10	-1.05159784(*)	.19651207	.000	-1.4379596	-.6652361
		10-15	-.72624059(*)	.22554577	.001	-1.1696854	-.2827958
	Below 5 yrs.	5-10	-.09499044	.15205089	.533	-.3939372	.2039563
		10-15	-.56926760(*)	.19307400	.003	-.9488698	-.1896654
		above 15 yrs.	.23826871	.16921597	.160	-.0944263	.5709637
	5-10	below 5 yrs.	.09499044	.15205089	.533	-.2039563	.3939372
		10-15	-.47427716(*)	.23078432	.041	-.9280215	-.0205328
		above 15 yrs.	.33325915	.21122944	.115	-.0820384	.7485567
	10-15	below 5 yrs.	.56926760(*)	.19307400	.003	.1896654	.9488698
		5-10	.47427716(*)	.23078432	.041	.0205328	.9280215
		above 15 yrs.	.80753631(*)	.24243756	.001	.3308806	1.2841920
	Above 15 yrs.	below 5 yrs.	-.23826871	.16921597	.160	-.5709637	.0944263
		5-10	-.33325915	.21122944	.115	-.7485567	.0820384
		10-15	-.80753631(*)	.24243756	.001	-1.2841920	-.3308806

* The mean difference is significant at the .05 level.

Women Empowerment Thorough Self Help Groups- A Case Study of Nizamabad District of Andhra Pradesh

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Abstract

The present study is an attempt to analyse the role and performance of SHGs in promoting women's empowerment in Nizamabad of Andhra Pradesh. The broad objective of the study is to analyses the operating system of SHGs for mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, in building up leadership, establishing linkage with banks and examine the social benefits derived by the members. In order to collect and gather primary data, field observation and structured questionnaire survey methods were employed. In addition, information was also collected through discussions and interviews with local NGOs and government's grass roots level workers. There are 281 SHGs working in Nizamabd district. Here the researcher has chosen 10 SHGs from each Mandle of the district. In total the study covers 50 SHGs with 800 members. The study reveals that SHGs had set a new agenda for financial intermediation by banks in the form of micro-credit. By the formation of SHGs, credits are demanded for various purposes (domestic, health, festivals, repayment of old debts, investment, etc.). Similarly different economic activities (collection, processing and marketing of minor

forest products, individual business, goatery, dairy etc.) are undertaken by the SHG members after joining the group. Habits of savings, economic independence, self confidence, social cohesion, asset ownership, freedom from debt, additional employment, etc. benefits are derived by the SHG members. Thus, SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

1. INTRODUCTION

The concept of empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem, and self-confidence (Kabeer, 2001). Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing encouraging factors (e.g. exposure to new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills). In this connection Micro-finance with Self Help Groups play an effective role for promoting women empowerment. It is not only an efficient tool to fight against poverty, but also as a means of promoting the empowerment of the most marginalized sections of the population, especially women. According to Ellie Bosch it is just old wine in a new bottle (Bosch, 2002).

It consists of a group of people of three to eight persons on the condition that each of them would be assuming responsibility for the development of all. Micro Finance institution started in India in 1980s through Self Help Groups (SHGs) model. It is the Grameen replication model of Bangladesh. There is nearly 3,00,000 SHGs working whole over India. It is true that the concept of microfinance is yet to spread its wings all over India, but at the rate in which it is expanding its branches, very soon it would be reaching at the doorsteps of the poor houses. The most

successful region for microfinance is the Southern part of India; Andhra Pradesh has become the example for the other states in this case. The present study is an attempt in this direction to analyse the impact of micro-credit on poor women in Gajapati district of Orissa.

2. WOMEN EMPOWERMENT OF IN INDIA:

Women constitute almost 50% of the world's population. As per as their social status is concerned, they are not treated as equal to men in all the places, through in the western countries women are treated on par with men in most of the fields, their counterpart in the east suffers from many disabilities. The disabilities on the one hand and the inequalities between men and women on the other, have given rise to what is known "Gender problem". All over the world and particularly in South and East Asia and Africa the gender problem has assumed importance during the recent years the gender issue has become virtually a crucial point of argument. It is now widely believed that empowerment of women i.e., providing equal rights, opportunities and responsibilities to women, will go a long way in removing the existing gender discrimination. Women empowerment in contemporary Indian society in forms of their work, education, health and media images in the forms of their work, education, health and media images in the context of lineage, rule of residence and household chores, their context of lineage, rule of residence and household chores, their participation in social and political activities, their legal status in terms of marriage, divorce and inheritance of property, seeking wealth care should be taken into consideration. Empowerment in terms of knowledge and awareness of ones own life and society including legal raise their status with regard to the lives.

3. REVIEW OF LITERATURE:

A number of studies have been undertaken on women empowerment at the global level and in India. Some studies dealt on methodological issues and some on empirical analysis. Moser (1993) focused on the interrelationship between gender and development, the formulation of gender policy and the implementation of gender planning and practices.

The work of Shields (1995) provided an exploratory framework to understand and develop the concept of empowerment both from a theoretical and practical perspective with a particular focus on women's perception of the meaning of empowerment in their lives. Anand and Sen (1995) tried to develop a measure of gender inequality. Pillarisetti and Gillivray (1998) mainly emphasized on the methodology of construction, composition and determinant of GEM. Bardhan and Klasen (1999) criticized GEM as an inadequate index of measuring women empowerment at the aggregate level. Malhotra et al (2002) in their paper prepared for the World Bank highlighted methodological issues of measurement and analysis of women empowerment.

Chattopadhyay and Duflo (2001) in their paper used a policy of political reservation for women adopted in India to study the impact of women's leadership on policy decision. They found that women were more likely to participate in policy making process if the leader of the village community was happened to be women.

Mahanta (2002) sought to explain the question of women's access to or deprivation of basic human rights as the right to health, education and work, legal rights, rights of working women's, besides issues like domestic violence, all the while keeping the peculiar socio-cultural situation

of the North East in mind. A workshop organized in 2003 by the Institute of Social Sciences and South Asia Partnership, Canada addressed the issues like “Proxy Women” who after being elected to *Panchayat* bodies were merely puppets in the hands of their husbands, relatives and other male *Panchayat* members; and emphasized on training programme for their capacity building. Assam Human Development Report (Govt. of Assam, 2003) threw some light on inequality in the achievement between men and women of Assam in different spheres of life. The report viewed that poverty, violence and lack of political participation were the main issues of concern for South Asian Women, and Assam was no exception.

Blumberg (2005) viewed that economic empowerment of women was the key to gender equality and well being of a nation. This would not only enhance women’s capacity of decision making but also lead to reduction in corruption, armed conflict and violence against females in the long run.

Karat (2005) in her works discussed the issues of violence against women, their survival, political participation and emancipation. Panda and Agarwal (2005) focused on the factor like women’s property status in the context of her risk of marital violence and opined that if development means expansion of human capabilities, then freedom from domestic violence should be an integral part of any exercise for evaluating developmental progress.

Deepa Narayan (2007) made an attempt to measure women empowerment for different countries and regions by using self assessed points on a ten steps ladder of power and rights, where at the bottom of the ladder stood people who were completely powerless and without rights and on the top stood those who had a lot of power and rights.

Figueras (2008) in her work studied the effect of female political representation in State legislature on public goods, policy and expenditure in the context of India and opined that politician's gender and social position matters for policy. Barkat (www.goodgovernance.org) while discussing the present status of women in Bangladesh opined that although women as mothers are held in high respect at the individual level, there was an unclear understanding of empowerment of women as a process of awareness and capacity building leading to greater participation in decision making and control over her own life.

Thus, from the above review of literature it is evident that quite a number of studies have already been undertaken on women empowerment and related issues. Entire scope of literature has centered mainly around conceptual and measurement issues and the constraints to women empowerment. The present study in this respect is an attempt to highlight the status and trend of women empowerment through SHG in Nizamabad district in Andhra Pradesh by taking into consideration various dimensions of it.

4. SELF HELP GROUPS (SHG'S)

Self-help group (SHG) represents a form of intervention of Inclusive growth that is a radical departure from most current programmes. SHGs is an effective strategy for poverty alleviation, human development and social empowerment. SHGs offer grassroots participatory implementation that is demand driven by 'beneficiaries' who, in other projects, often find themselves receiving goods or services in a manner that is opaque and impersonal. Most SHG-based programmes are implemented by the government in partnership with NGOs or by NGOs

and donor agencies. SHGs also have the potential to transform themselves into vibrant civil society organisations.

Present scenario of SHG's in Andhra Pradesh

Andhra Pradesh is one of the pioneer states in encouraging Self-Help Groups. The World Bank has said that the model of SHGs in Andhra Pradesh is remarkable and could be replicated in other states in India. Studies commissioned by NABARD in 2002 indicate that the programme has emerged as the largest micro-finance network in the world. The statewide distribution of SHGs linked with banks shows a predominantly large share of over 42% of all linked SHGs in Andhra Pradesh, Andhra Pradesh government has made a pioneering effort in the organization and development of SHGs in which rural members are largely involved. The role of members in the organization and monitoring of SHG action plan has paved the way for the speedy development of economic and productive activities of the group. Another important factor which contributed to the development in Andhra Pradesh is the collective participation of various organizations and credit institutions.

Table No 1: **Progress of SHGs in Andhra Pradesh**

year	No of SHGs in AP	% Increase in Number of Groups	Loans disbursed (Rs in Crs)	% Increase in loans disbursed
2003-04	2,31,336	-	752.90	-
2004-05	2,61,254	112.93	1017.70	135.17
2005-06	2,88,711	110.51	2001.40	196.75
2006-07	3,66,489	126.94	3063.87	153.11

2007-08	4,31,515	117.74	5882.79	192.00
Average	3,15,861	117.03	2734.35	169.26

Source: Saakshi Telugu daily news paper dated 24-10-08

The table-1 shows the progress of SHGs in the state of Andhra Pradesh, We can observe a clear rise in the number of groups as well as the amount of loans disbursed from the year 2003-04 to 2007-08. Analysis of the table-1 reveal that though the increase in number of SHGs in A.P are 117.03% the increase in loans disbursed had increased by 169.26%, a 52.23% increase in the loan amount. In the state 25 commercial banks, 12 Regional Rural Banks and 12 District Central Banks with the help of 4,600 branches are delivering loans to women self help groups. The revolving funds of SHGs in Andhra Pradesh amount to an outstanding Rs 3,951 crores along with their own thrift money of 1,755 crores. The recovery is also ideal when compared with the recovery from other sector loans. At present, in Andhra Pradesh around 7,29,533 groups are working with 90,97,139 members.

Table-2 reveal the year wise amount of finance taken by the SHG groups in Nizamabad district. It is observed that the increase in the groups over the period was 176.32% whereas the increase in amount disbursed was 212.94%, there by showing 36.62% increase in the loan amounts to the groups in Nizamabad district. It is surprising to note that the average finance provided to the groups per year had decreased by 48.16% compared to the increase in number of groups. This could be attributed to the increase in bank finance to more proportionately more number of SHGs.

Table No 2: SHGs in Nizamabad

year	No of Groups	% Increase in groups	Amount (Rs in Crores)	% Increase in the amount	Per Group Finance in Rs	% increase in finance
Up to 1998-99	219	-	0.40	-	18,265	-
1999-2000	526	240.18	0.85	212.5	16,160	88.47
2000-2001	2538	482.50	4.84	569.41	19,070	118.00
2001-2002	6440	253.74	11.31	233.68	17,562	92.10
2002-2003	5778	89.72	16.21	143.32	28,055	159.75
2003-2004	4983	86.25	18.10	111.66	36,323	129.47
2004-2005	6511	130.66	30.57	168.89	46,951	129.25
2005-2006	10763	165.30	50.70	165.85	47,106	100.33
2006-2007	14472	134.46	140.12	276.37	96,821	205.54
2007-2008	20552	142.00	283.38	202.24	1,37,875	142.40
2008-09 (Up to Sep 08)	7892	38.40	126.50	44.50	1,60,289	116.26
Average		176.321		211.94		128.16

Source: www.apmepma.gov.in

5 OBJECTIVES OF THE STUDY

The broad objective of the study is to examine the role and performance of SHGs in promoting women's empowerment in the study area.

1. To analyse the economic gains derived by the members after joining the SHGs.
2. To examine the social benefits derived by the members.
3. To analyse the operating system of SHGs for the mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, in building up leadership, and establishing linkage with banks
4. To suggest appropriate policy intervention for the effective performance of SHGs.

6 RESEARCH METHODOLOGIE

6.1 Primary Data

The present study has covered 5 mandals in Nizamabad district that is Dichpally, Dharpally, Varni, Kamareddy and Banswada. Based on the size and activities undertaken, five groups are selected for this study. The Nizamabad district in Andhra Pradesh is pioneer in starting SHGs and the chosen five SHG groups are having larger size and undertaken major activities compared to other SHGs in the district. Therefore these groups selected for the present study.



Table No 3: Sampling Frame of the Study

Mandal Name	SHGs	SHG Members
Dichpally	10	150
Dharpally	10	170
Varni	10	170
Kamareddy	10	160
Banswada	09	150
Total	49	800

Source: Primary Data collected from the members

6.2 Secondary Data

In order to collect and gather primary data, field observation and structured questionnaire survey methods were employed. In addition, information was also collected through discussions and interviews with local NGOs and government's grass roots level workers. Secondary data gathered from the records of SHGs and NGOs and government offices were supplemented by the primary data collected from the group. A wide range of information such as composition of membership, savings mobilised, loan disbursed, interest rates, recovery procedures, assets created, external assistance received etc. were ascertained from the SHGs and their members. Besides, different books, newspapers, articles, journals, magazines and web sites were also referred for the purpose. The data collected from each mandle regarding the structure and profile of SHG members, savings and loans of SHGs, economic and social benefits derived by SHG members, etc. has been processed separately and averages of each manded are being taken. The analyses obtained from different

mandles are compiled and compared to draw the inferences about the performance of the SHGs in the study area.

7 DATA ANALYSIS

Structure of SHGs

The structure and characteristics of Self-Help Groups in the study area is presented in Table No 4. It is noted that the average membership per SHG was 16.26. The study reveals that in the Varni Mandle, the average membership of the Self-Help Group is highest (17) and Dichpally Mandle had lowest membership (15). Most of the members agreed that their motives in joining SHGs were to save. Some said they joined the SHG to get credit to meet the unexpected cash demand for consumption and other purposes. Few opined that it led to social empowerment. The average savings per SHG was Rs. 10,693. It varied from Rs. 2097 in Banswada to Rs. 16125 in Dharpally Mandle. The per member savings was around Rs. 667.

The frequency of group meeting by SHG indicated that fortnightly meetings were the most common followed by monthly and weekly. Meetings are arranged regularly by NGO and Groups. It is held in the middle of the street. The absentee member has to pay a fine of Rs. 2. The average amount of loans per SHG was Rs. 12345. The highest being Rs.19752 in Dichpally Mandle and the lowest of Rs. 8758 in Banswada Mandle.

Table No 4: Structure of SHGs in the Study Area

Item	Dichpally	Dharpally	Varni	Kamareddy	Banswada	Overall
Membership average (No.)	15.00	16.78	17.00	15.86	16.66	16.26
Savings per SHG (in Rs.)	14517	16125	13633	7093	2097	10693
Loan (Avg.) (in Rs.)	19752	17177	16040	8758		12345
Frequency of group meeting (percentage):						
Weekly:	25	15	13	0	0	10.6
Fortnightly	65	68	72	35	28	53.6
Monthly	10	17	15	65	72	35.8

Source: Primary data collected from the members

Profile of SHG Members

The average age of SHG members in the study area is presented in Table No 5 it is observed that the average age of SHG members was 34.2 years, lowest being 32 years in Dharpally Mandle and highest being 37 years in Banswada Mandle. Regarding the caste profile of SHG members, the table shows that majority of members belong to tribal community. In Kamareddy Mandle it is 97 per cent, followed by 90 per cent in Dichpally. Educational background of the SHG members shows that most of them are illiterate. Only 7 per cent of them have studied up to primary level. So far as the occupation of the members are concerned, majority of them are engaged in agricultural activities. As regards to average income per SHG, it was around Rs. 7918. It was highest in Varni

Mandle (Rs.10057) followed by Dharpally Mandle (Rs. 9223) and lowest in Banswada Mandle (Rs. 5861).

Table 5 Profile of SHG Members

Item	Dichpally	Dharpally	Varni	Kamareddy	Banswada	Overall
Age (years)	34	32	33	35	37	34.2
Percentage of STs	90	07	46	97	77	62.2
Percentage of SCs	10	39	03	03	17	14.4
Percentage of Other Castes	-	54	48	-	12	22.8
Literacy (%)	5.11	11.23	13.26	3.69	3.88	7.43
Occupation – Agriculture (percentage)	71.89	36.55	38.89	69.89	62.57	47.41
Others	28.11	63.45	61.11	30.11	37.43	53.59
Income (Average)	7867	9223	10057	6582	5861	7918

Source: Primary data collected from the members

Purpose of Credit Demanded and Utilised

Generally, after six months operation of savings account, the saving is pooled and used for internal lending among the members. The amount of loan and number of loans are decided by the members themselves depending on their need and urgency.

Table 6 Purpose-wise Credit Demanded by SHG Members

Purpose	Dichpally (%)	Dharpally (%)	Varni (%)	Kamareddy (%)	Banswada (%)	Overall (%)
Domestic consumption	57.66	12.91	15.57	66.54	47.89	30.53
Health	3.22	6.87	9.50	--	2.27	4.37
Festivals	6.11	9.78	8.71	2.39	2.18	5.83
Repayment of old debts	15.67	10.66	11.52	5.68	10.59	10.82
Investment	10.89	12.57	11.66	14.05	8.67	11.56
Others	6.45	47.21	43.04	11.34	28.4	27.28

Source: Primary data collected from the members

The purpose-wise credit demanded by the SHG members from the SHGs is given in Table No 6. It is observed that most of the members have demanded credit for domestic consumption purposes. It is highest in Kamareddy Mandle (67%) followed by Dichpally (57.66%). Reasonable proportion of SHG members have demanded credit for other purposes. This percentage is highest in Varni (43.04%) and lowest in Dichpally Mandle (6.45%). About 11.56 percentage of credit is demanded for investment purposes. A proportion of credit was demanded by the SHG members for payment of old debts. A less proportion of loan is demanded for festival and health purposes. From the table it is clear that a larger share of credit demanded by SHG members is being utilised for domestic consumption purposes followed by repayment of debts and others.

Economic Activities Covered by SHG Members

Table No 7 reveals that most of the SHG members are engaged in the collection and processing of minor forest products. These products include broom making, cashew, mahul, turmeric, tamarind, *khalli* (leaf plates), raw broom, amla, etc. Some of the members are engaged in individual businesses like preparing pickle, *bodi*, papad, haldi powder, wax, making bags, vegetable business, tailoring, pan shop, etc. They are also engaged in poultry, dairy and goatery business. Some are engaged in other activities. As there is a good demand for milk products, they are preparing sweets with milk, ghee, etc. and are getting good price. They earn about Rs. 600 to Rs. 1000 per month through these activities.

Table 7 Economic Activities Covered by the SHG Members

Item	Dichpally (%)	Dharpally (%)	Varni (%)	Kamareddy (%)	Banswada (%)	Overall (%)
Collection and marketing of Minor Forest Products	75	55	40	70	60	60.00
Individual business	5	10	25	10	5	11.00
Goatery	10	12	10	15	15	12.4
Dairy	10	18	10	5	15	12.6
Others	5	5	15	5	5	7.00

Source: Primary data collected from the members

Loan Support to SHGs by Banks

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There is a bank linkage programme established to SHGs. The SHG members opened their accounts in various nationalised banks such as State Bank of India, Indian Bank, Bank of Baroda, Union Bank of India, Andhra Bank, etc. and also some local banks like Rushikulya Gramya Bank and Cooperative Banks.

SHG members are getting both internal loans and external loans under the security of NGOs. They are paying Rs. 2 as interest per Rs. 100. They are also maintaining cashbook, membership register, loan register, individual passbook register, etc. They are taking loans for both production and consumption purposes. Rushikulya Gram Bank has advanced loans of Rs. 2,96,428 to Dichpally Mandle, followed by Rs. 2,66,611 to Dharpally Mandle (Table No 8).

So far as loan repayment is concerned, the SHG members of Dichpally Mandle have repaid 80 per cent of their loans followed by Kamareddy Mandle with 74 per cent. But in Dharpally and Varni Mandles, though they are urban based, the repayment position is not encouraging. In these two Mandles the members repaid only 50 per cent of their loans.

Table 8 Loan Support to SHGs from Rushikulya Gramya Bank

Name of the Mandle	Total SHGs	Loan availed	Loan Repayment
Dichpally	10	Rs. 2,96,428	79.80 %
Dharpally	10	Rs. 2,66,611	58.91%
Varni	10	Rs. 2,00,000	52.28%
Kamareddy	10	Rs. 1,30,000	73.50%

Source: Annual Report of CCD, 2007-08.

Benefits Derived by SHG Members

Variety of benefits are derived by the members of SHGs as presented in Table No 9.

Table 9 Benefits Derived by SHG Members (Multiple Responses)

Benefits	Dichpally	Dharpally	Varni	Kamareddy	Banswada	Overall
Habit of Savings	75.44	79.11	68.22	76.66	80.66	76.00
Economic independence	70.00	70.00	65.00	66.80	65.00	67.36
Self-confidence	81.00	85.86	82.88	78.00	80.00	81.54
Social cohesion	70.00	80.88	71.11	68.88	85.00	75.17
Asset ownership	48.33	52.34	24.40	54.99	58.22	47.65
Freedom from debt	49.00	66.00	75.08	67.00	59.76	63.36
Additional employment	21.11	32.80	41.80	38.40	58.90	38.60

Source: Primary data collected from the members

One of the outstanding benefits reported by all the members is the development of self-confidence (81.54%) ranked first, followed by savings habit (76%), economic independence (67.36%), social cohesion (75.17%), freedom from debt (63.36%), asset ownership (47.65%), additional employment (38.60%).

8. FINDINGS OF THE STUDY

Based on the interviews and discussions with the group members, field workers of the local NGO and group questionnaire survey results, the following findings emerged.

The social profile of SHG members indicates that majority of members are tribal, i.e., their overall average is 66.2 per cent. The overall literacy rate is only 7.43 per cent as against the district tribal female literacy rate of 15.88 per cent.

It is found that the operational efficiency and group dynamics of the SHG is not same in all Mandles. This could be attributed to several factors like background of SHG formation, internal problem, support provided by the promoters, effective leadership, etc.

It is observed that the average membership in SHG was around 16.26. Membership is highest in Varni Mandle and lowest in Dichpally Mandle. This may be due to the urban-base of Varni in contrast to Dichpally, where 90 per cent of members are tribals.

The members had joined the group in order to earn more income, promote savings habits and to develop collective economic and social activities.

So far as the frequency of group meetings are concerned, it is observed that fortnightly meetings were the most common. In Dichpally, Dharpally and Varni

Mandle the SHG members arrange their meetings twice in a month. But in Kamareddy and Banswada, the meetings are held once in a month.

The Groups maintain cashbooks, passbooks and attendance registers. The members in-charge of accounts are being given training in bookkeeping by the CCD. But the member who looks after all these secretarial work is not paid any financial incentive.

From the study, it is found that individual members contribute Rs. 10 to Rs. 50 per month. 70 per cent of SHG circulated thrift and their period of circulation was monthly. Accumulated savings by members to group funds per SHG were to the tune of Rs. 10,693, against this loan disbursed amounted to Rs. 12,345.

The SHG disbursed loans both for consumption and production purposes. Purpose-wise disbursement of credit by SHG indicates that, domestic consumption received maximum share of 30.33 per cent, followed by others (27.28%). It is found that credit demanded for investment purpose is very low.

As far as external loan is concerned, the Rushikulya Gramya Bank has advanced loans to the tune of Rs. 2.96 lakh to Dichpally Mandle followed by Rs. 2.66 lakh to Dharpally Mandle. The members have invested the loan in different economic activities like broom making, *khalli* stitching (leaf-plates), preparing eatables like *bodi*, *papad*, etc. They are also engaged in poultry, dairy and goatery business. In Dharpally Mandle, the members are preparing milk products like sweets, ghee, *khoa*, etc. and getting good price. They earn about Rs. 600 to Rs. 1000 per month

through these activities. The study reveals that the members are not skilled enough to run various units.

Members perceived several benefits through their membership in SHGs such as economic independence and self-confidence (81.54%), promotion of savings habits (76%), social cohesion (75.17%) and freedom from debt (63.36%).

The study also reveals that SHGs had set a new agenda for financial intermediation by banks in the form of micro-credit. It has infused dynamism among its members to climb up socio-economic ladder in the development process. Thus, SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation.

9 CONCLUSION AND SUGGESTIONS

Literacy and numeric training is needed for the poor women to benefit from the micro-credit schemes.

Training in legal literacy, rights and gender awareness are important complements to micro-credit for the empowerment of women. The members should be given necessary training and guidance for the successful operation of the group.

The members of the SHG should be more active, enthusiastic and dynamic to mobilise their savings by group actions. In this process NGOs should act as a facilitator and motivator.

The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the Group.

The bank should advance adequate credit to the SHG according to their needs.

Uniformity should be maintained in formation and extension of financial assistance to them by banks in all Mandles.

The procedure of the banks in sanctioning credit to SHG should be simple and quick.

Marketing facilities for the sale of products of SHG may be created.

Periodical exhibitions at Mandle-level may be organised where the products of SHG can be displayed.

Meetings and Seminars may be organised where the members will get a chance to exchange their views and be able to develop their group strength by interactions.

Active intervention by district administration, professional bodies and voluntary organisations is precondition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to market.

10 POLICY IMPLICATIONS

In this twenty-first century, we must take along an active people-centred and growth-oriented poverty alleviation strategy – a strategy which seem to incorporate women's aspirations, dynamism and involvement. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural orientation of the groups to suit the requirements of new business.

Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro-finance sector, which will make a real contribution to women empowerment.

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Indian Banks in the Era of Global Financial Crisis

- Emerging Challenges and Opportunities

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ABSTRACT

Financial crisis in U.S gave the birth to global financial crisis. These crisis have created a ripple in the financial market worldwide. Fortunately, Indian financial sector has shown remarkable resilience to these developments. But these developments have emerging many challenges before the Indian banking industry. The present paper briefly touches upon the emerging challenges and possible solutions which are required to be focused by Indian banks in the quest for competitiveness. The study analyzes the parameters like priority sector advances of SCBs, Globalization of Indian banks, credit-deposit ratio, movements in non-performing assets and IT index. On the basis of these parameters the study finds some emerging challenges like Indian banking is far away from the 100 pc globalization, technology is also isolated in the Indian banks especially public sector banks, rising priority sector advances have enlarged the NPA's in Indian banks and human resource management is also poor in the Indian banks. To face these challenges paper also suggest some possible measures like increase the number of Debt Recovery Tribunals to remove NPAs, products should be provided at lower prices to capture market share, banks should adopt latest technology and job training should be provided to inefficient bank staff. All the parameters have been analyzed for the period 2006 and 2007 except IT index. IT index is analyzed for the pre-IT and post-IT period. Ratio analysis is used to analyze all the parameters.

Keywords- Emerging Challenges, Possible Solutions and Implications

INTRODUCTION

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Indian financial sector has been undergoing significant transformation as a result of the reform process which began one and half decade ago. Financial sector reforms were kicked off following Narasimham Committee recommendations in 1991. In the first phase of reforms we have seen introduction of prudential norms for capital adequacy, income recognition and asset classification, deregulation of interest rates and withdrawal of micro guidelines on credit and injection of competition in the market. Our move towards globalization has been slow but steady. By and large our banks have become stronger and more competitive at the end of the first decade of changes. After these reforms Indian banking has become strong and organized, capable to set standards and benchmarks for the international market. But as a part of financial system, the banking sector cannot remain isolated from the rest of the financial world which is affecting from the global financial crisis. Thus global financial turbulence has creating many challenges before the Indian banking industry. The challenge before us is to consolidate the gains of the past ten years and to remain globally competitive. Strengthening capital adequacy to reach international standards is going to be a regulatory priority also in the coming years. Our move away from a regulated and protected market brings with it newer types of risks associated with a market economy and we need to be aware of these risks and be prepared to handle them. Technology is spearheading changes and innovations in the way we do banking and our ability to keep pace with these changes is going to decide whether we remain competitive and relevant or not.

Private sector competes both within the country and abroad in the banking scene. The strategy of the private sector may be focus on the creamy layer of the banking. Ultimately those sectors of society and rural areas which are not serviced by the private sector will have to be serviced by the banks which are nationalized banks. Banks should start thinking on the lines of what prof. C.K. Prahalad has been saying: if 33 pc of India is below the poverty line, a better management approach may be to think of this 33 pc as itself a market that can be serviced. Instead of a 25 rupee ice cream, can we have a one rupee ice cream? Instead of ATM being meant only for the well to do, can we think of ATM for daily wage earners? This is a constructive way of looking at challenges for Indian banking especially in the highly competitive market (*Vittal, N. p. 9*)

Banking industry and financial system in the new millennium is facing a series of new challenges. The challenges are manifold and multidimensional, under the influence of globalization, coupled with the adoption of new technology and stiff competition arising out of the changed situation. In order to meet the emerging challenges, there is a dire need to reset an organizational structure, culture, system and procedure etc. to the changes that are pushing the banks into the multilateral arena. This paper also studies the emerging challenges before the Indian banking industry.

SCHEME OF PAPER

The present paper has been divided into six sections. After the brief introduction, section II reviews some related studies. Section III fixes some research objectives, highlights the research methodology and the database. Section IV is devoted to the results and discussions. Section V deals with emerging challenges and their possible solutions. Last section concludes the paper.

II

REVIEW OF RELATED STUDY

Kamesam, V. (2001) examined that the world of banking has assumed a new dimension at the drawn of the new millennium. Technology is playing a crucial role in the day to day working of the banks. Banks that have harnessed and utilized best have a distinct and strategic advantage. It is likely that some of the existing brick and mortar banks will go out of business for failing to respond to the challenges of technology. Banking sector in India is poised to meet the changing global environment. However, the future would belong to those who would be able to offer excellent customer service by keeping pace with changing technology and transparent operations.

Kumar, V. and Savita (2007) examined that Indian banking is passing through a phase of transformation and consolidation. In this phase Indian banking is facing many challenges like profitability, risk management, technology, rural and social banking issues, and human resource management. This paper also suggests some strategies for future to tackle these problems

Nittal, N. (2001) proposed a view that the Indian banks will have to make a SWOT analyses (strength, weakness, opportunities and threats) and then evolve a strategy based on building strength, overcoming weaknesses and exploiting opportunities and guard against threats. The strength of the Indian banks is the pool of human talent it has. Apart from the pool of talent and the human capital it represents, banks are also extremely over manned. VRS initiates that have been taken by the banks have opportunities but they

will have to think in terms of also what to do post-VRS. This paper also explains the three types of risk i.e. environment risk, IT operations risk, IT product risk listed by the RBI.

Pai, D.T. (2001) explained that banking in the new millennium will be marked by high expectations of customers who are well informed and possess the technical knowledge to conduct banking transaction from home or office or while on the move. Even though computers are rapidly taking over bank functions, personalized service will continue to have relevance in Indian banking. Therefore, the sum and substance of all banking activity in future will boil down to one simple prescription. Banks can keep growing only if they consciously keep moving from customer satisfaction to customer delight in every aspect of their functioning.

Uppal, R.K. and Guliani, H.K. (2007) viewed that after 14 years of reform period, some sectors have responded admirably, of which financial sector specially banking have accorded a great prominence. It is important to create ability in the banking system to self rectify its deficiencies. The new challenges are not greater or more formidable than we have overcome. The main challenge is to find practical solutions together with the concerned authorities to successfully achieve the avowed objective of reforms for the human face.

Watson, G.J. (2001) discussed that some of the key challenges facing the Indian banking industry today are IT, VRS, strategy, credit and marketing. These challenges will have varying degrees of priority depending upon the bank, but Indian banks as a whole will need to develop suitable strategies which will lead to solutions to these challenges. India is not unique in facing and inevitably addressing, the many issues of moving from a highly regulated to a relatively de-regulated environment. India can quickly and effectively make this transition, if it can leverage the lessons learned by banks in other countries, thereby avoiding many of the mistakes and pitfalls.

III

OBJECTIVES, RESEARCH METHODOLOGY AND DATABASE

Objectives

- To study and analyze the emerging challenges before the Indian banking industry.
- To find out the possible solutions for the emerging challenges.

Research Methodology

Reliability of the research findings depends upon the scientific methodology approach. This part spell out the methodology approach that will be followed for the present study.

Research Design

The proposed study is concerned with the emerging challenges before the Indian banking industry. Indian public sector banks are passing from a crucial stage, their efficiency is quite low as compared to the foreign and new generation private sector banks. These banks are becoming threat for them, if they will not improve themselves, their survival will become difficult. This is the main reason that comprehensive study is required regarding the emerging challenges before the Indian banking industry.

Sample Design

The universe of the study is Indian banking industry. In the proposed study major five bank groups will be studied.

- G-I – State Bank and its Associates Banks (08)
- G-II – Nationalized Banks (20)*
- G-III – Old Private Sector Banks (20)
- G-IV – New Private Sector Banks (07)
- G-V – Foreign Banks (29)

* IDBI Bank is also included in this group.

Parameters of Study

- Priority Sector Advances
- Globalization of Indian Banks
- Credit-Deposit Ratio
- Movements in Non-Performing Assets
- IT Index (Average)

All the parameters are analyzed for the period 2006 to 2007 except IT index. IT index is analyzed for the period 1997-2002 and 2002-2007 i.e. pre-IT and post-IT period.

Method

Ratio method is used to analyze all the parameters

Database

- Performance Highlights, Various Issues, IBA, Mumbai, 1997-2007
- Report on Trend and Progress of Banking in India 2006-2007

IV

RESULTS AND DISCUSSIONS

Priority Sector Advances

Priority sector includes agriculture, small scale industries etc. Lending to the priority sector by public, private and foreign bank groups can be seen in table 1. It is clear from the table that advances to the priority sector are more in private sector bank group in the year 2006 and 2007 followed by the public sector bank group. On the other hand advances by the foreign bank group are least. Advances are more in public and private sector bank groups because these bank groups are giving more advances to the agriculture sector while foreign banks do not give any credit to the agriculture.



Table 1
Priority Sector Advances

Per cent

Sector	Public Sector Bank Group		Private Sector Bank Group		Foreign Bank Group	
	2006	2007	2005	2007	2006	2007
Priority Sector Advances	40.3	39.6	42.8	42.7	34.40	33.4
Agriculture	15.3	15.6	13.6	12.8	-	-
Small Scale Industries	8.1	8.0	4.2	3.9	9.5	10.3
Other Priority Sector	16.1	15.3	23.2	22.9	-	-
Export Credit	-	-	-	-	19.6	10.3

Source: Report on Trend and Progress of Banking in India 2006-2007

Globalization of Indian Banks

Table 2 listed the public sector and new private sector banks working at abroad. It is crystal clear from the table that even after the sixteen years of the enactment of the LPG policy, Indian banking industry is far away from achieving 100 pc globalization of its banks. Indian banking industry has 28 public sector banks, but only 13 banks out of it have branches, subsidiaries, representative offices and joint venture banks working in some foreign countries. The present share of public sector banks at abroad is 87 pc and that of new private sector banks is only 13 pc. Out of public sector banks, Bank of Baroda had the largest share (29 pc) in 2006-07, followed by State Bank of India (26 pc) & Bank of India (14.50). These banks have 56, 50 and 28 branches respectively working in some foreign countries.

Table 2
Globalization of Indian Banks

Per cent

Name of Bank	Total Branches		%age Share in global Market	
	2005-06	2006-07	2005-06	2006-07
Public Sector Banks	151	168	87.79	87.05
1. Allahabad Bank	1	2	0.58	1.03
2. Andhra Bank	1	1	0.58	0.52
3. Bank of Baroda	51	56	29.65	29.00
4. Bank of India	26	28	15.12	14.50
5. Bharat Overseas Bank	1	N.A	0.58	-
6. Canara Bank	3	4	1.74	2.07
7. Indian Bank	3	3	1.74	1.55
8. Indian Overseas Bank	8	9	4.65	4.66
9. Punjab National Bank	6	7	3.49	3.63
10. State Bank of India	45	50	26.16	25.91
11. Syndicate Bank	1	1	0.58	0.52
12. UCO Bank	5	6	2.91	3.11
13. Union Bank	N.A	1	-	0.52
New Private Sector Banks	21	25	12.21	12.95
14. Axis Bank	1	4	0.58	2.07
15. Centurian Bank of Punjab Ltd.	2	1	1.16	0.52
16. HDFC Bank Ltd.	1	1	0.58	0.52
17. ICICI Bank Ltd.	15	17	8.72	8.81

18. Industrial Bank Ltd.	2	2	1.16	1.04
Total	172	193	-	-

Source: Same as Table 1

Similarly, among new private sector banks, HDFC Bank had the largest share (8.81 pc); it has 17 branches at abroad. But these numbers of branches are not sufficient to give Indian banking industry the shield of globalized Indian banking industry.

Credit-Deposit Ratio

Credit-deposit ratio reflects the efficiency of banks. Higher the credit deposit ratio, higher will be the efficiency. Table 3 indicates that credit-deposit ratio of all the bank group is increasing except foreign bank group in 2007 still it is the highest i.e. 83.8 pc in foreign bank group. Credit-deposit ratio is also high in new private sector bank group followed by the state bank group. It is least in old private sector bank group. This implies that foreign bank group and new private sector bank group are more efficient than the other bank groups because these bank groups are providing loans at low rate of interest.

Table 3
Credit-Deposit Ratio

Per cent

Bank Group	2006	2007
Scheduled Commercial Banks	70.1	73.5
Public Sector Bank Group	68.2	72.2
Nationalized Bank Group	68.0	70.4
State Bank Group	68.5	76.2
Old Private Sector Bank Group	63.7	67.3
New Private Sector Bank Group	77.2	77.8
Foreign Bank Group	85.8	83.8

Source: Same as Table 1

Movements in Non-Performing Assets

Table 4 shows the movements in non-performing assets of different bank groups in the year 2007. Gross NPAs as a percentage of gross advances are more in old private sector banks i.e. 3.1 pc than other bank groups. It means this bank group is not sound while net NPAs as a percentage of net advances are more in state bank group and very low in foreign banks. It implies that among all the bank groups foreign banks are very sound and strong. Thus high NPAs have become a major challenge before the Indian banking industry in this competitive and globalized era for their survival.

Table 4
Movements in Non-Performing Assets

Bank Group	Gross NPAs Percentage to Gross Advances	Net NPAs Percentage to Net Advances	Per cent
Scheduled Commercial Banks	2.5	1.0	
Public Sector Banks	2.7	1.1	
Nationalised Banks	2.7	0.9	
State Bank Group	2.6	1.3	
Old Private Sector Banks	3.1	1.0	
New Private Sector Banks	1.9	1.0	
Foreign Banks	1.8	0.7	

Source : Same as Table 1

IT Index (Average)

IT index includes fully computerization of banks, I-banking, M-banking, Tele-banking, ATM services provided by the different bank groups. In table 5 IT index is divided into two parts pre-IT (1997-2002) and post-IT (2002-2007). It is clear from the table that introduction of IT in 2000 put down a remarkable impact on all the bank groups. In the post-IT era information technology has increased in all the bank groups still it is the highest in foreign bank group i.e. 61.14 pc. Thus table concludes that it is a need of the hour to implement IT completely in all the banks to compete globally.

Table 5
IT Index (Average)

Per cent

Period	SBI & Its Associates Banks	Nationalized Bank Group	Old Private Sector Bank Group	New Private Sector Bank Group	Foreign Bank Group
Pre-IT	40.58	44.37	40.52	53.43	52.87
Post-IT	45.25	49.40	46.75	58.78	61.14

Source: Performance Highlights, Various Issues, IBA, Mumbai, 1997-2007

In a nutshell, priority sector advances especially to the agriculture sector have increased the NPAs in Indian banks. Globalization is also not sufficient in the Indian banks. Technology is developing after the IT era but not fully developed. Low credit-deposit ratio has also decreased the efficiency of banks.

V

EMERGING CHALLENGES AND POSSIBLE SOLUTIONS

Banking scenario has changed rapidly since 1990s. The decade of 90s has witnessed a sea change in the way banking is done in India. Technology has made tremendous impact in banking. ‘Anywhere banking’ and ‘Anytime banking’ have become reality. The financial sector now operates in a more competitive environment than before and intermediates relatively large volume of international financial flows. In the wake of greater financial deregulation and global financial integration, the biggest challenge before the regulators is of avoiding instability in the financial system. The enhanced role of the banking sector in the Indian economy, the increasing levels of deregulation and the increasing levels of competition have placed numerous demands on banks. Operating in this demanding environment has exposed to various challenges.

Global Competition

There is a growing realization that the ability of countries to conduct business across national borders and the ability to cope with the possible downside risks would depend on the soundness of the financial system. With the ever increasing pace and extent of globalization of the Indian economy and the systematic opening up of the Indian banking system to global competition, banks need to equip themselves to operate in the increasingly competitive environment. This will make it imperative for the banks to enhance their system and procedures to international standards and also simultaneously fortify their financial position as per Indian banks' association report 'banking industry vision 2010', there would be greater presence of international players in Indian financial system and some of the Indian banks would become global players in the coming years. So, the new mantra for Indian banks is to go global in search of new markets, customers and profits.

Possible Solutions

- A cadre experts needs to be built up; personnel should have exposure in functioning in truly global environment.
- Indian banks should make effective and attractive advertisement according to customer's tastes regarding our financial products.
- Indian banks should make some alliances with profit making big houses and companies to capture foreign market.
- At the initial stage Indian banks should provide products and services at comparatively lower prices to capture their market share.

High Level of NPAs

Another challenge emerging before the Indian banking industry is high level of non-performing assets. There are number of factors responsible for high rate of NPAs in Indian scheduled commercial banks like over regulated environment, diversification of funds mostly for expansion/diversification of business or for promoting associate concerns, inefficient management, labour unrest, changes in macro environment like recession, infrastructure bottleneck etc. Higher NPAs will corrupt the efficiency of banks. Thus there is a huge need to recover the NPAs.

Possible Solutions

- Banks should try to introduce a system of internal audit of sanction of loans before disbursement for large averages.
- Banks should be very careful in considering settlement/compromise proposals.
- Banking institution should closely examine their credit management and undertaken institutional development programmes to remedy the deficiencies.
- Exploring avenues of recovering NPAs such as Lok Adalats for recovering smaller loans.
- Increasing the number of Debt Recovery Tribunals.

Technology

Technology is emerging as a key driver of business in the financial services industry. A few banks, which have impressive branch networks, have not been able to meet their customer's expectations due to inefficiencies arising out of inadequate investment in technology. Profitability of the banks are also declining because of lack of technology. The beneficiaries are those banks, which have invested in technology. Another distinct advantage of use of technology is the ability to effectively use quantitative techniques and models, which can enhance the quality of their risk management system. Recognizing the benefits of modernizing their technology infrastructure banks are taking the right initiatives. The challenge in this regard will be for banks to ensure that they derive maximum advantage of their investments in technology and to avoid wasteful expenditure.

Possible Solutions

- Banks should adopt the latest technology to provide e-services as need of the hour.
- Technology should be cost-effective, customer driven and especially implementable in the real working.
- Appoint young employees with fresh and creative mind experts in latest technology and trained the other ones also.
- Huge investment should be made on technology.

Poor Human Resource Management

The profitability of any organization depends on the productivity of its people as they are the real strength of that organization. New private sector banks and foreign banks have understood this mantra and hence appointing people with fresh and creative minds with full knowledge of latest technology. Approximately 90 pc of their staff is young with fresh brains. But public sector banks are overloaded with much

experienced staff but with old hands who never ready to change accordingly. Now days, it is the need of the hour to develop and manage the human resources to make them adaptable to the changing environment. It is a big challenge for these banks that how to manage their human capital to make it productive because unproductive staff is only burden on the business and hence weaken these banks as compare to private sector and foreign banks.

Possible Solutions

- Constitute separate human resource development department in each bank.
- Provide the job training to the inefficient staff to make them capable to understand work with the latest technology.
- Make the recruitment, selection, performance appraisal and control policies transparent.
- Introduce VRS in a planned way.
- Performance of the staff should be evaluated quarterly or monthly to update their knowledge in case of any deficiency.

Profitability

Profitability of Indian banks is less as comparative to foreign banks. Thus it has become a challenge for the Indian banks. Public sector banks should give more stress on profitability.

Possible Solution

- By using efficient technology and quality services, banks can enhance their customer base which return increase the profitability.
- Low profit banks should merge with the high profit banks.
- Bank should lend to those sectors where bank can charge higher rate of interest.
- Plugging of revenue leakages.
- Change in Deposit Mix i.e. increasing low cost deposits, both saving and current.
- Increased other income/fee based income.

Legislation

Slower legal processes are always planned for tardiness in the economic reform process. Though the democratic set up of the country has certainly not proved to be a hurdle, the coalition type of government in a democratic set up with the attending policy drift has definitely caused a slow down in the economic and resulting legal reforms. This is clearly evident from the number of bills awaiting legislative enactment.

Possible Solution

- Banks should think of methods which do not need any legislative reforms.
- Banks can think of looking forward to policies which will take care of concerns arising out of social awareness.
- Banks can assume the responsibility through appropriate policies rather than act under the compulsion of legislation like Lender Liability Act.

IMPLICATIONS

The main implication of the findings is that it is essential for India to carefully monitored the development in both real and financial sector and to modulate her policies in accordance with the global developments so that global integration continues to be a positive sum game for all countries. Adoption of appropriate technological framework on par with international best practices, thus, strengthening domestic banking system. This would also help in fortifying it against the risk that might arise out of globalization.

VI

CONCLUSION

Thus, it is concluded from the above discussion that even after the global financial crisis Indian banking industry is facing many challenges. It is the need of the hour to accept these challenges and fought with planning. Action and vision should combine to fight with these challenges. The new banking scenario should be in line with the expectations of the controlling and regulatory authorities of the country and shall be at par with the kind of banking offered by their peers, worldwide.

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LEVERAGING THE COMPETITIVENESS OF ERITREAN AGRICULTURE: A CASE STUDY

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Abstract

Agriculture is the backbone of Eritrean economy. It provides employment to over 70 percent of the working population in the country. In good years the country produces only about 60 per cent of its total food needs and in poor years, it produces no more than 25 per cent. Annual crop production mainly depends on rainfall that is variable and unevenly distributed from year to year. Agriculturalists, economists and experts from different fields of studies have raised alarm on food crisis. This paper delves the Eritrean agricultural production, land and people. It throws a light on the Elabered Estate, a reputed agricultural estate since the Italian period. It examines the strategies and methods used by the Estate to increase agricultural yields. It discusses varieties of grains with greater resistance to disease and pests, together with the use of improved farm management techniques and chemical inputs, such as improved pesticides and fertilizers. The paper highlights the success story of the Estate being an important player or a model in Eritrean agriculture sector. The paper deals with the concerted efforts made by the Estate to go with the Global Competition. It also highlights some of the challenges of Eritrean agriculture sector and provides implications.

Keywords: Agriculture, Eritrea, Global Competition, farm management, Elabered estate.

JEL Codes: Q12; Q13; Q17; R14

I. INTRODUCTION

Agriculture is the backbone of the Eritrean economy, playing a vital role in the process of economic development. Agriculture is the livelihood of the vast majority of the Eritrean people of whom more than 70 per cent of the population depends on agriculture and its allied fields for income and employment (The World Bank, 1994: 5-6). The population is engaged in peasant farming, growing sorghum, barley, taff, maize, wheat, fruits and vegetables as food crops, while producing cotton, coffee, and oil seeds as industrial crops. Livestock development, dairy, meat and meat products, and sea fisheries also play significant roles in the economy. The highly developed commercial agricultural sector exports cotton, coffee, sisal fruits and vegetables, fish and dairy products to the neighbouring countries. The agriculture sector therefore, is the prime mover in the economy. The government of Eritrea, in its Macro-Policy gave top priority: "the improved agricultural production through development of irrigated agriculture, and by enhancing productivity of peasants, pastoralists and agro- pastoralists (GSE, 1994)."

Modern and commercial agriculture in Eritrea began with the advent of Italian colonialism in 1890. After independence, commercial farming is being practiced to meet the consumption demands of the urban population, to supply local industries with raw-materials, and to generate foreign exchange reserves. There are few areas in Eritrea where modern agriculture is been practiced, they are: Aligidher, Hagas, Hamalmalo, Elabered etc.(Rena,2004).

Eritrea is been concentrating on many agricultural products such vegetables (see table 1.4), milk and milk products, meat leather products, etc. It is been facing the numerous challenges inside and outside the country. It is observed that the global challenges, Eritrea faces mainly from Europe, Asia and Africa. As explained in the text that Elabered estate of Eritrea exports its products such as Lettuce, Fruits etc. to Saudi Arabia, United Arab Emirates and other countries in Middle East. The other focus sectors in Eritrea include: Industry, Tourism, Fishing, Health, Education, etc.

Relatively low levels of labor productivity characterize in Eritrea. Throughout the developing world, levels of labor productivity (output per worker) are extremely low compared with those in developed countries. To raise productivity, domestic savings and foreign finance must be mobilized to generate new investment in physical capital goods and also to build up the stock of human capital (e.g., managerial skills) through investment in education and training. Institutional changes are also necessary to maximize the potential of this new physical and human investment (Rena, 2005; Rena,2006).

This paper explores the Eritrean agricultural production, land and people. It also provides the Elabered Estate, how it increases agricultural yields through using varieties of grains with greater resistance to disease and pests, together with the use of improved farm management techniques and chemical inputs, such as improved pesticides and fertilizers. Thus present paper covers the success story of Elabered Estate of an important player in Eritrean agriculture sector. The paper deals with the concerted efforts made by the Estate to go with the Global Competition. It also highlights some of the problems and challenges of Eritrean agriculture sector.

Eritrea got its independence in 1991 after 30 years freedom struggle. It is located in the Horn of Africa, bordered in the North and West by Sudan, in the South by Ethiopia and Djibouti and in the East by the Red Sea. It has an estimated population of about 4 million. Since its independence, the country has been undertaking number of developmental programs in rebuilding its war damaged economy particularly agriculture sector.

II. LAND AND POPULATION IN ERITREA

Land Types and Uses in Eritrea

Table 1 shows land types and current and potential land uses in Eritrea. Currently, only about 3.6 percent of the total area of the country is under cultivation. On the other hand, 57.2 percent of the country's land is devoted to browsing and grazing. About 5.5 percent of the country's land is considered to be woodland and shrub land. A mere 0.4 percent of the country's land is composed of scattered patches of forests and another 0.1 percent under forest plantation activities. It should be noted that 33.2 percent of the country is considered to be barren land.



Table – 1**Current and Potential Land Use Categories in Eritrea in 1994.**

Types of Land Use	Current		Potential	
	Hectares	Percentage of Total	Hectares	Percentage of Total
Rainfed Cultivated land	417,000	3.4	1,500,000	12.3
Irrigated land	22,000	0.2	600,000	4.9
Disturbed Forest	53,000	0.4	53,000	0.4
Forest plantations	10,000	0.1	10,000	0.1
Woodland and scrub land	673,000	5.5	5,979,000	49.1
Browsing and Grazing land	6,967,000	57.2		
Barren land	4,047,000	33.2	4,047,000	33.2
Total	12,189,000	100.0	12,189,000	100.0

Source : FAO (1994) Agriculture Sector Review and Project Identification Mission, p.21.

Note: Depending on the sources, the statistics cited above may not match figures in other reports.

Potentially, the consensus estimate of potential arable land is 2.1 million hectares (or 17.2 percent of the country's total land). Of the 2.1 million hectares of potential arable land, it is thought that 1.5 million hectares are suitable for rain-fed agriculture and 600,000 hectares for irrigation. Despite its small amount of cultivable land it is trying to develop the cash crops that can meet the Global standards. However, the Government of Eritrea, and particularly the Ministry of Agriculture, should take the necessary steps to bring more amount of land under cultivation and realize the potential arable land in order to meet the Global Competition (Rena, 2006).

Land and Population

As population increases, per capita cultivable land diminishes simply because arable land remains at best constant. Land can become alienated from agriculture to urbanization and road network, and some land becomes so degraded that it will be only marginally usable for cultivation. At present, with total population of about 4 million, per capita cultivable land in Eritrea is 0.12 hectare. By 2010, when the population can be expected to reach over 5 million, the per capita cultivable land may diminish to well below 0.1 hectare unless the area of cultivable land is substantially expanded(Rena 2004).

Population density and land use density in Eritrea vary by region. Table- 2 shows population size, amount of cultivated land and cultivated land per rural person by *zoba* (the term used to refer to administrative regions in Eritrea). The *zoba* of Debub, with a slightly more than a million people, accounts for about one-fourth of the country's total population. *Zoba* Gash-Barka has the largest cultivated land, 217,600 hectares, and also the largest cultivated land per rural person, 0.29 hectare. Overall, the cultivated land per person for the country is 0.12 hectare.

The average farm size in the most intensively cultivated *zoba* Debub is about 0.2 hectare. Farm sizes in Gash-Barka are larger with the average reaching close to 2 hectares. It is to be noted that the greatest potential for the expansion of cultivable land in Eritrea lies in the lowland regions, particularly Gash-Barka and *Anseba*, where the growing season tends to be short and most variable without irrigation. Expansion in the highland regions implies intensification on sloping land where the costs and risks of erosion are most severe (Ministry of Agriculture, 2002:16).

Table – 2

Cultivated Land and Population Distribution in the year1999.

S. No.	Zoba	No. of Sub <i>Zobas</i>	Population (000's)	Rural Population (000's)	Cultivated Land(000's) Hectares	Cultivated Land per Rural Person	Cultivate d Land per Person
1	<i>Anseba</i>	10	570.2	562.7	58.1	0.10	0.10
2	Debub	11	1014.8	976.3	128.1	0.13	0.13
3	Gash-Barka	14	790.8	754.8	217.6	0.29	0.28
4	Maekel	4	726.6	188.5	27.8	0.15	0.04
5	N.Red Sea	9	558.5	567.2	40.8	0.07	0.07
6	S.Red Sea	4	273.9	223.9	0	0.00	0.00
	Total	52	3,898.8	3,273.4	471.9	0.15	0.12

Source: Ministry of Agriculture, Government of Eritrea, Agricultural Sector Policy and Strategy Framework: Background and Context Development and Management (November 2002), Asmara, p.16.

Note: The cities of Dekemhare, Assab, Tesseney, Massawa, and Keren, have been excluded from their respective *zobas*. However, the capital, Asmara, is included in the figures shown for *zoba* Maekel.

III. AGRICULTURAL PRODUCTION IN ERITREA

As mentioned in the earlier part of the paper, the majority of Eritreans are engaged in peasant farming, growing cereals such as maize, wheat, fruits and vegetables as food crops, and producing cotton, coffee, and oil seeds as industrial crops. Livestock products such as dairy, meat, and sea fisheries also play significant roles in the economy. The developed commercial agricultural sector exports cotton, coffee, sisal, fruits and vegetables, and fish to the neighboring countries, including Djibouti, Sudan, etc. (Rena, 2002: 5-6).

It is found that commercial farmers are using surface and drip irrigation for high value crops, mainly horticultural. Such farms are located in the southwest part of the country along the river basins of Gash, Barka and Anseba. The principal products of these farms are bananas, onions, papayas, tomatoes, peppers, eggplants, okra, mangoes and citrus fruits. Double cropping is routine. Due to the practice of irrigation, farmers can meet domestic needs for most vegetables and fruits as well as generate exports with Global Standards (Rena, 2005).

The Government established a germplasm bank on plants, three research stations, and contacts with the international research institutions. Applied research on plant pests, livestock, forestry and horticulture are in progress. The laboratories are also under preparation. However, the main constraints are shortage of research scientists and skilled technicians, and lack of proper facilities and equipment (FAO, 2000:18).

As stated earlier, there have been attempts to apply modern technology in specific areas in the country such as Elaberit, Halhale, Aligidher, Hagaz, and Amalmalo. Three agricultural sites in Eritrea in particular -- Golluj in the Gash Barka, Shi'ib in the Northern Red Sea, and Hazomo in zoba Debub -- are considered to be "breadbasket" areas of the country.¹

After Independence, some of the research institutions or sub - research centers either renovated or re-established by the Government of Eritrea such as Halhale, Hagaz, Golij, Tekeret, Shieb, Gahtelay, Shmbuko, etc., to work more closely with the farmers and other related organizations (i.e. Ministry of Agriculture, university of Asmara, Food and Agricultural Organization etc.,) engaged in agriculture, and are playing vital role in the development of this sector.

Table -3
Eritrean Agriculture and its Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<p>1] The greatest potential for the expansion of cultivable land in Eritrea lies in the lowland regions, particularly Gash-Barka and Anseba, where the growing season tends to be short and most variable without irrigation.</p> <p>2] Hardworking and dedicated people, who crave to develop the country.</p> <p>3] Unexploited agricultural resources, adequate ground water resources</p> <p>4] Integrated Farming Scheme can enhance the production.</p>	<p>1] The main weaknesses are inadequate investment in agricultural research; thereby shortage of research scientists and skilled technicians, and lack of proper facilities and equipment.</p> <p>2] Lack of irrigation, credit and market facilities; traditional methods of farming;</p> <p>3] Seasonal migration of farmers;</p> <p>4] Land tenure systems; poor rural roads and related underdeveloped infrastructure.</p>
Opportunities	Threats
<p>1] Introduction of modern technology in the form of biological and mechanical inputs. Spate irrigation is the best option or strategy to increase crop production in the country.</p> <p>2] Strategic location with Red Sea Coast access and has potentiality for exports.</p> <p>3] Developing the poultry, horticulture, animal husbandry, floriculture etc.,</p>	<p>1] Low productivity levels, widespread poverty, erratic rainfalls and a chronic food deficit in the country as a whole.</p> <p>2] Increased drought intensifies desertification and chronic war threat from Ethiopia.</p> <p>3] Pests, diseases and weeds</p>

<p>4] Increasing the production of meat, milk, pulses and developing the export-oriented products for the Middle East and North East African States.</p>	<p>4] Soil degradation, reduction of pastoral production, and food shortage</p>
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Impact of Integrated Farming Scheme on Agriculture

Currently, two farming systems, the Integrated Farming Scheme (IFS) and the traditional farming practice, exist side by side. The IFS was started by the Government of Eritrea in 1998 to develop semi-and commercial rain-fed agriculture, mainly in southern Gash-Barka, considered to have the highest potential for the project. The aim of IFS is to increase crop production and incomes through the use of modern farming practices and larger land holdings. The government supports the IFS by granting land concessions and providing machinery and fertilizer at cost. Reliable data are not yet available on the performance of the IFS. But, it is known that the area of land on rain-fed crops has increased by about 27 percent between 1996 and 1998. The area under IFS has been doubled from about 44,000 hectares in 1998 to about 90,000 hectares in 1999 (FAO, 2000:13; Rena,2004).

According to a Ministry of Agriculture report, fertilizer, quality seeds, and better land preparation can raise cereal yields by about 85 percent; the maximum would be for pearl millet (127 percent) and the minimum for barley (32 percent). Potential increases for sorghum and wheat can reach 100 percent. (MoA., 2000).

The main source of water for irrigation is underground water explored from shallow, open hand-dug wells. In the Gash and Barka river basins, the wells are dug either on the river sand bed or on its outer edges in order to maximize the water content of the deep fine silt of alluvial soils. The capacity of wells is higher along these river basins because the water catchment areas are vast and annual rainfalls are high enough to induce adequate recharge (MOA, 2002, 16-17). The Government of Eritrea has been constructing new and rehabilitating old micro-dams in many areas.

Spate irrigation is considered to be the best option or strategy to increase crop production in Eritrea. This is true particularly if resource management, effective water control, improved seed variety, good quality extension service, such as pest control, and are introduced. Adoptive research is also important for the continuous improvement of crop yield. At present, about 20,000 hectares of land are under spate irrigation, but potentially this can be increased to about 600,000 hectares (FAO, 2000:13). The bunds are low and are allowed to overflow to irrigate nearby fields. Although, spate irrigation is cheap, it permits only minimal water control and often necessitates repairs owing to flood damage. Absence of water management can results in flood damages.

While addressing the nation on the eve of 13th Independence Day, President Isaias Afwerki disclosed that “the efforts are under way to develop the agriculture including: terracing and leveling of cultivable land; building of numerous small-medium and large-sized dams; controlling water in all regions through the building of diversionary water canals and streams. He stated that “exploiting underground water resources and using them carefully and effectively; investing heavily in agricultural machinery and farming tools.” Further, the President vouched that “introducing wide usage of modern irrigational technology; improving the quality of seeds, fertilizers and pesticides; increasing the production of meat, milk, pulses and oil in quality and quantity; selecting and upgrading agricultural products for export markets etc.”²

Challenges of Eritrean Agriculture Sector:

The agricultural sector works as an engine for growth and development of the other sectors of the economy. However, this sector has been facing many challenges in Eritrea: inadequate investment in agricultural research; war and drought as a result collect meager output; lack of irrigation, unwise irrigation practices and unregulated use of available resources; credit and market facilities; soil degradation and desertification; reduction in pastoral production; traditional methods of farming; seasonal migration of farmers; pests, diseases and weeds; recurrent crop failure, a common phenomena in all six regions in the country; land tenure systems; food shortages poor rural roads and related underdeveloped infrastructure. The constraints that the Eritrean agriculture is facing are causing low productivity in this sector and require practical and effective solutions (Rena, 2005:195-197).

IV. THE ELABERED ESTATE

Elabered Estate established in 1958 by an Italian entrepreneur and is located in the Anseba Region of Eritrea about 68 Km north-west of Asmara, the national capital of the country. The

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farm was heavily damaged during the war for independence and rebuilt on this foundation in 1998. From 1991 up to 1995 its administered (under the commercial farms) under the umbrella of the Ministry of Agriculture. And from 1995, the commercial farm was begun to be administered separately till the time of its privatization on 17 February, 1998.

Since 1998 immediately following privatization, the Estate followed a dual approach to the agricultural development. These were the “improvement” and “transformation” approaches. The improvement method is meant to bring gradual improvement in farming methods in the Estate. The transformation approach aimed at rapid increase in production through modern methods.

It is to be noted that, the Estate covers a total land area of about 1,200 ha of land. Of which 300 ha is arable land, 108 ha is covered by various kinds of civil works, 22 ha is presently occupied by ponds, dams and canals, while the remaining 570 ha is topographically rough and primarily steep, covered with trees, vegetation and stones. Of the 300 ha of arable land about 84 ha is covered with perennial crops while 86 ha of the Estate is mainly under vegetable and fodder crops. Portions of the remaining irrigable land is recently been developed while the rest are being unutilized primarily for crop rotation and future expansion of fruits and vegetables. Out of the 570 ha about 100 ha is occupied by grass during the rainy seasons.

The Estate set up its base in accordance with the Global agricultural standards and thus engaged in commercial agricultural production. In the year 2003, the Estate was awarded the World Quality Commitment International Star Award it was conferred by the Paris based International Selection Committee of Business Initiative Directions. It is observed that the Estate is acting as a ‘national model farm’, with its innovative strategies for future agricultural development in Eritrea. It is also active in conducting farm research and training programmes and developing new variety of crops in order to cope with the Global standards. Cutting –edge experiments in horticulture and farm mechanization are present activities and finding solutions for appropriate technology and food security. Horticulture is the fastest growing area of the Estate, keeping 15-20 different vegetables under production for the export market in the Middle East and also the local market. The Estate has made a tremendous progress in the production of various agricultural goods in comparison with other agricultural Estates in Eritrea like: Alighider, Afhimbol etc.

The Estate is therefore working to develop international consumer awareness of Eritrea’s leading agricultural export products such as lettuce, fruit etc., as the best that money can buy (see table 4). The Estate is expected to enjoy competitive advantages by virtue of characteristics unique to

Eritrea's agricultural products. The Estate has formulated a plan dubbed "Program for Strengthening International Marketing of Agricultural Products." The Estate chief agricultural export markets are Saudi Arabia, Dubai, etc.

Table- 4

Forecast of Export and Domestic Market in the year 2003 and 2007 (*Quantity in kg.*)

Crop	2003	2007
Lettuce red rosso	15750	40000
Lettuce red Oak-leaf	13000	20000
Lettuce green biondo	9000	30000
Lettuce green frisee	13000	15000
Curled parsley	3000	10000
Radish red	2600	8000
Sweet melon	2790	20000
Pepper green hot	6750	10000
Pepper green sweet	27000	35000
Squish	2250	5000
Leek	9000	15000
Green beans	26775	40000
Eggplant	44300	50000
Celery	3000	5000

Source: Elabered Estate Central Office- Asmara, the State of Eritrea.

Further, the Estate is exerting efforts in modifying itself according to the global environmental changes. It is found that the Estate is utilizing and recycling existing resources that have a cost reducing effect. It is concentrating on the principles of: a] Sustainable farming; b] Intensive agriculture production; c] Quality production. Besides, it is exporting selected crops and processing its own raw materials, which can add value to the product.

Features of the Estate:

Its vision is to rebuild and modernize the farm, and to add value and employment to the Anseba region in Eritrea. It stays at the cutting edge of agriculture development in the country.

- 1] It is a profitable agriculture enterprise.
- 2] It processes dairy, meat etc.,
- 3] It serves as model farm for Eritrea delivering innovative solutions to agricultural practices, appropriate technology, feasible crop programs etc.,
- 4] It stimulates agro business in the Anseba region and enhances the quality of agro products.
- 5] It provides expert advice and
- 6] It creates and facilitates new business opportunities.

Potential for Growth in the Estate:

It is to be observed that the agro food sector of the Estate offers significant potential for expansion in the coming years. Markets are available for domestic production. It has an advantage of vegetable production year around. For instance, four harvests per year of lettuce obtained in the farm and 12-14 cuts of Alfa-Alfa is obtained per year. However, it can be suggested that introduction of modern irrigation technology and farm mechanization enables the Estate to save water and intensify its production. Furthermore, it has the scarcity of skilled manpower therefore, highly skilled manpower is imperative for the growth of the Estate.

Existing production can be expanded by 75 – 120 ha of land within the boundaries of the Estate that is to be shared between milk/cattle, cash-crops and fruits. It is reported that the total land share between the different productions will be: fruit 100 ha, green feed 100ha, cash crops of vegetable 50-100 hectares. Dairy cattle expansion up to 450 milking cows and swine expansion up to 2500 based on the existing stock of animals.

It is to be noted that the Estate is making profits during the period between 1998-2003 i.e. after its privatization till last year. Nevertheless, the Estate has been facing certain challenges. When the researcher conducted an interview with Morgan Hoff, General Manager of the Estate, he disclosed that the challenges are: increasing drought related problems; bureaucratic procedures; foreign currency problems; networking problems; lack of skilled manpower etc., According to

the available information, the Estate exports its agricultural products (particularly lettuce) to some five star hotels in Jeddah, Riyad and it is reported that around 250 – 500 k.g. it exports every week to those hotels.

Policy Implications:

It is to be noted that Eritrean agriculture would do well to develop competitiveness in three areas: improved seedlings, certification of quality and brand-name promotion. In order to face mounting pressure from international competition, Eritrea's agriculture must set itself apart from the crowd by focusing on high-quality, high-value products, and relatively small-scale independent farmers must integrate to form large-scale, export-oriented operations employing up-to-date corporate management techniques.

It can be suggested that Eritrean agriculture must advance its global marketing finesse and that production must become more responsive to market demand. It is to be noted that the regrettable fact many foreigners have become aware of the superiority of Eritrea's agricultural products only after visiting the country. Therefore, there is nothing keeping Eritrea agriculturists from successfully promoting these outstanding products in the international market. Hence, Eritrea should be proactive in studying international consumer habits, strengthening its global marketing capabilities and meeting international hygiene and safety standards.” The International Marketing Promotion Plan is being implemented beginning from 2004.

Beyond the initial recovery period, the challenges facing agriculture would appear to be low productivity levels, widespread poverty, erratic rainfalls and a chronic food deficit in the country as a whole. Yet the very levels of productivity in Eritrea, particularly in the highlands paradoxically present the best opportunity for growth in the short to medium term. Substantial gains in agricultural production could be obtained by relieving some of the key constraints and bottlenecks impeding farmers' productivity. The following measures can improve the productivity in Eritrean agriculture.

Measures to improve the productivity in Eritrean agriculture

1. The rehabilitation of the existing irrigation schemes and the construction of additional micro-dams in appropriate areas. Irrigation facilities must be developed by constructing major, medium and minor irrigation projects, to make it possible to produce two or three crops per year;

2. The continued expansion of soil and water conservation programs but with particular attention to integrating conservation techniques into production systems, furthermore, to protect soil from degradation, use of fertilizers and crop rotation methods may be adopted; in addition, developing and disseminating of local drought resistant, fast maturing crop varieties;
3. Modern methods of production must be adopted. The farmers must be supplied with modern machinery, better quality seeds, chemical fertilizers and pesticides etc., Improved methods of cultivation must be made known to the Eritrean farmers by propaganda and practical demonstration;
4. Improving farm practices including a harmonious effort to introduce improved pest control system to reduce the incidence of crop loss due to pest infestation;
5. Farmers must be provided with adequate credit at low rates of interest through commercial banks (i.e. Commercial Bank of Eritrea, Housing and Commerce Bank of Eritrea, and Eritrean Development and Investment Bank etc.,) and other related credit societies. Establishment of sustainable rural financial services to enable farmers to gain access to the credit to purchase better seeds, fertilizers, and required implements etc.,
6. Agriculture research must be encouraged. Agriculturists must be given necessary technical skills and assistance by organizing seminars and workshops etc., And also the average farmers should be given extension training programs;
7. Marketing facilities must be improved in several areas and the government has to set up some regulated markets. This will enable farmers to secure better prices for their products as it eliminates the middlemen from the markets of the country.

V. CONCLUSION

Given the present Eritrean agricultural conditions, the problems and policy issues need to be critically considered by undertaking in depth studies of various aspects of the Eritrean

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agricultural sector. There are no ready-made policy prescriptions to deal with the complex problem of agricultural development in accordance with the Global Competition. However, there is a need to recognize the interrelationship between various policy instruments. As such, a mechanism for integrating them must be provided. The principal challenge of successful agricultural development is to attain an efficient path of technological change that saves the relatively scarce factor of production. The critical link between farmers and research institutions is essential to foster the development and application of scientific and technical knowledge for the benefit of traditional agriculture. Further, a land-reform program, which consolidated land holdings, would facilitate the drive for increased production introducing economies of scale to farm management, with a consequential benefit to national exchequer. The irrigation problem in Eritrea can be improved if Eritrea preserves every drop of rain water that comes from the cloud and construct dams and reservoirs and use drip irrigation to grow its crops. By doing all this, Eritrean agriculture in general and Elabered Estate in particular can certainly emerge as global level competitors and thus Eritrea can become the Grain Basket of East Africa.

Notes:

1. These areas were chosen as work sites where deep agricultural research is proposed in due course.
2. President Isaias Afwerki's speech on the eve of 13th Eritrean National Independence Day i.e. May 24, 2004 - excerpts and see also *Eritrea Profile*(2004), Vol. 11, No. 15, (25th May).

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Leverage Capital Structure and Dividend Policy Practices in Indian Corporate – A Case Study

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Abstract

A proper blend of debt and equity is a significant financial decision of the corporate firm from the perspective of its shareholders and other stakeholders. The excessive use of debt may endanger the survival of a corporate firm while the conservative policy may deprive the advantage of cheaper debt. An appropriate capital mix influences both the return and risk of the shareholders. The proper and efficient management of capital structure yields two advantages: (i) maximization of profit and wealth of shareholders, and (ii) minimization of cost of capital. Therefore, the financial manager is confronted with the task of determining determinants of a capital structure of the firm, which on the one hand maximizes the wealth of the owners and on the other hand minimizes the cost of funds. The present study examines the practices being followed in Indian corporate.

Key Words

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Leverage, Capital Structure, Dividend, Solvency, and Debt-Equity Ratio

Introduction:

The main objective of financial management in any management organization is value maximization. The value maximization criteria is based on the concept of cash flows generated by the investment decision and also the value maximization is used in terms of worth to the owners i.e. ordinary shareholders. The wealth of owners is reflected in the market value of shares. So wealth maximization implies the maximization of the market price of shares. Leverage, Capital structure and Dividend policies are the important decision areas in financial management. This paper concentrates on these three areas, due to its impact on the solvency and financial performance of the firm. This paper mainly studies the leverage, Capital structure and dividend policies and practices of Coromandel Fertilizers Limited, an Indo-American joint venture over a period i.e. 2003-2009.

Coromandel Fertilizers limited is a project with, an initial cost of Rs. 50 Crores. Murugappa Group of Companies holds 78.31 % share capital while the Indian Financial Institutions holds about 12.62% and Indian public holds the balance 9%.

Review of literature

Narasimhan and Vijayalakshmi (2002) analyze the influence of ownership structure on dividend payout of 186 manufacturing firms. Regression analysis shows that promoters' holding as of September 2001 has no influence on average dividend payout for the period 1997-2001. Oza (2004) study on thirty non financial Indian companies dividend behaviour, finds that current earnings is the most influencing factor while deciding on dividend policy followed by pattern of past dividends.

Reddy (2004) has examined the dividend behaviour of Indian corporate firms over the period 1990-2001 of companies listed on NSE and BSE. He concluded that dividend changes are impacted more by contemporaneous and lagged earnings performance rather than by future earnings performance. Sur (2005) has tried to study the dividend payout trends of Colgate Palmolive Ltd. And concluded there was a significant deviation between actual DPR and estimated DPR.

George and Kumudha (2005) has tested Linter Model in Hindustan Construction Co. Ltd. and finds that current year's dividend per share is positively related to current year's earnings per share and previous year's dividend per share. A Study of Dividend Policy of Indian Companies was carried out by **Singhania (2007)** on the 590 listed Manufacturing firm of India over the period of 1992-2004. She finds that average dividend per share increased significantly during the study period. **Bhayani (2008)** has conducted a study on the dividend policy behaviour of BSE 30 companies of India for the period of 1996-97 to 2004-05. He finds that the firm under study follows the linter model of dividend. **Mishra and Narender (1996)** analyze the dividend policies of 39 state-owned enterprises (SOE) in India for the period 1984-85 to 1993-94. They find that earnings per share (EPS) are a major factor in determining the dividend payout.

Objectives:

- To study the operating, financial and combined leverage of Coromandel Fertilizers Limited (CFL) during the period 2003- 2009 and to know about the impact of fixed charges on Earning Before Interest and Taxes (EBIT) and Earnings Per Share (EPS).
- To understand the capital structure policies and practices in Coromandel Fertilizers Limited (CFL) and its impact on Market Price per Share (MPS)
- To know about the dividend policy of the company and its influence on Price - Earning (P / E) and MPS.

Research Methodology:

Primary data are collected from several managerial and executive personnel of CFL, Visakhapatnam. Secondary data mainly from annual reports, brochures of CFL, magazines, Bombay Stock Indexes and web site from internet which belongs to the organization. The average market price of share is calculated on the basis of monthly high/low average closing prices of the company quoted in BSE. For computation of operating and financial leverage, 2003 is taken as base year.

Capital structure, debt equity ratio, interest coverage ratios are calculated. D/E ratio is compared with market price for analysis and interpretation. For studying the

dividend policy, ratios like dividend per share, earnings per share, dividend yield, earnings yield and P/E ratio have been computed with the help of appropriate formulas.

Analysis of leverage of CFL:

In financial management, the term leverage is used to describe the firm's ability to use fixed cost of assets or funds to increase return to its owners i.e. equity share holders. It provides the framework for financing decisions of a firm. Leverages are of three types (1) Operating Leverage (2) Financial Leverage and (3) Combined Leverage.

Operating leverage (OL)

Operating leverage refers to the use of fixed costs in the operations of a firm. Its studies the sensitivity of EBIT to sales. From safety point of view, the operating leverage should be rather low.

Analysis

If the firm is operating with high leverage a proportionate change in sales will bring a more than proportionate change in EBIT. In the above table in 2004 the firm is operating with moderate operating leverage. In 2005 it is very high as a result a little change in sales i.e. 8.82% increase, brought 94.47% increase in EBIT. The same thing happened in 2007 also. However, when the firm is operating with high leverage if sales decrease, EBIT also decreases with more than proportionate change in sales.

2004 is being taken as base year. Leverage is calculated by taking the difference between the values in 2004 and 2003.

To be clear except in 2009 the company has maintained, more or less, high degree of operating leverage. But during all these years the company has recorded an increasing trend in its sales. So the adverse affects of high operating leverage can't hit its earnings. At the same time it is observed from the table -that the company is not particular about its operating leverage. Because throughout the period' operating leverage has more ups and downs. From safety point it is suggested that the firm should maintain with low operating leverage as it has done in 2009.

(Table - 1)

Analysis of Leverages with reference to Coromandel Fertilizers Limited (CFL)**Computation of EBIT**

Year	2003	2004	2005	2006	2007	2008	2009
EBT + Interest	28,203	31,183	30,691	35,903	34,534	41,360	42,746
EBIT	1449	2701	4081	4857	6717	7155	7038
EPS	1625	1626	1960	1718	1813	1999	2155
EBIT	3074	4327	5978	6575	8530	9154	9193
EPS	6.35	9.61	12.01	14.13	19.29	24.70	27.18

Source: Annual Report 2010

(Table - 2)

Degree of Operating Leverage (DOL)

	2004	2005	2006	2007	2008	2009
% change in EBIT	40.76	94.47	113.90	177.49	197.97	199.06
% change in sales	10.57	8.82	27.30	22.45	46.65	51.56
DOL	3.86	10.71	4.17	7.91	4.24	1.92

(Table - 3)

Degree of Financial Leverage (DFL)

Year	2003	2004	2005	2006	2007	2008	2009
EBIT	3074	4327	5978	6575	8530	9154	9193
EBT	1449	2701	4018	4857	6717	7155	7038
DPL	2.12	1.60	1.48	1.35	1.26	1.28	1.31
D/E	1.37	0.94	1.01	0.82	0.68	0.75	0.85
EPS	6.35	9.61	12.01	14.13	19.27	24.70	27.18

Financial Leverage (FL)

The use of fixed charges capital like debt with equity capital in the capital structure is described as financial leverage or trading on equity. The main reason for using financial leverage is to increase the return of equity shareholders. Thus financial leverage studies the sensitivity of

EPS to EBIT.

Analysis:

It is very clear from the table that the degree of financial leverage and the debt-equity ratio of company are positively correlated. In 2003 the debt equity ratio (1.37) is very high during these 7 year period. Similarly DFL is also very high (2.12) in that year. Later debt-equity ratio declined in 2004. Similarly DFL also declined.

The debt equity ratio is low in 2007. DFL is also low in 2007 compared to other financial years. This trend can be clearly understood with the help of the table. On an average the company is following a stable financial leverage which is in between 1.25 to 1.6. So the company didn't have the problem of servicing its debt because the EPS of the company has been growing steadily.

Financial Leverage:

$$\text{Financial Leverage} = \frac{\text{EBIT}}{\text{EBIT}-\text{I or EBT}}$$

Another interesting point is that there is no considerable relationship between the degree of financial leverage and Earning Per Share (EPS) as the debt equity ratio is more or less stable, and sales are increasing year by year, the EPS is also increasing irrespective of the changes in financial leverage. That means the effect of fixed charges sources of funds on EPS is very less. But it is a general tendency in financial management to employ high financial leverage as long as the cost of debt is less than the return on assets and the firm can service its debt even in adverse conditions. Higher the financial leverage the better since it will mean more than proportionate profit for equity funds. Thus the wealth of shareholders is being maximized.

Combined leverage:

Both financial and operating leverages magnify the revenue of the firm. The Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) can be combined to see the effect of total leverage on Earnings Per Share (EPS) associated with a given change in sales. Financial leverage of CFL is not fluctuating widely like DOL during these years. As the DFL is more or

less stable, the DCL is highly depends on DOL. In 2005 DCL is very high because DOL is also very high in that year. Similarly DCL is very low in 2009 at 2.52 because DOL is also very low in that year at 1.92.

Combined Leverage

**(Table - 4)
Degree of Combined Leverage (DCL)**

	2004	2005	2006	2007	2008	2009
DOL	3.86	10.71	4.17	7.91	4.24	1.92
DFL	1.60	1.48	1.35	1.26	1.28	1.31
DCL	6.18	15.85	5.63	9.97	5.43	2.52

Capital Structure:

The two principle sources of finance available to every concern are equity and debt. The capital structure of a firm should be planned in such a way that the cost of servicing the debt should be minimum and the return should be maximum. While developing an appropriate capital structure, the financial manager should aim at maximizing the market value of the share. Such a capital structure can be determined empirically.

Analysis of Capital structure of CFL:

The company is following conservative debt policy except in 2003 its debt equity ratio is around 1:1. The debt equity ratio varies between 0.75 and 1 during this period. If we observe the past three or four years the management doesn't allow its debt equity ratio to fluctuate more. The debt equity ratio is very high at 1.35 in 2003 later it touched 1.01 in 2005. In remaining years it lies below 1.

If we observe the table, it is very clear that the debt equity ratio and interest coverage are negatively correlated. As the debt decreases the interest coverage improves and vice versa. The conservative debt policy of the company is reflected in its interest coverage also. The interest coverage ratio is around 4 times during the last four years. Prior to that high D/E and less EBIT resulted low interest coverage. Still the company has a large reserve debt

capacity providing it with financial capability to easily fund its diversification and expansion programs.

It is significant to note that inspite of the ups and downs in debt-equity ratio and interest coverage ratio, the average market price is not affected by these policies. Thus the debt equity and average market price of CFL are not closely related.

(Table - 5)

Analysis of Capital Structure in Coromondal Fertilisers Limited

Capital Structure and debt service

Year	Debt in	Net worth	D/E	EBIT in lakhs	Int. in lakhs	Interest coverage (no. of times)
2003	10,957	8,022	1.37	3074	1625	1.89
2004	9,814	10,431	0.94	4327	1626	2.66
2005	12,768	12,685	1.01	5978	1960	3.05
2006	12,560	15,319	0.82	6575	1718	3.83
2007	12,904	18,926	0.68	8530	1813	4.70
2008	14,633	19,471	0.75	9154	1999	4.58
2009	19,862	23,382	0.85	9193	2155	4.27

Source: Annual reports of CFL

D/E = Total Debt/Net Worth, Interest Coverage = EBIT / Interest

(Table - 6)
Effect of interest on EBIT and sales

Year	Sales in lakhs (Rs.)	Interest in lakhs (Rs.)	Interest as % on sales	Interest coverage (no. of times)
2003	28,203	1625	5.76	1.89
2004	31,183	1626	5.26	2.66
2005	30,691	1960	6.39	3.05
2006	35,903	1718	4.78	3.83
2007	34,534	1813	5.25	4.70
2008	41,360	1999	4.83	4.58
2009	42,746	2155	5.04	4.27

Dividend Policy and Practices:

Shareholders of every company expect two forms of returns, dividend and capital gains. A major decision in financial management is the dividend decision in the sense that the firm has to choose between distributing the profits to the shareholders and plugging them back to the business. Dividend policy determines what portion of earnings will be paid out to stockholders and what portion will be retained in the business to finance long-term growth. Both dividends and growth are desirable but are conflicting to each other. This situation is an existing challenge for the financial manager and necessitates the need to establish an optimum dividend policy that has no adverse effects on the future progress of the firm.

Analysis:

The EPS of the company has been steadily growing during these 7 years period. So also DPS has been growing steadily with EPS. The company has been steadily increasing its DPS. The dividend payout of the company is also rising. Almost in all the years the proportionate increase in DPS is more than that of in EPS except 2008 and 2009. As a consequence payout ratio has been steadily increasing year by year till 2007 after that it has declined in 2008 and 2009.

(Table-7)
Capital Structure and Market Price

Year	D/E	Average Market Price
2003	1.37	40.00
2004	0.94	54.50
2005	1.01	36.65
2006	0.82	46.03
2007	0.68	45.25
2008	0.75	62.65
2009	0.85	51.05

Source: Annual Reports of CFL and BSE Stock prices

(Table-8)
Retention policy and its impact

Year	EPS (Rs)	DPS (Rs)	Average Mkt Price	Payout %	DY %	EY %	P/E
2003	5.96	1.0	40.00	0.17	2.5	14.9	6.7
2004	9.61	2.0	54.50	0.21	3.67	17.63	5.67
2005	12.01	2.5	36.65	0.21	6.82	32.77	3.05
2006	14.13	3.0	46.03	0.21	6.82	30.70	3.26
2007	19.27	5.0	45.25	0.26	11.05	42.58	2.35
2008	22.79	5.5	62.65	0.24	8.78	36.38	2.74
2009	28.00	6.5	51.05	0.23	12.73	54.84	1.82

Source: Annual Reports of CFL and BSE Stock prices

The average market price of the share of CFL, except some fluctuations, has recorded a satisfactory growth during this period. Perhaps shareholders like the company's dividend policy. Though the company has been following a stable growth dividend policy, its effect on the market price of the share is not very clear. It is very difficult to establish a relationship between DPS and MPS. The fluctuations in the share prices may cause due to economic conditions, Government policy, prospects of fertilizer industry and the most important one is the activities of market forces.

Conclusion

Coromandel Fertilizers Ltd. has abundant internal resources. It is following a stable debt equity ratio. It has been maintaining an increased trend in its dividend payout. Operating leverage of the company has more ups and down. But the financial leverage is more or less stable. The fluctuations in the market price of the share are related to the capital structure decisions and dividend decisions to some extent.

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AN EXPLORATION INTO WORKING AND PERFORMANCE OF CONSUMER DISPUTES REDRESSAL AGENCIES IN INDIA

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ABSTRACT

The present study is exploratory in nature. It critically examines the working and performance of consumer disputes Redressal agencies functioning at National, State and District level. The study observes that the Redressal agencies are efficiently functioning to provide speedy and timely justice to the consumers. On the basis of disposal of the cases, the study found that district consumer disputes redressal forums, national consumer disputes redressal commission and state consumer disputes redressal commissions may be assigned first, second and third rank respectively. The study concludes with the fact that the district consumer disputes redressal forums in India are striving its' best to dispose of the cases at the grass root level, however, there is critical need of settlement of pending cases at the State as well

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as National Level to facilitate the ultimate justice to the consumers. The researcher agrees with the common saying that justice delayed is justice denied.

KEY WORDS

Consumerism, Consumer Protection Act, Consumer Disputes Redressal Agencies, Effectiveness.

INTRODUCTION

Consumerism in India is growing. Consumers constitutes the largest unorganised public body in the country, and protection of their interests and rights is of vital importance in a well regulated and independent mechanism to provide quality goods, services and utilities to the satisfaction of consumer. However, due to unawareness and passive approach, consumer is being exploited by the some of the shrewd businessman in different ways. Adulterated food, substandard products, hazardous drugs, unethical and manipulative advertisements, poor services adds to the dismay of the humiliated and harassed consumer. There is growing feeling among them that they are ruthlessly exploited. Consumers are now organising themselves for the protection of their interests and consumer awareness in India is growing. Government has also taken various steps to protect the consumers. The government has enacted more than 50 Acts/laws to safeguard consumers. Consumer Protection Act, 1986 (Act No 68 of 1986) (C.P.A.) enacted to protect the interest of consumers by the Government is a milestone in the history of socio-economic legislation in the country. It is one of the most progressive and comprehensive pieces of legislation enacted for the protection of consumers. All the provisions of Consumer Protection Act, 1986 came in to force with effect from 1 July, 1987 throughout the country except the State of Jammu and Kashmir of India due to the special status of the State under the relevant sections. The state of Jammu and

Kashmir of India has enacted its own legislation in the field of protection of consumers. The Act aims at providing simple, speedy and inexpensive redressal to aggrieved consumers by way of setting up Consumer Disputes Redressal Agencies (C.D.R.A.s) at District, State and National level with supervisory bodies known as Consumer Protection Council (C.P.C.) at the state as well as at National Level. The Consumer Protection Act, 1986 is a unique piece of legislation as it provides a separate three tier quasi judicial consumer Disputes Redressal Machinery at the National, State and District level in the country. Unfortunately the Act remained on paper until the Hon'ble Supreme Court of India in the year 1993 directed all the States/Union Territories to set up necessary Consumer Protection Forums and Commissions in compliance of the Consumer Protection Act, 1986 (C.P.A.), following which all State Governments/Union Territory Administrations of India have taken the necessary initiative in this regard. The Consumer Protection Act, 1986 (C.P.A.) was amended first in the year 1993 and then in year 2002 to provide more teeth to it.

REVIEW OF LITERATURE

The general purpose of reviewing the literature of studies is to develop an understanding and insight into the work already done and areas left untouched or unexplored. It is presumed that the survey of such studies will make the preset investigation more direct and to the point. The investigation of literature review helps researcher to take out the problem not examined by the previous researchers. So, the different studies investigating most of the aspects on the subject matter of present study published in the forms of books, articles and research papers have been studied. The important among them are as following:

Hamouda, Mohamed Arifi (1980) in their study entitled "Consumer Protection in Underdeveloped Countries" revealed that Government's role in consumer protection was lacking due to

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the fact that most of the officials were engaged in their private businesses. The study also highlighted that more than fifty per cent of the consumers were not aware of consumer protection and the remaining are of the opinion that Government had never been effective in performing its duties. The study further revealed that the management of public as well as private enterprises believed that consumer protection was the responsibility of the Government.

National Consumer Council, England (1981) in its report entitled “Consumer Concern – The Nationalised Industries”, found that bureaucratic attitude of industrialists threatened the quality of life in public and private dealings.

Reddy, T. S. and Murthy, P.G.K. (1987) their paper entitled “Consumer Problems in India”, found that lower supply of goods and services, false advertisements, high prices, inadequate price control, loopholes in implementation of concerned laws and failure of consumer cooperatives as the major problems faced by the consumers.

Ramesh, M. K. (1989) in his paper entitled “Consumer Interest in Legal Profession – Problems and Perspectives”, highlighted the malpractices adopted by lawyers, such as charging exorbitant fees and making their services inaccessible to poor man. He also discussed the different laws for protecting the consumers against the misconduct of lawyers.

Dhyani, A. K. (1990) in his study entitled “Role of Government Agencies in Consumer Protection”, found that Monopoly & Restrictive Trade Practices Commission of India is unable to keep pace with the complaints filed before it.

Shourie, H. D. (1993) in his article entitled “District Forums Yet to go into Full Swing”, found that functioning of District Consumer Disputes Redressal Forums was unsatisfactory. He also highlighted

the various causes for the same, which are problems of staffing, infrastructure, equipments and provision of funds etc. He also found that the State Commissions were also facing the similar kind of problems.

Singh and Balachandram (1994) conducted a survey entitled “Evaluation of the Effectiveness of the Implementation of the Consumer Protection Act, 1986”, found that there is inordinate delay in disposing the cases of the aggrieved consumers and suggested that there is a need of effective co-ordination and concerted efforts by all concerned to educate the consumers about their rights and Redressal machinery available to them.

Sudan, Amrik Singh (2002) in his study entitled “Activating Consumer Movement – A Study of District Disputes Consumer Redressal Forum, Jammu”, suggested the need for establishment of mobile consumer courts. The study also highlighted the need of separate consumer affairs department and appointment of permanent, educated and knowledgeable members for improving the functioning of the forum.

Tangade and Basavaraj (2004) in their study entitled “Awareness and Perception of Educated Consumer about Consumer Protection Laws”, analysed the level of awareness and satisfaction of educated consumers about the various laws and found that there was a direct relation between education and awareness. It also highlighted the significant role of electronic and press media in creating awareness amongst the consumers. It also found that most of the consumers want that Government should make serious efforts for increasing the awareness among rural and illiterate masses.

Bhavet and Mohita (2009) in their research paper entitled “Current Practices in Consumer Protection in South Asia (With Special reference to India, Bangladesh, Pakistan and Nepal)”, found out that Consumer Protection legislation is an integral part of a consumer protection frame work of any country. This framework encompasses various issues which are actually correlated with each other. Each

country has some uniqueness in its system and approach to consumer protection, which can be analysed and protection can be incorporated. No system is perfect, therefore a compilation of this nature gives an opportunity to assess and benchmark the good practice. Globalisation, Liberalisation and Privatisation in South Asian countries has enabled the entry of several traders, including large M.N.C.'s, who have transformed the economy into a vibrant, rapidly growing consumer market. In South Asia countries, most of the Governments have come up with some laws related to Consumer Protection, but there is a direct need to frame a system which is equipped with the initiatives and policies which would serve as a strong base for an efficient and effective Consumer Protection regime.

Kaushal, Anoop K. (2010) in his book entitled “Practical Guide to Consumer Protection Law”, examined the basic concepts and definitions as used in the Consumer Protection Act, 1986 (C. P. A.) as amended up-to-date and incorporated the various circumstances under which consumer can approach the Consumer Disputes Redressal Agencies for the purpose of filing complaints/appeals.

STATEMENT OF THE PROBLEM

The literature review reveals that the previous scholars have conducted researches on the various aspects relating to consumers such as attitude of consumers, Awareness and Perception of Educated Consumer about Consumer Protection Laws, Evaluation of the Effectiveness of the Implementation of the Consumer Protection Act, 1986; Law of Consumer Protection; Activating Consumer Movement; Practical Guide to Consumer Protection Law. A few studies have attempted to examine the similar kind of issues under research; however, none of the previous researchers have conducted a study on the topic of under consideration. In the background of these developments, it has been decided to conduct a study on the topic entitled, “An Exploration into working and performance of consumer Redressal agencies in India”.

OBJECTIVES OF STUDY

The present study is descriptive as well as analytical in nature. It attempts to elaborate the state of affair of the cases filed/disposed off/pending at the National Consumer Disputes Redressal Commission, State Consumer Disputes Redressal Commission and District Consumer Disputes Redressal Forums in India. It further compares the performance of efficacy of various consumer dispute Redressal agencies working at national, state and district levels. The study points out the diverse problems being faced at the district level, and ends up with certain recommendations which if taken into consideration will definitely help to improve the functioning of the Consumer Disputes Redressal Agencies.

RESULTS AND DISCUSSION

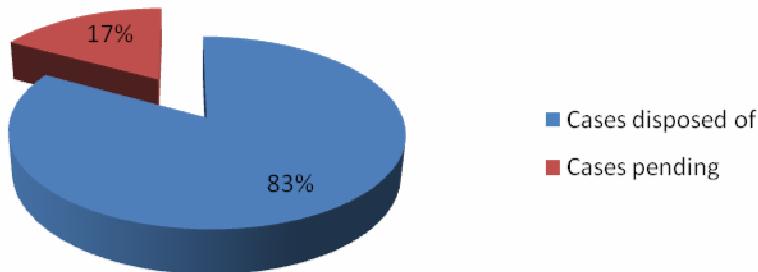
1. Analysis of Cases Filed/Disposed of/Pending at National Consumer Disputes Redressal Commission: The study at the very outset examines the Statement of Cases Filed / Disposed of / Pending in the National Consumer Disputes Redressal Commission of India as depicted in table 1 and Fig. 1 as under:



Table 1: Statement of Cases Filed / Disposed of / Pending in the National Consumer Disputes**Redressal Commission of India as on December 31, 2008**

Particulars	No. of Cases	Percentage
Cases disposed of since inception	47,304	83.1
Cases pending	9,617	16.9
Total Cases filed since inception	56,921	100

Source: Records of National Consumer Disputes Redressal Commission, New Delhi

Fig 1: Status of cases filed since inception

The analysis of Table 1 and Fig. 1 shows that the total number of cases filed in the National Consumer Disputes Redressal Commission of India till December 31, 2008 is 56,921. Out of the total number of cases filed, 47,304 cases have been disposed of; whereas 9,617 cases are still pending. Fig 1 clearly exhibits that 83 percent of the cases filed since inception of National Consumer Disputes Redressal Commission of India have been disposed of, and 17 percent of the cases filed since inception are still pending. It is evident that commission is trying its best to efficiently redress the grievances of the consumers at the national level.

2. Analysis of Cases Filed and Disposed of in different State/U.T. Consumer Disputes Redressal Commissions:

The study investigated the Statement of Cases Filed / Disposed of in the different State/U.T. Consumer Disputes Redressal Commissions of India as on December 31, 2008 as depicted in table 2 and Fig. 1.1 as under:

Table 2: Statement of Cases Filed / Disposed of in the different State/U.T. Consumer Disputes Redressal Commissions of India as on December 31, 2008

Sr. No.	Name of the State	Cases filed since Inception	Cases disposed of since inception	Disposal (%age)
01.	Andhra Pradesh	23459	19814	84.46
02.	A & N Islands	42	38	90.48
03.	Arunachal Pradesh	49	38	77.55
04.	Assam	2210	1157	52.35
05.	Bihar	12848	9086	70.72
06.	Chandigarh	9580	8359	87.25
07.	Chhattisgarh	5080	4114	80.98
08.	Daman & Diu and DNH	29	29	100.00
09.	Delhi	28824	27915	96.85
10.	Goa	2028	1888	93.10
11.	Gujarat	29963	24539	81.90
12.	Haryana	36491	21390	58.62
13.	Himachal Pradesh	5964	5244	87.93
14.	Jammu & Kashmir	5591	4769	85.30
15.	Jharkhand	3846	2929	76.16
16.	Karnataka	27337	26821	98.11

17.	Kerala	21748	18832	86.59
18.	Lakshadweep	14	13	92.86
19.	Madhya Pradesh	31466	28654	91.06
20.	Maharashtra	45304	27549	60.81
21.	Manipur	139	96	69.06
22.	Meghalaya	115	109	94.78
23.	Mizoram	153	143	93.46
24.	Nagaland	94	64	68.09
25.	Orissa	17930	10770	60.07
26.	Puducherry	869	814	93.67
27.	Punjab	21259	16089	75.68
28.	Rajasthan	39936	35717	89.44
29.	Sikkim	31	31	100.00
30.	Tamil Nadu	20396	17791	87.23
31.	Tripura	1115	1103	98.92
32.	Uttar Pradesh	54431	21826	40.10
33.	Uttarakhand	3420	2595	75.88
34.	West Bengal	12769	12164	95.26
	TOTAL	464530	352490	75.88

Source: Records of National Consumer Disputes Redressal Commission, New Delhi.

**Fig 1.1: Disposal (%) of Cases filed in State/U.T.
Consumer Disputes Redressal Commission of India**

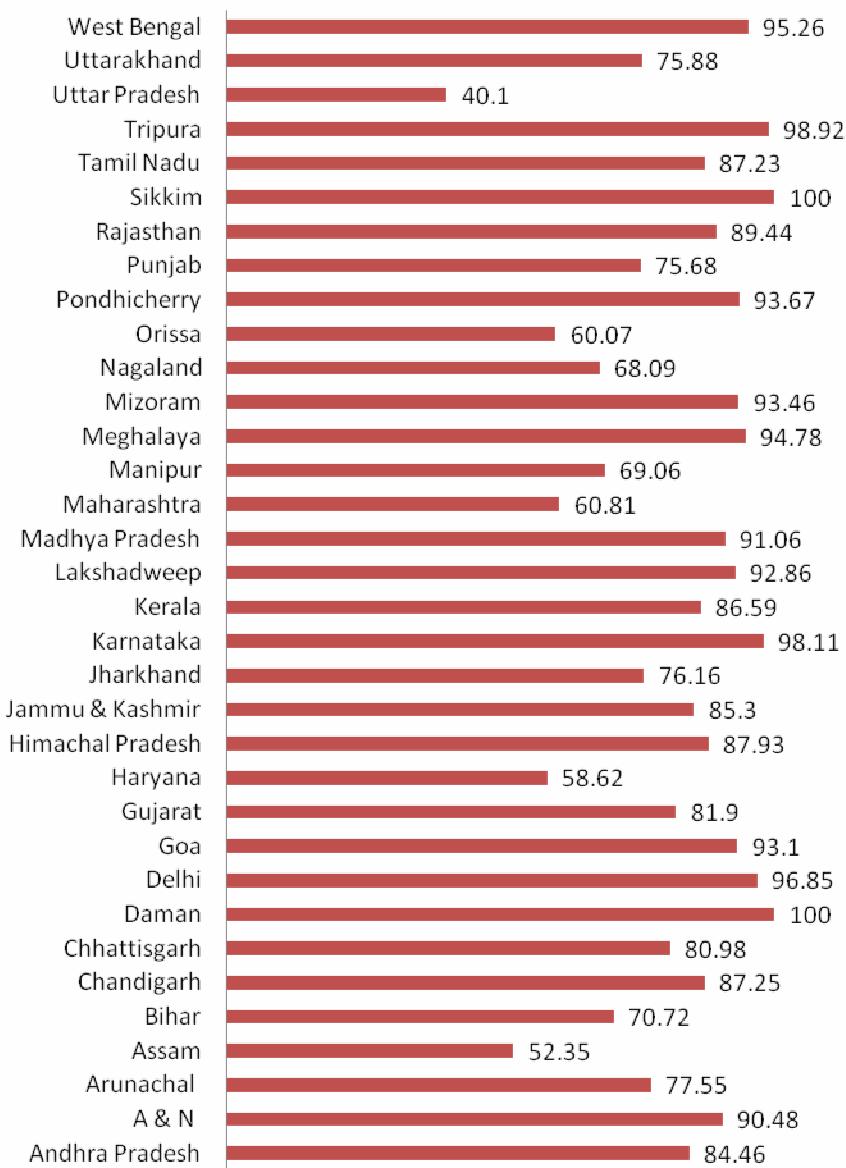


Table 2 and Fig 1.1 shows the statement of the cases filed / disposed of in the different State/UT Consumer Disputes Redressal Commissions of India. Analysis of table depicts that total number of cases filed are 4,64,530, out of which 3,52,490 cases has been disposed of. It is evident that majority of the State/UT Consumer Disputes Redressal Commissions had very high disposal percentage of the cases. Daman, Diu and DNH; and Sikkim have 100 percent disposal percentage. It is followed by Tripura with

98.92 percent, Karnataka with 98.11 percent, Delhi with 96.85 percent, West Bengal with 95.26 percent disposal of the total case filed since inception. Out of 34 State/U.T. Consumer Disputes Redressal Commissions 8 states viz. Assam, Haryana, Maharashtra, Manipur, Nagaland, Orissa, Punjab and Uttar Pradesh has lower disposal percentage as compared to the overall average disposal rate of 75.9 percent. The overall disposal for all the State/UT is 75.88 percent, which is a sign of efficient functioning of the Consumer Disputes Redressal Commissions at State/U.T. level.

3. Analysis of Cases Filed and Pending in different State/U.T. Consumer Disputes Redressal Commissions:

Commissions: The study further investigated the Statement of Cases Filed / pending in the different State/U.T. Consumer Disputes Redressal Commissions of India as on December 31, 2008 as depicted in table 3 and Fig. 2 as under:

Table 3: Statement of Cases Filed / Pending in the different State/U.T. Consumer Disputes Redressal Commissions of India as on December 31, 2008

Sr. No.	Name of the State	Cases filed since Inception	Cases pending	Pendency (%age)
01.	Andhra Pradesh	23459	3645	15.54
02.	A & N Islands	42	4	9.52
03.	Arunachal Pradesh	49	11	22.45
04.	Assam	2210	1053	47.65
05.	Bihar	12848	3762	29.28
06.	Chandigarh	9580	1221	12.75
07.	Chhattisgarh	5080	966	19.02
08.	Daman & Diu and DNH	29	0	0
09.	Delhi	28824	909	3.15
10.	Goa	2028	140	6.9
11.	Gujarat	29963	5424	18.1

12.	Haryana	36491	15101	41.38
13.	Himachal Pradesh	5964	720	12.07
14.	Jammu & Kashmir	5591	822	14.7
15.	Jharkhand	3846	917	23.84
16.	Karnataka	27337	516	1.89
17.	Kerala	21748	2916	13.41
18.	Lakshadweep	14	1	7.14
19.	Madhya Pradesh	31466	2812	8.94
20.	Maharashtra	45304	17755	39.19
21.	Manipur	139	43	30.94
22.	Meghalaya	115	6	5.22
23.	Mizoram	153	10	6.54
24.	Nagaland	94	30	31.91
25.	Orissa	17930	7160	39.93
26.	Pondicherry	869	55	6.33
27.	Punjab	21259	5170	24.32
28.	Rajasthan	39936	4219	10.56
29.	Sikkim	31	0	0
30.	Tamil Nadu	20396	2605	12.77
31.	Tripura	1115	12	1.08
32.	Uttar Pradesh	54431	32605	59.9
33.	Uttarakhand	3420	825	24.12
34.	West Bengal	12769	605	4.74
	TOTAL	464530	112040	24.12

Source: Records of National Consumer Disputes Redressal Commission, New Delhi

Fig 2:Pendency(%) of Cases filed in State/U.T.Consumer Disputes Redressal Commissions of India

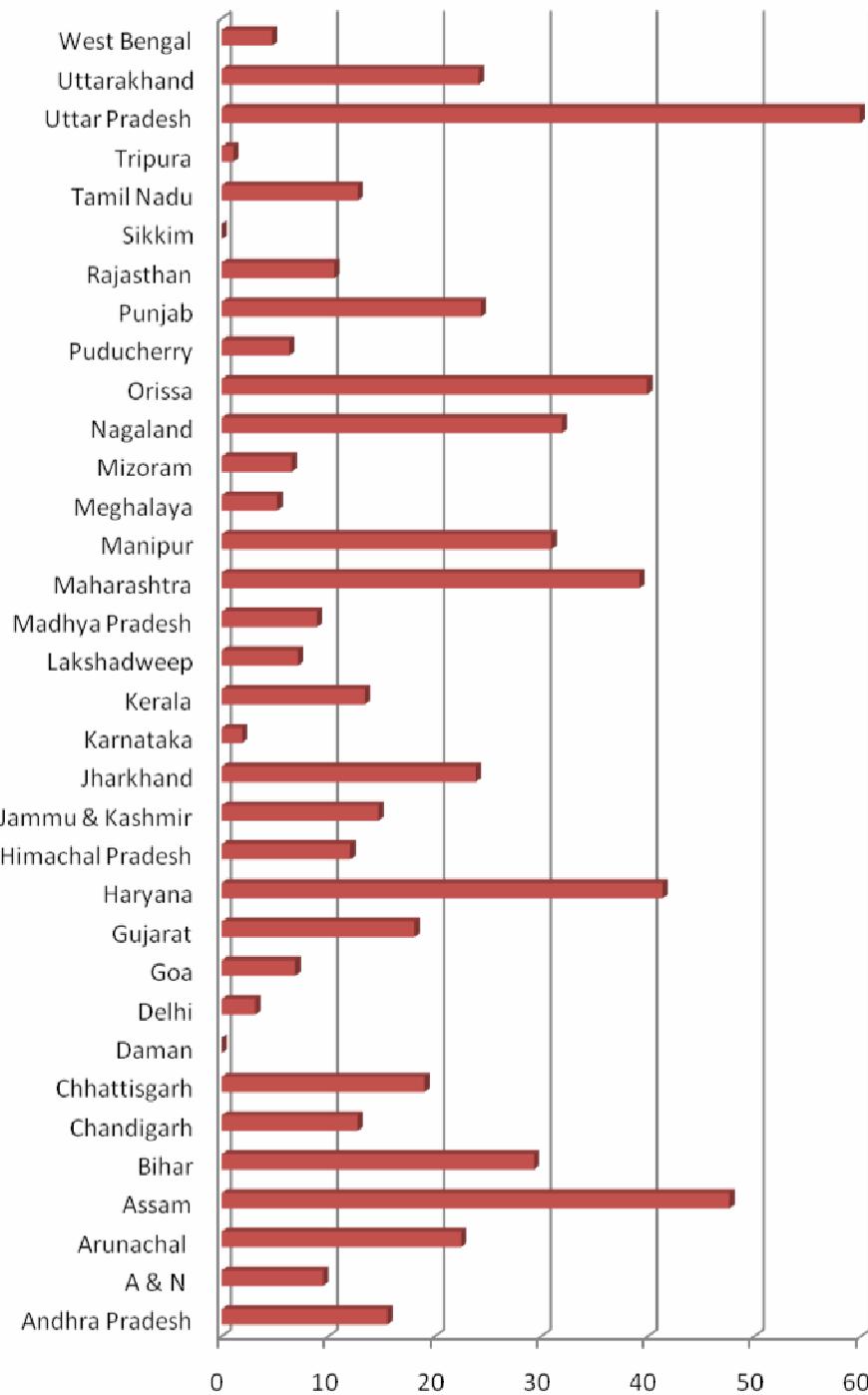


Table 3 and Fig. 2 exhibits the statement of the cases filed/disposed of in the different State/UT Consumer Disputes Redressal Commissions of India. Analysis of table depicts that the total number of cases filed are 4,64,530, out of which 1,12,040 cases are pending as on December 31, 2008. The overall pendency rate is 24.12 percent. It is clear on the basis of analysis of table 2 that the four state/UT Consumer Disputes Redressal Commissions with high percentage of pendency of cases are Uttar Pradesh, Assam, Haryana, and Orissa with 59.9 percent, 47.63 percent, 41.38 percent, and 39.93 percent of pending cases. Out of the 34 State/U.T. Consumer Disputes Redressal Commissions, 9 State/U.T. Consumer Disputes Redressal Commissions (26.47%) have pendency rate higher than the overall pendency rate of 24.12 percent. Daman & Diu, and Sikkim are on the top State/UT Consumer Disputes Redressal Commissions with zero percent pendency rate.

4. Analysis of Cases Filed and Disposed of at District Consumer Disputes Redressal Forums: The study examined the Statement of Cases Filed / Disposed of in District Consumer Disputes Redressal Forums in the different State/U.T. of India as on December 31, 2008 as depicted in table 4 and Fig. 3 as under:

Table 4: Statement of Cases Filed / Disposed of in the District Consumer Disputes Redressal Forums of States/U.T. of India as on December 31, 2008

Sr. No.	Name of the State	Cases filed since inception	Cases disposed of since inception	% of Disposal
01.	Andhra Pradesh	172374	167700	97.29
02.	A & N Islands	330	301	91.21
03.	Arunachal Pradesh	291	258	88.66
04.	Assam	12698	11515	90.68
05.	Bihar	73087	62189	85.09
06.	Chandigarh	35356	34473	97.50

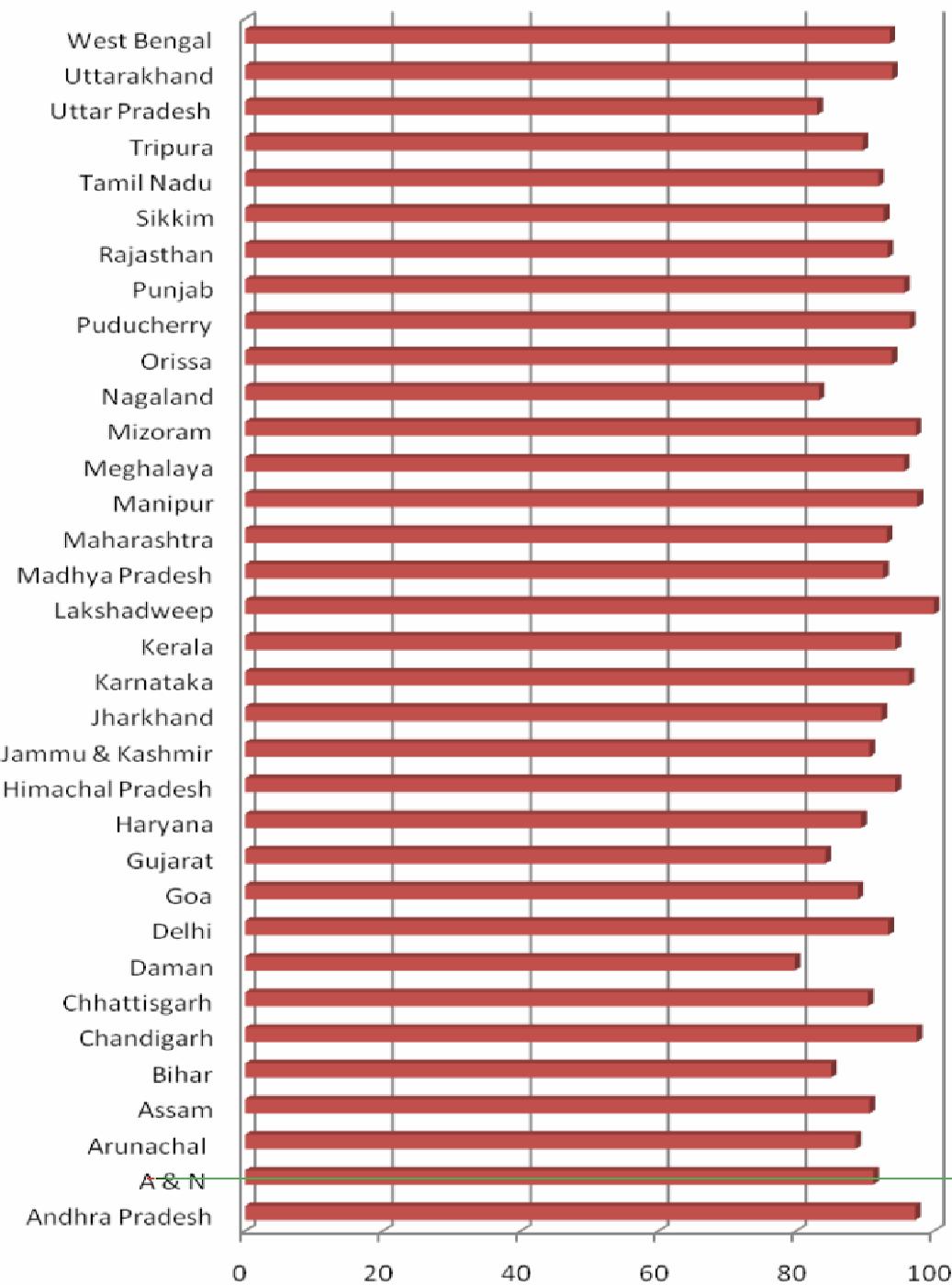
07.	Chhattisgarh	27865	25197	90.43
08.	Daman & Diu and DNH	129	103	79.84
09.	Delhi	195635	182710	93.39
10.	Goa	5677	5049	88.94
11.	Gujarat	139392	117460	84.27
12.	Haryana	176141	157564	89.45
13.	Himachal Pradesh	47944	45267	94.42
14.	Jammu & Kashmir	20792	18855	90.68
15.	Jharkhand	29407	27174	92.41
16.	Karnataka	116852	112584	96.35
17.	Kerala	157956	149130	94.41
18.	Lakshadweep	55	55	100.00
19.	Madhya Pradesh	133279	123496	92.66
20.	Maharashtra	207040	192859	93.15
21.	Manipur	1037	1012	97.59
22.	Meghalaya	322	308	95.65
23.	Mizoram	2065	2011	97.38
24.	Nagaland	246	205	83.33
25.	Orissa	75832	71205	93.90
26.	Puducherry	2547	2458	96.51
27.	Punjab	115102	110142	95.69
28.	Rajasthan	227558	212297	93.29
29.	Sikkim	234	217	92.74
30.	Tamil Nadu	88434	81294	91.93
31.	Tripura	2015	1807	89.68

32.	Uttar Pradesh	463627	385203	83.08
33.	Uttarakhand	30004	28196	93.97
34.	West Bengal	66155	61905	93.58
	TOTAL	2627478	2392199	91.05

Source: Records of National Consumer Disputes Redressal Commission, New Delhi



Fig 3:Disposal (%) of Cases filed in District Consumer Disputes Redressal Forums of State/U.T. of India



Analysis of Table 4 and fig 3 reveals that 26,27,478 cases have been filed out of which 23,92,199 cases (91.05%) has been disposed of. The overall disposal rate of 91.05 percent reflects high disposal rate of the cases at District Consumer Disputes Redressal Forums of the State/U.T., in comparison to the National and State Consumer Disputes Redressal Commissions on India. It is further observed that Lakshadweep stood first with 100 percent disposal rate of the cases. Manipur (97.59%), Chandigarh (97.5%) and Mizoram (97.39%) stood at second, third and fourth position on the basis of disposal percentage of the cases.

5. Analysis of Cases Filed and Pending at District Consumer Disputes Redressal Forums: The study further investigated the Statement of Cases Filed / pending in the District Consumer Disputes Redressal Forums as on December 31, 2008 as depicted in table 5 and Fig. 4 as under:

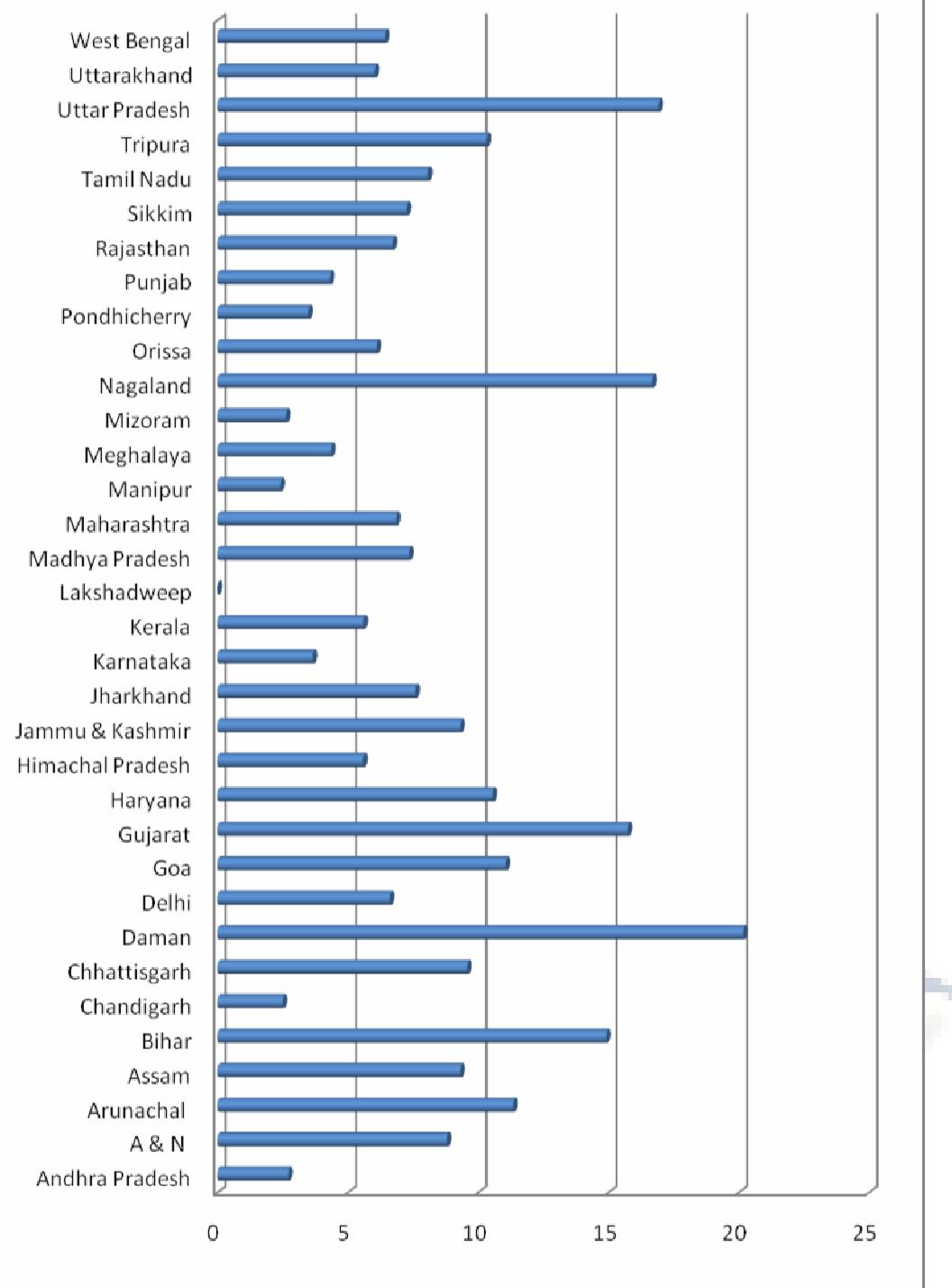
Table 5: Statement of Cases Filed / Pending in the District Consumer Disputes Redressal Forums of States/U.T. of India as on December 31, 2008

Sr. No.	Name of the State	Cases filed since inception	Cases pending	Pendency (%)
01.	Andhra Pradesh	172374	4674	2.71
02.	A & N Islands	330	29	8.79
03.	Arunachal Pradesh	291	33	11.34
04.	Assam	12698	1183	9.32
05.	Bihar	73087	10898	14.91
06.	Chandigarh	35356	883	2.5
07.	Chhattisgarh	27865	2668	9.57
08.	Daman & Diu and DNH	129	26	20.16
09.	Delhi	195635	12925	6.61
10.	Goa	5677	628	11.06
11.	Gujarat	139392	21932	15.73

12.	Haryana	176141	18577	10.55
13.	Himachal Pradesh	47944	2677	5.58
14.	Jammu & Kashmir	20792	1937	9.32
15.	Jharkhand	29407	2233	7.59
16.	Karnataka	116852	4268	3.65
17.	Kerala	157956	8826	5.59
18.	Lakshadweep	55	0	0
19.	Madhya Pradesh	133279	9783	7.34
20.	Maharashtra	207040	14181	6.85
21.	Manipur	1037	25	2.41
22.	Meghalaya	322	14	4.35
23.	Mizoram	2065	54	2.62
24.	Nagaland	246	41	16.67
25.	Orissa	75832	4627	6.1
26.	Puducherry	2547	89	3.49
27.	Punjab	115102	4960	4.31
28.	Rajasthan	227558	15261	6.71
29.	Sikkim	234	17	7.26
30.	Tamil Nadu	88434	7140	8.07
31.	Tripura	2015	208	10.32
32.	Uttar Pradesh	463627	78424	16.92
33.	Uttarakhand	30004	1808	6.03
34.	West Bengal	66155	4250	6.42
	TOTAL	2627478	235279	8.95

Source: Records of National Consumer Disputes Redressal Commission, New Delhi

Fig 4:Pendency (%) of Cases filed in District Consumer Disputes Redressal Forums of State/U.T. of India



Analysis of table 5 and Fig. 4 clearly reveal that the overall average percentage of pendency of cases is 8.95 percent. On the basis of in depth analysis the study observed that out of 34 State / U.T. DCRFs, 11 State / U.T. DCRFs (32.35%) have pendency rate higher than the overall average pendency rate. The pendency rate is highest for the Uttar Pradesh (16.92%), it is followed by Nagaland, Gujarat, and Bihar with pendency percentage of 16.67 %, 15.73%, and 14.91 percent respectively. District Consumer Disputes Redressal Forums at Lakshadweep (0%) have best performed, and it is followed by Chandigarh (2.5%) so far as lowest pendency rate is concerned.

6. Analysis of Functional/Non-Functional (State Commissions / District Forums): The study further examined the state of functional/non-functional State Commissions / District Forums as on December 31, 2008 as depicted in table 6 as under:

Table 6: Statement regarding Functional/Non-Functional (State Commissions / District Forums) as

on December 31, 2008

Sr. No.	Name of the State	Whether SC Functional or Non-functional	No. of District Fora	Functional	Non-functional
01.	Andhra Pradesh	Yes	29	29	0
02.	A & N Islands	Yes	1	1	0
03.	Arunachal Pradesh	Yes	16	13	3
04.	Assam	Yes	23	23	0
05.	Bihar	Yes	38	33	5
06.	Chandigarh	Yes	2	2	0

07.	Chhattisgarh	Yes	16	16	0
08.	Daman & Diu*	Yes	2	2	0
09.	Dadra & Nagar Haveli*	Yes	1	1	0
10.	Delhi	Yes	10	10	0
11.	Goa	Yes	2	2	0
12.	Gujarat	Yes	30	30	0
13.	Haryana	Yes	19	19	0
14.	Himachal Pradesh	Yes	12	11	1
15.	Jammu & Kashmir	Yes	2	2	0
16.	Jharkhand	Yes	22	21	1
17.	Karnataka	Yes	30	30	0
18.	Kerala	Yes	14	14	0
19.	Lakshadweep	Yes	1	1	0
20.	Madhya Pradesh	Yes	48	47	1
21.	Maharashtra	Yes	40	40	0
22.	Manipur	Yes	9	9	0
23.	Meghalaya	Yes	7	7	0
24.	Mizoram	Yes	8	8	0
25.	Nagaland	Yes	8	8	0
26.	Orissa	Yes	31	31	0
27.	Puducherry	Yes	1	1	0

28.	Punjab	Yes	20	17	3
29.	Rajasthan	Yes	33	31	2
30.	Sikkim	Yes	4	4	0
31.	Tamil Nadu	Yes	30	19	11
32.	Tripura	Yes	4	4	0
33.	Uttar Pradesh	Yes	74	69	5
34.	Uttarakhand	Yes	13	9	4
35.	West Bengal	Yes	21	20	1
	TOTAL		621	584	37

Source: Records of National Consumer Disputes Redressal Commission, New Delhi

*Dadra & Nagar Haveli and Daman & Diu shares common U.T. Consumer Disputes Redressal Forum.

Analysis of table 6 reveals that out of 621 District Foras, 584 (94.041%) are functional whereas the non functional District Foras are only 37 (5.989%). Out of 37 non-functional district foras, Tamil Nadu has the highest number of non-functional district foras i.e. 11 (29.73%). It is followed by Bihar, Uttar Pradesh, Uttarakhand, and Punjab so far as non functional district foras are concerned. It is observed on the basis of analysis that the poor status of non-functional consumer's foras in some states is a matter of grave concern, and requires immediate attention of the concerned authorities.

7. Analysis of Comparison of Performance of Cases Disposed of/Pending in different Consumer Dispute Redressal Agencies: The study further investigated the comparative performance of various Consumer Dispute Redressal Agencies working at different levels to resolve the problem of consumers in India as depicted in table 7 and Fig. 5 as under:

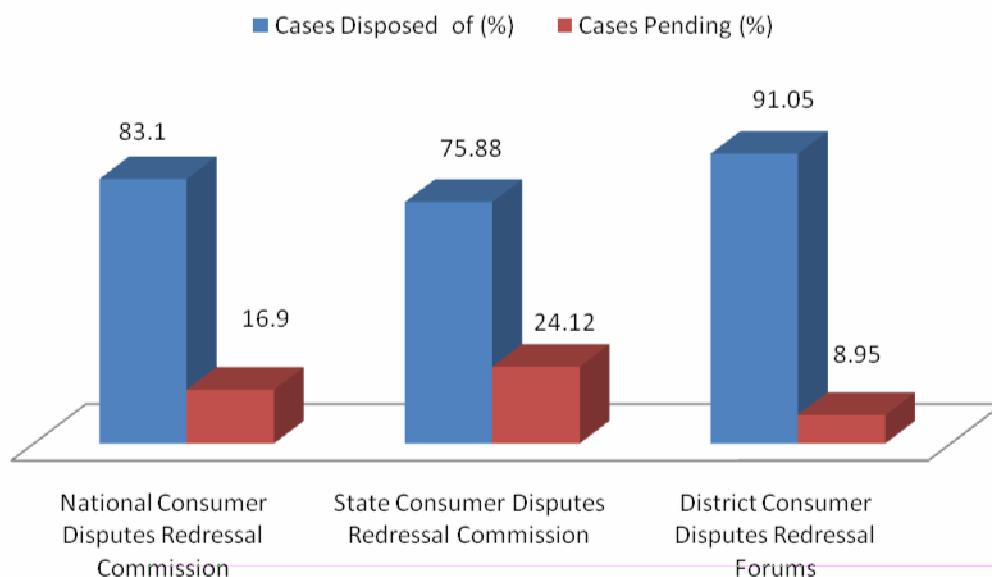
Table 7: Comparison of Cases Disposed of/Pending at various Consumer Dispute Redressal

Agencies

Agency	Cases Disposed of (%)	Cases Pending (%)	Total (%)
National Consumer Disputes Redressal Commission	83.10	16.90	100
State Consumer Disputes Redressal Commissions	75.88	24.12	100
District Consumer Disputes Redressal Forums	91.05	8.95	100

Source: Records of National Consumer Disputes Redressal Commission, New Delhi

Fig 5: A Comparison of Performance of Consumer Redressal Agencies in India



Analysis of table 7 and Fig. 5 depicts the performance of various Consumer Disputes Redressal Agencies in India. It is found on the basis of analysis of disposal rate of cases that agencies at district level are on the top (91.05%); it is followed by national level (83.1%), and state level (75.88%). It is observed that the performance of all the three agencies at various levels seems to be quite satisfactory so far as disposal percentage is concerned. However, the agencies working at national level and state level need to be more efficient to dispose of cases of consumers not satisfied with agencies working at lower level.

CONCLUSION

Consumer Protection Act, 1986 as amended up-to-date is a welcome initiative taken by the regulatory agencies of India to protect the consumers from unscrupulous practices of the tainted product and/or service providers. Consumer Redressal agencies are playing an important role to protect the interest of consumers by providing justice to the affected consumers. The study observed that the overall disposal rate of District Consumer Redressal Forums is much better as compared to the State as well as the National Consumer Disputes Redressal Commission of India. On the overall performance basis; the District Consumer Disputes Redressal Forums may be assigned first rank. It is followed by National Consumer Disputes Redressal Commission and State Consumer Disputes Redressal Commission respectively. Hence, the agencies at grass root level are striving its best to provide quick justice to the consumers, however, there is still need of agencies working at state and national level to dispose of the pending cases as early as possible by creating additional/circuit benches as per the provisions of Consumer Protection Act, 1986 as amended up-to-date, as it is rightly said that justice delayed is justice denied.

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