INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

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Please find my submission of manuscript titled '_____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

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4. **ACKNOWLEDGMENTS**: Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT**: Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. *Abbreviations must be mentioned in full*.

6. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.

7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.

8. **MANUSCRIPT**: Manuscript must be in *BRITISH ENGLISH* prepared on a standard A4 size *PORTRAIT SETTING PAPER*. *It should be free from any errors i.e. **grammatical**, **spelling** or **punctuation**. It must be thoroughly edited at your end*.

9. **HEADINGS**: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESIS (ES)

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

LIMITATIONS

SCOPE FOR FURTHER RESEARCH

REFERENCES

APPENDIX/ANNEXURE

The manuscript should preferably be in *2000 to 5000 WORDS*, But the limits can vary depending on the nature of the manuscript.

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12.   **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text.*

13.   **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14.   **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15.   **REFERENCES:** The list of all references should be alphabetically arranged. *The author (s) should mention only the actually utilised references in the preparation of manuscript* and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

●   All works cited in the text (including sources for tables and figures) should be listed alphabetically.

●   Use (**ed.**) for one editor, and (**ed.s**) for multiple editors.

●   When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.

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●   The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.

●   For titles in a language other than English, provide an English translation in parenthesis.

●   *Headers, footers, endnotes and footnotes should not be used in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

●   Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.

●   Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

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

JOURNAL AND OTHER ARTICLES

●   Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

●   Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

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

ONLINE RESOURCES

●   Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

●   Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

MANAGEMENT EDUCATION: CURRENT SCENARIO IN HARYANA

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ABSTRACT
Today's globalized era and growing economic conditions have given management education a centralized place in the growth of a corporation as well as of an individual. Globalization is playing a vital role in giving shape to the relationship growing between business firms and management education system. In India, business education was liberalized in 1990s which led to the growth of various programmes run at graduate and post graduate level by these management institutions.

KEYWORDS
global competition, teaching pedagogy, employability.

INTRODUCTION
The Indian management education system was developed in 1990s which is almost similar to that of US management education system including curriculum, pedagogy, academic research model etc. During this tenure there has been a tremendous growth in the management education institutions. Today's management education system has gone a long way and these quarter century old traditions are undergoing through a makeover. One cannot ignore the fact that the Indian Management Education system is besieged to survive with the rapid change in the worldwide state of affairs. Here, students are not been prepared to face the challenges of life but for passing the examination which includes lack of practical knowledge or we can say stress is been laid on producing the bookworms instead of managers. Students are being educated to make them capable of seeking a job not for being a job producer. Students are prepared to run behind a highly paid salary package in the beginning itself without having any kind of practical experience. For various business owners running a B-school is just a source of earning profit for the enhancement of its goodwill. Today education system has become just a source of earning profit instead of educating the students. Thus we can segregate the business schools in two parts which includes:
(a)   Business Schools- where profit is priority.
(b)   Business Schools- where profit is secondary.
In India, Management Institution has mushroomed but the eminence remained vague. There are lot many private and government universities existing not only in Haryana but around the country which are delivering MBA degrees/ diploma to the children. Now a days, every second rich person wishes to open a B-school in the lust of earning more and more profit by providing the degrees/ diplomas to the students. Most of these institutions are producing Masters in Bookish Academia instead of Masters in Business Education as this degree involves lots of practical education instead of book education. The students with a degree of Masters in Bookish Academia will be able to secure good marks and a highly paid job but will not help them to retain the job for a longer time or to seek promotion. All this led to the downfall in the demand of MBA course. Earlier this course was at its boom because of lack of competition in the service and consumable market but now there exists a cut throat competition and skill development knowledge is need to be delivered to the students for their basic growth. According to S.S. Manta, Chairman AICTE says, "Colleges in remote India and institutes of poor quality are not getting admissions."
So, the paper will focus on the current scenario of management education prevailing in various colleges of Haryana, India. Thus, the target of the paper will be to bring in limelight the factors responsible for the poor management education system prevailing in India specifically in Haryana.

CULTURE OF MANAGEMENT EDUCATION IN HARYANA
Management education is not lagging behind as it has undergone huge developments in last some years in Haryana especially. Finest quality of management education is also being provided to the students by the numerous MBA colleges in Haryana. It seems that most of the MBA colleges in Haryana replete with eminent faculty along with state of art infrastructure. Most of the institutes try for the placement of the students in reputed companies and industries. CAT and MAT are the two gateways for entering in the best MBA colleges within Haryana where the overall academic performance of the student is also taken into consideration. MBA institutes in Haryana offer both the post graduate and diploma courses. Following programmes are been offered by the MBA colleges of Haryana:
*   Master of Business Administration (MBA) in General Management
*   Master of Business Administration (MBA) in International Business
*   Master of Business Administration (MBA) in IT Management
*   Master of Business Administration (MBA) in Financial Management
*   Post Graduate Program in Management (PGPM) in Human Resources (HR)
*   Post Graduate Program in Management (PGPM) in Financial Management
*   Post Graduate Diploma in Human Resources Management (PGDHRM)
*   Post Graduate Diploma in Business management (PGDBM)
*   Post Graduate Diploma in Business Administration (PGDBA)
*   Post Graduate Program in Management (PGPM) in General Management
*   Post Graduate Program in Management (PGPM) in IT Management

- Post Graduate Diploma in IT Management
- Post Graduate Program in Management (PGPM) in International Business
- Post Graduate Diploma in Finance Management (PGDFM)

TOTAL MBA INSTITUTES IN HARYANA

Institutes	Intake
Universities department	860
Private institutes	12600

STUDENTS' EMPLOYABILITY RECENT TRENDS IN HARYANA

Employability is 'the new dark', the current example that advanced higher education institutions are donning in an offer to respond to the latest requests from society and governments. 'Transferable skills', 'soft skills', 'self-efficacy' and so forth – are the well-known competency requirements of today that rise through a collection of employability exercises being completed across management institutions as far and wide as possible around the globe.

EMPLOYABILITY ELEMENTS

Institutes imparting higher education should vigorously concentrate to pass the students who can rapidly contribute new skills and knowledge at the workplace that will help to drive the economic development of the countries. Qualification, number of research publications in each academic session and experience in years both in academic and corporate sectors helps in judging the professional excellence of the faculty. Publications will include research papers presented in different national and international seminars and conferences, authoring books, research articles in different reputed and peer-reviewed national and international journals, book reviews and publication of real life case studies etc. The number of Management Development program, Faculty Development Program/workshops and Executive Development programs organized by him/her as a resource person, projects handled and the number of national/international awards achieved helps in evaluating the corporate level interface of the faculty.

The other key success variables include industry interface of the institution which focuses on quality and quantity recruiters of summer interns as well as corporate recruiters coming to the campus for final placement, number of corporate visitors/industry experts visit to the campus as corporate guest lecturers and the placement conversion rate of the institute. Last but not the least, the key success variable of a business school is its alumni database and the success achieved by the alumni members in their professional life/corporate world as the alumni members are the brand ambassadors of the institutions

QUALITIES EXPECTED BY THE ORGANIZATIONS

- Immense public dealing capability and inter personal skills, fair personality, elegance, excellent scholastic records.
- Quality of people is a key determinant of success in a rapidly changing world
- Creativity, exceptional conceptual, analytical, extremely good and active contacts within the industry
- Extremely skilled, motivated, pioneering approach, negotiating skills
- Good track records of success, self-starter, energetic in nature

OBJECTIVES OF THE STUDY

This paper focus on the following objectives:
(1)   To find out the loop holes in education system with reference to Management Courses.
(2)   To analyze the role of practical training & role plays in management curriculum.
(3)   To analyze the gap between corporate demand and prevailing education system.
(4)   To suggest the strategies to minimize the gap between corporate demand and prevailing education system.

RESEARCH METHODOLOGY

Reaching certain conclusions with the help of systematic methods which enunciate the problem, with the help of hypothesis, data collection and its analysis is called Research. Thus, the systematic process of solving research problem is called research methodology. In the present study, descriptive-cum-exploratory re-search design has been adopted.

SAMPLE DESIGN

It refers to a well-knit for obtaining a sample from the area under the study known as universe or population. The modest-operandi adopted by the researcher for collecting samples in reference to the procedure or technique adopted for conducting the research.

SAMPLE UNIT

In the present study the researcher has taken the samples from Northern part of India viz: Haryana.

SAMPLING TECHNIQUE

In this research work, the samples have been collected from the sub-areas of Haryana on the basis of random cum convenient sampling mechanism. The sample might be either restricted or unrestricted. When individually, samples are drawn from the population at a large, then it is known as 'unrestricted sample' whereas all the different forms of sampling are drawn from the population at large is called 'restricted sampling'. Here, in this study the unrestricted sampling technique was also adopted.

SAMPLE SIZE

For the purpose of investigation, the number of sampling units selected from the population is called sample size. This study was conducted in the northern part of India-Haryana which includes faculty and students. Here the sample of 100 respondents was selected for the study. The sample is based on the faculty and students of different institutes.

COLLECTION OF DATA

The study is totally based on the primary data out of the two types of data collection i.e. primary and secondary data. Primary data is the source of data collection through interviewing after the consideration of all the relevant aspects chalked out on the basis of literature review by the researcher. All the respondents were personally visited and requested by the researcher to provide the needed information.

QUESTIONNAIRE

On the basis of five point Likert Scale, a questionnaire was prepared by the researcher along with the help of experts. Likert scale is an loom to retort categories that measures the extent of a person's satisfaction or agreement with a set of statements or questions. Eleven questions were prepared with five options viz a viz (1) Strongly disagree (2) Disagree (3) Neither agree nor disagree (4) Agree (5) Strongly agree for the questionnaire. It becomes easy to qualify survey responses, by simplifying data analysis with the help of this type of response category. After the completion of the questionnaire each item is analyzed separately or the various responses to the items may be summed for creating a group of items. Thus, this scale is also known as summative scale.

VARIABLES

While keeping in mind the educational significance of the project and the value of good recital in Management Courses Education, following variables were selected for this questionnaire:
a)   Infrastructure

b)   AICTE Norms
c)   Placement Record
d)   Teaching Pedagogy
e)   Extra Curricular Activities

DATA PROCESSING AND ANALYSES
After collecting the needed data and the information, these were classified according to their characteristics or attributes or measurements. After classifying the data, it was arranged in statistical table to simplify the presentation of data and to facilitate comparison, further to attain the objectives of the study, these data were analyzed by applying simple analytical tools and statistical techniques/test statistics.

TEST STATISTICS
For analyzing Likerts scale, a variety of options exists which includes chi square statistics. This test compares actual responses of the respondents with expected answers. Statistical significance of a given hypothesis is been accessed by Chi square. The greater the level of deviation between actual and expected responses, the higher the chi square statistic and, thus, the less correctly the results will fit the hypothesis. This type of test is applied after the implementation of analytical tool to check the relationship, differences, association and importance of the obtained result. Here, the researcher has applied the method of Chi-square to see the association or difference between the diverse facts with that of their frequencies. For this, the response categories have been combined by the researcher in the Likerts scale.

TABLE A

Sr. No.	Independent Category	Combined Category
1	Agree	
2	Strongly Agree	1. Agree
3	Disagree	
4	Strongly Disagree	2. Disagree
5	Neither	3. Neither

The following formula is used for applying this non –parametric test:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Here, E = Expected frequencies
O = Observed frequencies
χ^2 = Chi-square

DELIMITATION OF THE STUDY
Research studies do have some delimitations and this study is no exception as such.
1.   The study was delimited to time.
2.   Delimited to sample area and size.
3.   Some of the respondents were not ready to cooperate in filling the questionnaire of the study.

DATA ANALYSIS AND INTERPRETATION
STATEMENT NO. 1
Are you satisfied with the sectioned intake capacity of your institute in different management course?

TABLE 1.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	28	29	57	0.57	0.74*
Disagree	18	18	36	0.36	
Neither agree nor disagree	4	3	7	0.07	

* Not Significant at 0.05
INTERPRETATION
While expressing opinion in the statement, "satisfied with the sectioned intake capacity of your institute in different management course", x^2 value of this statement is 0.74 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the sectioned intake capacity of their institute in different management courses.

STATEMENT NO. 2
Are you satisfied with the infrastructure provided to the students and faculty?

TABLE 2.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Reponses	Students	Teachers	TOTAL	%	x^2
Agree	A	15	17	32	0.32	0.26*
Disagree	D	34	33	67	0.67	
Neither agree nor disagree	N	1	0	1	0.01	

* Not Significant at 0.05
INTERPRETATION
While expressing opinion in the statement, "satisfied with the infrastructure provided to the students and faculty", x^2 value of this statement is 0.26 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the infrastructure provided to the students and faculty.

STATEMENT NO. 3
Are you satisfied with the number of regular faculty available in the institute?

TABLE 3.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	12	16	28	0.28	0.61*
Disagree	34	32	66	0.66	
Neither agree nor disagree	4	2	6	0.06	

** Not Significant at 0.05
INTERPRETATION
While expressing opinion in the statement, "satisfied with the number of regular faculty available in the institute", x^2 value of this statement is 0.61 which is not significant at 0.05 level of significance. It may, therefore, be concluded that the majority of the respondents do not agree with the number of regular faculty available in the institute.

STATEMENT NO. 4

Are you satisfied with the AICTE norms followed at your institute?

TABLE 4.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	15	19	34	0.34	0.17*
Disagree	26	27	53	0.53	
Neither agree nor disagree	9	4	13	0.13	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the AICTE norms followed at your institute", x^2 value of this statement is 0.17 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a significant majority of the respondents do not agree with the AICTE norms followed at the institutes.

STATEMENT NO. 5

Are you satisfied with the teaching pedagogy adopted by the faculty?

TABLE 5.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	20	21	41	0.41	0.57*
Disagree	24	26	50	0.5	
Neither agree nor disagree	6	3	9	0.09	

** Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the teaching pedagogy adopted by the faculty", x^2 value of this statement is 0.57 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the teaching pedagogy adopted by the faculty.

STATEMENT NO. 6

Are you satisfied with the summer training campaign run by your institute?

TABLE 6.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	21	25	46	0.46	
Disagree	26	22	48	0.48	0.55*
Neither agree nor disagree	3	3	6	0.06	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the summer training campaign run by your institute", x^2 value of this statement is 0.55 which is not significant at 0.05 level of significance. It may, therefore, be concluded that majority of the respondents do not agree with the summer training campaigns run by the institutes.

STATEMENT NO. 7

Are you satisfied with the practical experience platform provided by the institute?

TABLE 7.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	14	17	31	0.31	
Disagree	32	31	63	0.63	0.72*
Neither agree nor disagree	4	2	6	0.06	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the practical experience platform provided by the institute", x^2 value of this statement is 0.72 which is not significant at 0.05 level of significance. It may, therefore, be concluded that majority of the respondents do not agree with the practical experience platform provided by the institutes.

STATEMENT NO. 8

Are you satisfied with the part time job concept followed by your institute in various management professional courses?

TABLE 8.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	14	18	32	0.32	
Disagree	34	31	65	0.65	0.52*
Neither agree nor disagree	2	1	3	0.03	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the part time job concept followed by your institute in various management professional courses", x^2 value of this statement is 0.52 which is not significant at 0.05 level of significance. It may, therefore, be concluded that majority of the respondents do not agree with the part time job concept followed by the institutes in various management professional courses.

STATEMENT NO. 9

Are you satisfied with the skills acquired by you during the course time- fulfills the need of the corporate sector?

TABLE 9.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	13	15	28	0.28	
Disagree	31	35	66	0.66	0.06*
Neither agree nor disagree	6	0	6	0.06	

* Not Significant at 0.05

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INTERPRETATION

While expressing opinion in the statement, "satisfied with the skills acquired by you during the course time- fulfills the need of the corporate sector", x^2 value of this statement is 0.06 which is not significant at 0.05 level of significance. It may, therefore, be concluded that majority of the respondents do not agree with the skills acquired by them during the course time- fulfills the need of the corporate sector.

STATEMENT NO. 10

Are you satisfied with the soft skill or personality development programs organized by your institute?

TABLE 10.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	14	16	30	0.3	0.26*
Disagree	35	34	69	0.69	
Neither agree nor disagree	1	0	1	0.01	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the soft skill or personality development programs organized by your institute", x^2 value of this statement is 0.26 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the soft skill or personality development programs organized by the institutes.

STATEMENT NO. 11

Are you satisfied with the workshops/ seminars/ conferences/ industrial visits organized by your institutes?

TABLE 11.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	18	25	43	0.43	
Disagree	29	23	52	0.52	0.38*
Neither agree nor disagree	3	2	5	0.05	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the workshops/ seminars/ conferences/ industrial visits organized by your institutes", x^2 value of this statement is 0.38 which is not significant at 0.05 level of significance. It may, therefore, be concluded that the majority of the respondents do not agree with the workshops/ seminars/ conferences/ industrial visits organized by the institutes.

STATEMENT NO. 12

Are you satisfied with the placement drives and job fairs organized in your institute?

TABLE 12.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	9	12	21	0.21	
Disagree	38	38	76	0.76	0.14*
Neither agree nor disagree	3	0	3	0.03	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the placement drives and job fairs organized in your institute", x^2 value of this statement is 0.14 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the placement drives and job fairs organized in the institutes.

STATEMENT NO. 13

Are you satisfied with the theoretical concepts taught in the classroom, proves to be the need of the real corporate situation?

TABLE 13.1: p (x^2) VALUE OF THE RESPONDENTS

Responses	Students	Teachers	TOTAL	%	x^2
Agree	6	22	28	0.28	
Disagree	39	26	65	0.65	0.002*
Neither agree nor disagree	5	2	7	0.07	

* Not Significant at 0.05

INTERPRETATION

While expressing opinion in the statement, "satisfied with the theoretical concepts taught in the classroom, proves to be the need of the real corporate situation", x^2 value of this statement is 0.002 which is not significant at 0.05 level of significance. It may, therefore, be concluded that a majority of the respondents do not agree with the theoretical concepts taught in the classroom, proves to be the need of the real corporate situation.

CONCLUSION AND SUGGESTIONS

It is expected that the result of the study can benefit both Business schools and recruiters/Industries in order to identify the present level of employable skills of young management students. Today's generation requires more and more employability education to compete the competition of the current scenario. Techniques are becoming obsolete day- by- day with the change in the environment. The study states that the Employability Skills of Management Students and Competencies Needed by Modern Industries are not successfully completed. Thus, the need of time is that the management education requires the ability to respond to newer situations and emerging realities without getting caught with the techniques of successes. So, it's the basic need of the environment that the preparation of the management students ought to be such that they can respond to the ever transforming environment. For this the following suggestions may prove to be fruitful:

1. The intake capacity of the institutes should be as per the infrastructure and facilities available with them.
2. Emphasis should be laid on the practical exposure instead of bookish knowledge.
3. Norms should be followed effectively for maintaining excellence of the institute.
4. Students should be taught the value of time and discipline
5. Institutes should be capable of providing 'Transferable skills', 'soft skills', 'self-efficacy' as per the demand of the corporate sector.
6. The output of the institutes should be capable to drive not only the state but country towards economic development.
7. Higher quality standards should be maintained across institutions in the state.
8. Summer training should be given equal priority as that of the placement drive.
9. Students should be motivated to go for part time jobs for seeking exposure.

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10. More and more practical assignments should be given to the students.
11. Students as well as faculty exchange programmes should be increased.
12. Regular industrial visits/ workshops/ seminars and conferences should not only be organized but motivational factor should be there for the students to participate as well as to organize it.
13. Faculty should be well groomed and updated to be a role model for the students.
14. It is the need of the time to make the graduates come out of their comfort zone and made prepared to face the cut throat competition of the market for earning their livelihood in a better way.
15. The key success variables of a business school is its faculty student ratio (both full time and Adjunct Faculty Members are to be taken into consideration for the purpose of computing the ratio) and quality of the Faculty members.
16. It should be made mandatory for the students as well as faculty to publish as well as present atleast one research paper per semester in a reputed journal.
17. Research work should be made a part of yearly appraisal of the faculty and should be given proper weightage.
18. Alumni database should be prepared and alumni meet should also be conducted time and again.

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ROLE OF NATIONAL SECURITIES DEPOSITORIES LIMITED (NSDL) IN THE GROWTH OF DEPOSITORY SERVICES IN INDIA

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ABSTRACT

Depository is providing the facility of buying and selling of securities in the electronic mode. In Indian Capital Market, this facility has been introduced in the year 1996. In order to provide the facility of trading in electronic mode, Government of India set up two institutions in India i.e. NSDL and CDSL. Both these institutions provide the depository services in India through depository participant. If any organization wants to trade in stock market through electronic mode, it has to get registered with any of them. Only then they can provide the facility of trading in the stock market electronically to its clients through dmat account. The NSDL is the first institution which was set up to start the depository services in India and presently, majority of trading is being done through the NSDL. In this study, an effort has been made to study the role of NSDL in the growth of depository services in India. This study is based upon the secondary data which is collected from the various published sources of the NSDL and Mean, Standard deviation and simple growth methods have been used for the analysis.

KEYWORDS

NSDL, CDSL, depository participants.

INTRODUCTION

There are two Depositories functioning in India, namely the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Under the provisions of the Depositories Act, these Depositories provide various services to investors and other Participants in the capital market, such as, clearing members, stock exchanges, investment institutions, banks and issuing corporates. These include basic facilities like account opening, dematerialization, dematerialization, settlement of trades and advanced facilities like pledging, distribution of non-cash corporate actions, distribution of securities to allottees in case of public issues, etc. According to Section 2(e) of the Depositories Act, 1996. "Depository means a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under Section 12(1A) of the SEBI Act, 1992".[1] The operations of dematerialization are in a process which is mentioned as under:

DEMATERIALIZATION PROCESS

FIG. 1

Dematerialization Process
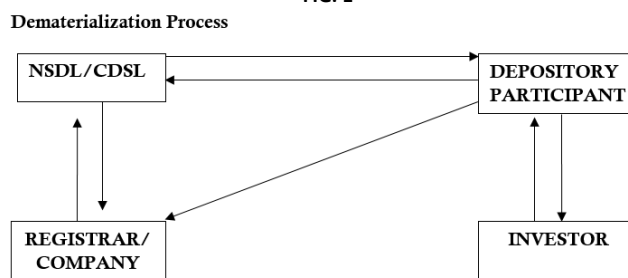
- Investor surrenders certificates for dematerialization to DP
- DP intimates NSDL of the request through the system
- DP submits the certificates to the registrar
- Registrar confirms the dematerialization request from NSDL/CDSL
- After dematerializing, registrar updates accounts and informs NSDL for the completion of dematerialization
- NSDL updates its accounts and informs DP
- DP updates its accounts and informs investor.[2]

Today, NSDL is one of the leading depositories in the world with several key parameters like custody value, value added services provided and network of service centres etc. The value of securities held in NSDL system as on January 19, 2017 was ₹134 lakh crore (US$ 1.96 trillion) which represents 90% market share in custody value, 97% in debt securities and over 99% in terms of Foreign Portfolio Investment in India. NSDL processes over 284 million transactions and sends over 54 million SMS alerts in a year. In every 6 second an investor opens a demat account with NSDL. NSDL services more than 15.2 million investor accounts through its participant network of over 27,000 plus service centres. These are located across 1,944 towns in India. NSDL demat account-holders are present in every state and union territory, covering more than 89% of PIN codes in India, representing its vast pan India presence.

NSDL, the first and largest depository in India, established in August 1996 and promoted by institutions of national stature responsible for economic development of the country has since established a national infrastructure of international standards that handles most of the securities held and settled in dematerialised form in the Indian capital market. Although India had a vibrant capital market which is more than a century old, the paper-based settlement of trades caused substantial problems like bad delivery and delayed transfer of title till recently. The enactment of Depositories Act in August 1996 paved the way for establishment of NSDL, the first depository in India. This depository promoted by institutions of national stature responsible for economic development of the country has since established a national infrastructure of international standard that handles most of the trading and settlement in dematerialised form in Indian capital market.

Using innovative and flexible technology systems, NSDL works to support the investors and brokers in the capital market of the country. NSDL aims at ensuring the safety and soundness of Indian marketplaces by developing settlement solutions that increase efficiency, minimise risk and reduce costs. NSDL play a quiet but central role in developing products and services that will continue to nurture the growing needs of the financial services industry.

In the depository system, securities are held in depository accounts, which is more or less similar to holding funds in bank accounts. Transfer of ownership of securities is done through simple account transfers. This method does away with all the risks and hassles normally associated with paperwork. Consequently, the cost of transacting in a depository environment is considerably lower as compared to transacting in certificates.

NSDL MILESTONES

TABLE 1

Sr. No.	Year	Milestone
1.	**1995**	NSDL Incorporation
		Promulgation of Depositories Ordinance
2.	**1996**	Enactment of Depositories Act
		NSDL Inauguration
		Commencement of Demat Trading at NSE
3.	**1997**	Value of Securities held in Dematerialised form at NSDL Crosses US$ 1 bn.
		Commencement of Demat Trading at BSE
4.	**1998**	Compulsory Demat Trading for Institutional Investors
		Value of Securities held in Dematerialised form at NSDL Crosses US$ 5 bn.
		Demat Accounts with NSDL Cross 100,000
		Introduction of Demat of Government Securities
5.	**2000**	Demat Accounts with NSDL Cross 2.5 mn
		Commencement of Demat of Debt Instruments
		98% Settlement in Demat form
6.	**2001**	Introduction of T+5 Rolling Settlement and Uniform Settlement Cycle
7.	**2002**	Introduction of T+3 Rolling Settlement
		Demat Accounts Cross 5 Million
8.	**2003**	Introduction of T+2 Rolling Settlement
		Demat Accounts Cross 6 Million
9.	**2007**	Value of Securities held in Dematerialised form at NSDL Crosses US$ 1 Trillion
10.	**2009**	Demat Accounts Cross one Crore
		NSDL Launches Facility for Delivery of Shares using mobile phones
11.	**2014**	Value of Securities held in Dematerialized form at NSDL Crosses INR 100 Lakh Crore [US $1.6 Trillion]
12.	**2016**	Demat Accounts Cross 1.5 Crores

Source: www.nsdl.co.in [3]

REVIEW OF LITERATURE

The following are the existing studies which are related to the research problem:

Parkash (2006)[4] makes a comparative analysis of the performance of two premier depositories of the Country in terms of market capitalization, number of depository participations, number of depository participants locations, settlement quality, settlement value etc. **Balachandran and Bhuvaneswari (2007)[5]** explains that the depository services was brought out with the aim to reducing the risk and cost involved in paper based trading. These capital market reforms paved the way for a new employment opportunity i.e. depository participants. **Karan (2008)[6]** highlighted that dematerialization has certainly brought about lot of improvement in the investment habits in our Country, it is bane for the companies and has created havoc in maintaining the members register and in conducting the members meeting. **Singh and Goyal (2011)[7]** found that opening demat account with DP's is easy but they charge for providing the service converting the securities in to electronic form and selling the securities on behalf of the minor is difficult in the system. **Bhatt and Bhatt (2012)[8]** focuses on financial performance of both the depositories i.e. CDSL and NSDL of India. They concluded that the trend of automation especially, Dematerialization has enabled the Indian Capital Market to take the world's centre stage and scale unprecedented heights. **Garg and Katiyar (2013)[9]** studied customer's perception towards on line share trading in Kanpur and finds that online investing has benefits to offer investors as well as brokers. These benefits include low transaction costs, convenience, speed, boundary spanning, improved communication, and risk management. **Gopal and Rao (2014)[10]** observed that the benefits of the depository system are significant and further added that introduction of depositories has improved the market efficiency by adopting criteria for describing scripts depositories eligibility. The proper management is substantially reduced. This helps in saving the time in allotment and transfer of scripts. **Vermal and Jhajharia (2015)[11]** in their study they explore about Depositories, Depositories System and its role in role in the Indian Capital Market. Apparently a depository can be equally treated like a bank, where our money is kept for giving us their services in money transaction mostly in a transparent way. **Chauhan (2016)[12]** compares the performance of the two giants of the Indian depository system i.e. NSDL and CDSL and concluded that Income from Operations of NSDL and CDSL was not consistent during the study period and Income from Operations was comparatively high in NSDL.

OBJECTIVE OF THE STUDY

To study the role of NSDL in the growth of depository services in India.

NEED OF THE STUDY

National Securities Depository Limited (NSDL) is a premier institution which provides the depository services to the investors through its depository participants. The majority of depository participants are registered with the NSDL because it is providing depository services in India with the introduction of the depository services in Indian Capital market. In this study an effort has been made to study the role of NSDL in the growth of depository services in India as it the oldest or very first institution which has starts the depository services in India and it has also recently completed its twenty years of operation in the Indian Capital market so that's why the need was felt to conduct the study.

SCOPE OF THE STUDY

The scope of the study is limited to the NSDL and this study is based up on the secondary data and ten years data have been included in this study i.e. from March 2007 to March 2017 which includes data related to dematerialization, depository participants etc. and data have been collected from the various relevant published sources, analyzed and interpreted.

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ANALYSIS AND INTERPRETATION

The analysis and interpretation of the data is given below:

Total Number of D Mat Accounts with NSDL

D- Mat account is the essential requirement for the paperless trading. So it is also a very important barometer to access the growth and role of NSDL in the implementation of the depository system in India.

TABLE 2: TOTAL NUMBERS OF D-MAT ACCOUNTS (Amount in Lakhs)

Year	NSDL	
	No. of Accounts	Growth Rate
March 2006	75.60	-
March 2007	79.03	4.54
March 2008	93.72	18.59
March 2009	96.86	3.35
March 2010	105.85	9.28
March 2011	115.44	9.06
March 2012	120.48	4.37
March 2013	126.88	5.31
March 2014	130.57	2.91
March 2015	137.08	5.74
March 2016	145.66	6.26
March 2017	155.80	6.97
Mean	115.25	
Standard Deviation	25.61	

Source: Various Published News Letters of NSDL.

FIG. 2
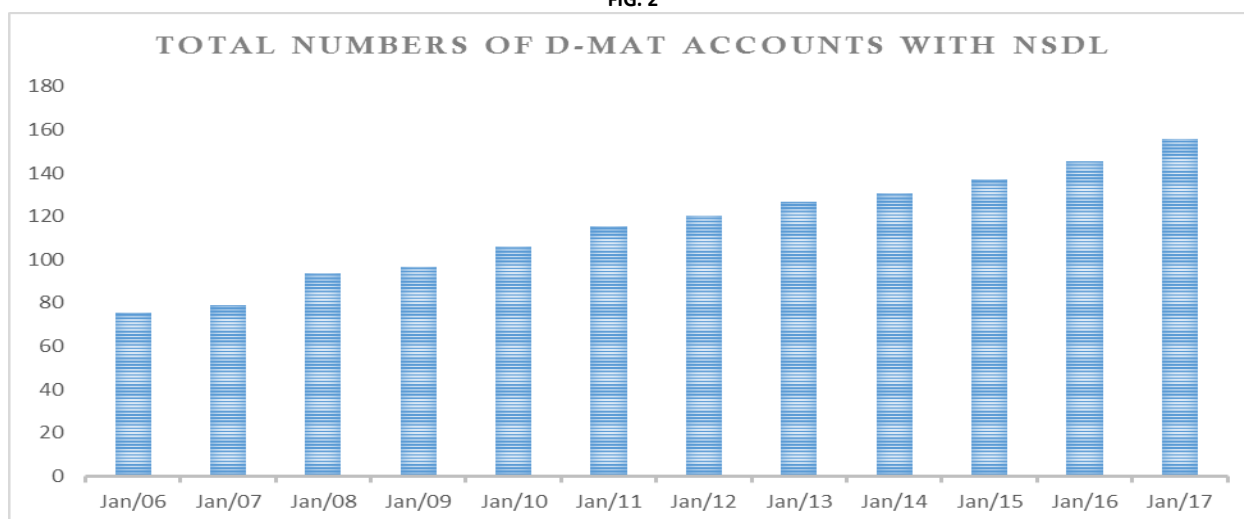
In 2005-06 there is 75.60 lakh d-mat accounts with NSDL, in next year a growth of about 5 per cent has been recorded. In 2008-09, a huge growth in the number of d-mat accounts has been recorded i.e. more than 18 per cent. In the next year it is declined to a great extent. In later years, mixed trends has been recorded. It is also reached at its lowest level in terms of growth in 2014-15 in which year it shows only a growth of about 3 per cent. In the last three years it shows continuously increasing trends of growth which is a good sign for the development of the depository system in India. Therefore, it can be concluded that the performance of the NSDL in terms of opening dmat accounts is satisfactory because in general it is showing increasing trends in last ten years.

TRENDS OF DEMATERIALIZATION

It is that process in which physical securities are converted into paper less form and then they can be processed in d-mat form. After dematerialization of the securities they can be transfer electronically. In the below table it is stated the number of securities and their values in NSDL.

TABLE 3: TRENDS OF DEMATERIALIZATION (Amount in Cr. Rupees)

Year	NSDL			
	No. of Securities	Growth Rate	Value of Securities	Growth Rate
March 2006	17472	-	2478941	-
March 2007	20270	16.01	3142645	26.77
March 2008	23690	16.87	4376953	39.28
March 2009	28287	19.41	3106624	(29.02)
March 2010	35114	24.13	5617842	80.83
March 2011	47130	34.22	6607869	17.62
March 2012	57980	23.02	7132282	7.94
March 2013	68648	18.40	7679027	7.67
March 2014	79550	15.88	8939876	16.42
March 2015	92736	16.58	11748315	31.41
March 2016	110021	18.64	11715667	-.01
March 2017	131763	19.76	14648696	25.04
Mean			7266228	
Standard Deviation			3885869	

Source: Various Published News Letters of NSDL

FIG. 3

NUMBER OF DEMATERIALIZED SECURITIES WITH NSDL
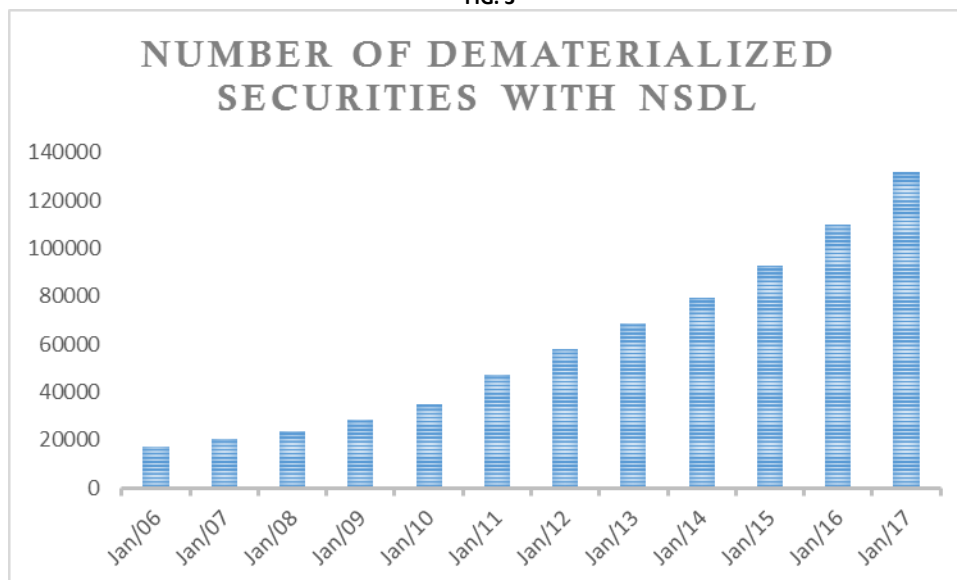
In this table the total number of securities and their values has been included. So it has been concluded from the above table that in case of number of securities registered in NSDL, the table shows the increasing trends up to 2010-11 whereas the value of securities shows increasing trends up to the year 2007-08 only. In next year number of securities shows increasing trends and value of the securities shows declining trends. In other words, we can say that the number of registered securities has been increased but the value of the securities has been decreased. In number of securities registration in later year shows continuously decreasing trends and in the last three year it is continuously shows increasing trends in terms of growth. In general, last ten years NSDL is continuously increasing its number of dematerialized securities which is a good sign for the development and growth of the depository system in India. The mean value of the dematerialized securities has been found that the securities of the worth of Rs. 7266228 Cr. has been dematerialized with the NSDL in each year in the last years.

NUMBER OF DEPOSITORY PARTICIPANTS

Depository participants are those organizations who works on the behalf of the depositories and provide the depository services. Actually these are the institutions who deals directly with the ultimate consumers. How many number of depository participants are working under NSDL this information has been provided by the table below and it is also an important barometer to access the performance of the depositories in India.

TABLE 4: NUMBER OF DEPOSITORY PARTICIPANTS

Year	NSDL	
	No. of Participants	Growth Rate
March 2006	223	-
March 2007	240	7.62
March 2008	251	4.58
March 2009	275	9.56
March 2010	286	4
March 2011	293	2.45
March 2012	282	(3.75)
March 2013	282	-
March 2014	278	(1.42)
March 2015	273	(1.80)
March 2016	270	(1.09)
March 2017	264	(2.22)

Source: Various Published News Letters of NSDL and CDSL.

FIG. 4

NUMBER OF DEPOSITORY PARTICIPANTS REGISTERED WITH NSDL
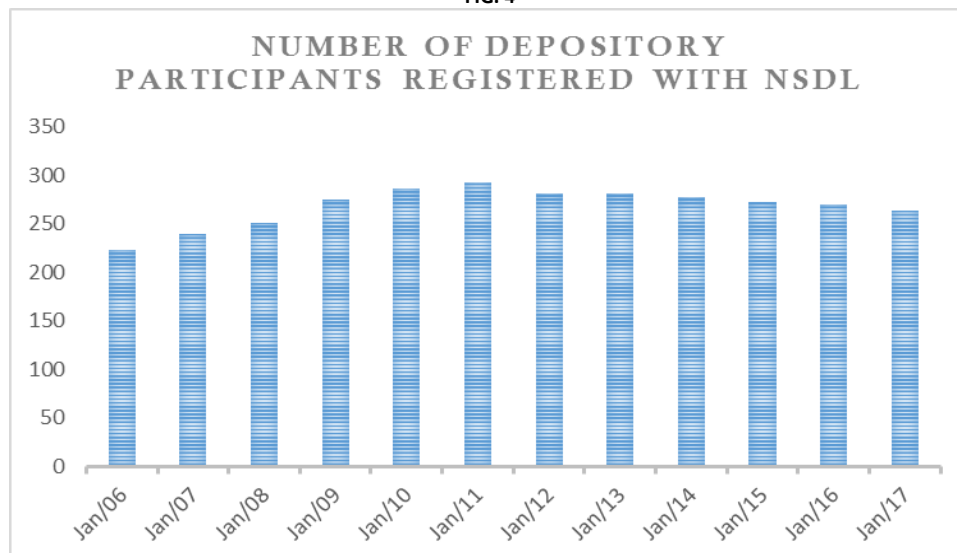
It is evident from the above table that in the year 2006-07 number of depository participants with the NSDL were 223 and in the years 2016-17 it reached to 264. So that in the period of ten years only 43 new depositories have been registered with the NSDL. In terms of trend in the initial five years it shows increasing trend whereas in the later years it shows declining trends which is not a good sign for the development of the depository services in India.

TRENDS OF NUMBER OF COMPANIES OPERATIONAL –EQUITY

Equity share is most important source of income for the business concern. The following table includes those companies which are registered with the depositories. Only transactions in these shares can be done in d-mat form.

TABLE 5: TRENDS OF NUMBER OF COMPANIES OPERATIONAL –EQUITY

Year	NSDL	
	No. of companies Operational	Growth Rate
March 2007	6483	-
March 2008	7354	13.44
March 2009	7801	6.08
March 2010	8124	4.14
March 2011	8842	8.84
March 2012	9741	10.17
March 2013	10843	11.31
March 2014	12210	12.61
March 2015	13992	14.59
March 2016	15605	11.52
March 2017	17719	

Source: Various Published News Letters of NSDL

FIG. 5
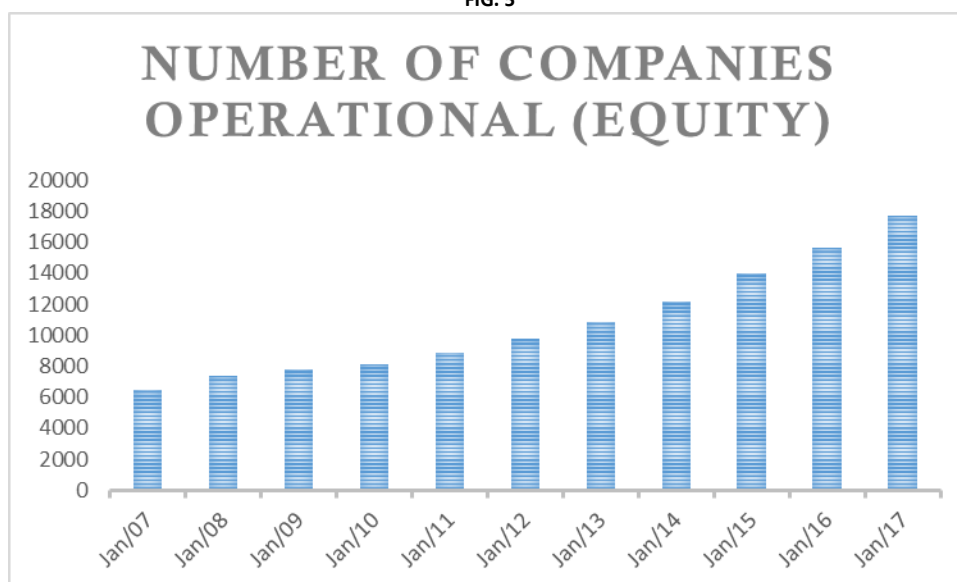
The table shows that the number of companies operational in equity has the decreasing trends up to year 2009-10 and reached at its lowest level. But then in later year it is continuously showing increasing trends and reached at its highest level in the year 2014-15 in terms of growth. In general, operational companies with the NSDL showing continuously increasing trend which will help the depository system in their development.

TRENDS OF NUMBER OF ACTIVE DEBT INSTRUMENTS WITH NSDL

Debt instruments includes Debentures, Commercial Papers and Certificate of Deposit etc. The following table includes the number of active instruments which are registered with the NSDL.

TABLE 6: TRENDS OF NUMBER OF ACTIVE DEBT INSTRUMENTS WITH NSDL

Year	NSDL	
	No. of Active Instruments	Growth Rate
March 2007	7201	-
March 2008	7580	5.26
March 2009	7212	(4.85)
March 2010	7500	3.99
March 2011	8099	7.99
March 2012	9055	11.80
March 2013	10238	13.06
March 2014	10698	4.49
March 2015	12784	19.50
March 2016	13037	1.97
March 2017	14977	14.88

Source: Various Published News Letters of NSDL

FIG. 6

NUMBER OF ACTIVE DEBT INSTRUMENTS WITH NSDL
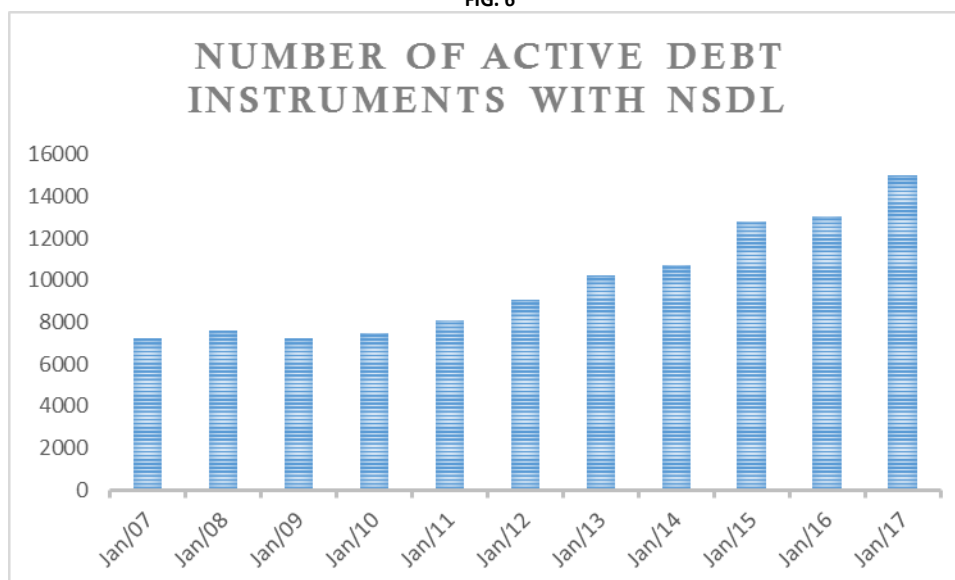
It is observed from the above table that NSDL is showing mixed trends and also negative trends has been registered in year 2008-09 in terms of growth and then showing increasing trends up to 2012-13 and in next year it reduced to 4 per cent. In terms of growth it reached at its highest level with a growth of 19.5 per cent and its lowest level in the year 2008-09 with a negative growth of 4.85 per cent. Therefore, it can be concluded that the performance of the NSDL in terms number of active dmat debt instruments is insistent so there is need to improvement so that it can help the depository system for its growth and development.

CONCLUSION AND SUGGESTIONS

It is concluded that the in terms of dmat accounts NSDL shows continuously increasing trends of growth which is a good sign for the development of the depository system in India. So it is suggested that there is need to maintain this performance for the longer period of time so that the depository services can be avail in any part of the country.

In number of securities registration with NSDL in the initial years it shows mixed trends but last three year it is continuously shows increasing trends in terms of growth. So it is suggested that there is need to cover all the available securities (debt and equity) in the dematerialized form so that these securities are available for the investors for their investment.

From the registration of depository participant, in the initial five years it shows increasing trend whereas in the later years it shows declining trends which is not a good sign for the development of the depository services in India because depository participants are the institution which work as bridge between depository and investor. So that it is suggest there is need to encourage the people and organizations to get registered with the depository as depository participant so that they can provide the depository services in each part of the country.

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HERFINDAHL-HIRSCHMAN INDEX (HHI), VALUE CO-CREATORS AND COMPETITIVENESS OF THE INDUSTRY IN INDIA

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ABSTRACT

The Herfindahl-Hirschman Index (HHI) measures the competitive intensity in an industry. Literature review of the HHI in the context of telecommunications demonstrates that greater the efficiency of markets, greater the opportunities for pricing and profitability (Sung 2014). These need to be associated with value co-creators (Gopalan 2017). Effectiveness of innovation for products and services across industry sectors for studying HHI requires empirical analysis. Time series data on these value co-creators from the International Telecommunications Union and World Bank Database across India are associated to Labour Force (Total), Business and Innovation Environment, Electricity Production, Mobile Cellular Subscriptions, Purchasing Power Parity, Secondary Enrollment Tertiary, Households with a Computer, Annual Investment in Telecommunications and Services - Value Added. Industries thrive on concept development, growth in small and medium businesses that create innovations by integrating disciplines. They are improved by regulating the industry and encouraging development in innovations, financing of research and development, investments, enabling product and service differentiations and ownership in patents.

KEYWORDS
Herfindahl-Hirschman index, innovation, value co-creators.

INTRODUCTION AND THRESHOLD OF HHI

Despite the high level of popularity of the HHI in measuring industry and business concentration, there is a threshold of applicability of the index. The relevance of the index becomes null and void beyond that threshold. Decision makers use this index to rely on the corrections of atypical monetary decision. The money demand function plays a very crucial role in estimating Gross Domestic Product (GDP) rates in an economy. Structurally coefficient regression models speak only on the macro money demand function while ignoring the bias that creeps in while the elasticity of money demand supply that rule industry concentrations cannot be ruled out. There is an opportunity cost variable that speaks on the money market rate and deposits rates based on how the industry pointers work (Borenstein et al. 1999). Maximum likelihood estimates have demonstrated a statistically highly significant positive coefficient for the H variable besides equally highly significant scale and opportunity cost variables with their expected respective signs. This empirical evidence suggests that the conventional specification contains a serious specification error. The implication of the result is that as the sector GDP concentratiocn increases, the demand for real money balances also increases though quite less proportionately, indicating the absence of any economies of GDP concentration.

When paradigm shifts happen it is seen that *value co-creators* work best when applied in the broader spectrum of industry intensity and competition guided by the HHI.

Emerging industry patterns can be looked at within the boundaries of competition only if there is a guideline formulated by the HHI. This index can well be a guiding factor where economies and planners need to know where the Hirschman index if applied can bring out the real information of the market demand and pull sections. It is generally observed that the Hirschman index is applied to broad infrastructural industry requirements and is notated in the form of a whole number. Less than a whole number can be taken as being unfavorable where opportunity costs are relatively very high and industry players are unable to assimilate these costs.

The HHI surmises the income demand and supply elasticities as opposed to its intent towards tilting of the GDP rates. Both together form the basis of economic decision making. How best innovation can be supported at the macro level through government interventions (Cowling and Waterson, 1976)? Questions arise on concerns such as:

a. What kind of market structure could arise from the intermodal nature of transition of economies?

b. Will this encourage or discourage new firms from competing in the market or will ease out disturbances from the already existing structure.

c. One of the most frequently used indicators of anticompetitive behavior among firms in an industry is the HHI. There are, however, cases when it may be inappropriate. Two such cases were shown for N-firm oligopolies with partially cooperative firms. The co-operation of all firms cannot be detected since the value of the HHI index does not depend on the cooperation level in the case of symmetric oligopolies, that is, the index always shows no cooperation. In the semi symmetric case there is the possibility that cooperation has a decreasing effect on the index.

d. Would the nature of co-operation sustain in the long run or would there be diversified structure of the competition based on studies of this Index?

e. Could certain firms and industry be structured as oligopolies and would the nature of competition eliminate a perfectly competitive market structure and the revolutions that would happen inside the structure to pave way from an ultimate competitive structure can be effectively studied using this index. Hence this index is a guide for better structured growth.

f. The telecommunications sector is a highly dynamic and ever evolving one and it is a matter of concern as to the kind of market structure that would be desirous of this highly competitive one.

Economics for businesses across industry sectors depends on various enablers and this need to be audited and verified by empirical analysis. Hypotheses of these enablers were identified and need statistical analysis (Gopalan and Natarajan 2015). The *value co-creators* that justify the usefulness of the HHI for various industry sectors and the economic success must be audited and verified by extensive time series studies. In this manuscript we have considered a study on telecommunications usage and development data across India for the timeline between 1960 and 2013 (Gopalan 2017). The efficiency of the HHI may vary according to the *value co-creators* in terms of the social, economic and intellectual motivation during innovativeness requiring interaction that is inclusive, creative and engaging. Studies on the HHI have discussed about its credibility and ineffectiveness as a measure of containing corruption because of its inability in detecting anticompetitive behavior, non-cooperation and any collusion (Matsumoto et al. 2012). This may result in double standards. Audits and verification on the intensity of *services value added* in an industry qualified by substantial empirical research for that sector in terms of interactivity between productivity, employability, development and pay scales and earnings for a country and associating it with a country's economic success is justified and required. Empirical and conceptual research and the role played by *value co-creators* and the timeline on the use of the Internet in India for development of the country and use of telecommunications during 1960 and 2013 have demonstrated numerous variables that are directly associated with development and innovativeness in sectors such as Information and Communication Technologies (ICT), Energy and Utilities, Business and Financial Services and Media (Gopalan 2017). These are discussed in the subsequent sections.

TABLE 1: STATISTICS SUBSETS FOR INTENSITY IN INNOVATIONS

Sector	Enablers	Null Hypotheses
ICT	x_1 = Growth rate of start ups (last five years)	$b_1 > 0$
	x_2 = Number of new disruptive technologies (last five years)	$b_2 > 0$
	x_3 = Index of mobile computing use	$b_3 > 0$
Pharmaceutical	x_1 = Number of regulations that affect growth (last five years)	$b_1 > 0$
	x_2 = Number of new drugs introduced in the market (industry average for last five years)	$b_2 > 0$
	x_3 = Cost index (industry average for last five years)	$b_3 > 0$
Advanced Manufacturing	x_1 = R&D cost index (industry average)	$b_1 > 0$
	x_2 = Public sector budgets	$b_2 < 0$
	x_3 = Competition in industry (measured by Herfindahl-Hirschman index)	$b_3 < 0$
FMCG	x_1 = Competition in industry (measured by Herfindahl-Hirschman index)	$b_1 < 0$
	x_2 = Shelf life of products (industry average)	$b_2 < 0$
Energy and Utilities	x_1 = Energy demand	$b_1 > 0$
	x_2 = Number of carbon related regulations	$b_2 > 0$
	x_3 = Number of new energy technologies	$b_3 > 0$
	x_4 = Kwh of energy used from renewable and sustainable sources	$b_4 > 0$
Business and Financial Services	x_1 = Mobile technology advances	$b_1 > 0$
	x_2 = Number of customers from new markets	$b_2 > 0$
Media	x_1 = Penetration of mobile technology (measured by readership via mobile technology)	$b_1 > 0$
	x_2 = Number of new players in industry (measured by Herfindahl-Hirschman index	$b_2 > 0$
	x_3 = Number of new business models	$b_3 > 0$

The Table 1 shows the enablers of intensity in innovations for different sectors and these models are useful in sectors for comprehending the sophistication of innovation (Gopalan and Natarajan 2015). They can be standardised for a firm based on qualifications of recruitments, productivity in research and development, incentives, audits and market share of the industry.

Considering *Services Value Added (constant 2005 US$)* shown in equation (1) across India as a measure of adding to the productivity during innovation in products and services, the *ICT* industry for India considering the timeline between 1960 and 2013 has benefitted significantly from *growth rate of start-ups*, *advanced technologies* and the use of computers and *mobile technologies.* The equations (1) (2) (3) (4) shown are all derived based on time series statistics and multivariate study for telecommunications and development data across India for the timeline between 1960 and 2013 (Gopalan 2017).

Log_{10} (*Services – value added (constant 2005 US$)*) = 2.984 + 0.02535 Log_{10} (*Mobile Cellular Subscriptions*) + 0.7104 Log_{10} (*Electricity production (kWh)*)   (1)

The *Fast Moving Consumer Goods* (FMCG) segment in India similar to that seen in other countries has demonstrated customer productivity on the Internet as a facilitator of interactivity between businesses and customers and also in facilitating *electronic commerce* and redefining ways of innovating in products and services. The efficiency of the telecommunications industry for the *Labour Force (total)* across India depends on enablers shown in equation (2) and (3) such as *Electricity Production (kWh)* and the *Energy and Utilities industry* and is associated with the economies of scale such as *Mobile Cellular Subscriptions* and *Purchasing Power Parity or affordability* in subscriptions and *ICT* and facilitation of *Net Neutrality* from the government and industry.

Log_{10} (*Labour Force (total)*) = 8.4212 + 0.01887 *Purchasing Power Parity Conversion Factor, GDP (LCU per international US$)*   (2)

Log_{10} (*Labour Force (total)*) = 4.884 + 0.3174 Log_{10} (*Electricity Production (kWh)*)   (3)

Advanced manufacturing has benefited from facilitation of *value co-creators* in the logistics industry by developing the *Information Technologies (IT)* capability profiles between businesses in the industry and the infrastructure required for communication during procurement and shipping of products and services and diversification of areas of specialization (Rai et al. 2012).

Business and Financial services have benefited existing industries for customers in new markets when facilitated by successful *smart phone services* such as bank services developed and deployed successfully in other markets. Media businesses have also benefited from increase in readers and greater audience across the Internet along with delivery of quality content due to the increase in competitiveness of participating firms and new revenue models. Development data for India demonstrates that the merits of *School Enrollment, Tertiary (% gross)* and affordability of education along with *Electricity Production (kWh)* for households across India adds to the effectiveness of the *Business and Innovation Environment* in terms of *Services Value Added* by providing towards *Labour Force (total). Usage of ICT by people* across India in terms of *Households with a Computer* adds to *School Enrollment, Tertiary (% gross).*

School Enrollment, Tertiary (% gross) = 8.814 + 1.4662 Percentage of Households with a Computer.   (4)

School Enrollment, Tertiary (% gross) across India adds to the *Services Value Added* to a country from generating employment for the *Labour Force (total)* and also bringing in earnings to the household. Table 2 shows the different *value co-creators* of development from investments in telecommunications across India (Gopalan 2017).

TABLE 2: VALUE CO-CREATORS OF DEVELOPMENT FROM TELECOMMUNICATIONS ACROSS INDIA

People Usage of ICT	Values Added - Economic	Values Added - Social
Mobile phone subscriptions	Values added from ICT for new services and products	Values added from ICT on access to basic services
People using the internet	Values added from ICT for new businesses	Participation index
Households with a personal computer and Internet access	**Government Use of ICT:** Government prioritization of ICT as an indication of investment in telecommunications	**Affordability:** Purchasing Power Parity (PPP) conversion factor, GDP (Local currency unit (LCU) per international US$)
Broadband internet and Mobile broadband subscriptions	**Environments for Business and Innovation:** Secondary education gross enrollment rate (%)	**Infrastructure:** Electricity Production (kWh)

CONCLUSION

The United States Department of Justice describes how the HHI used to measure market concentration is calculated by squaring the market share of each firm competing in a market and then adding the numbers (United States Department of Justice 2015). When there is a greater concentration of firms in a market competing for the market share, the HHI tends to zero and can reach a maximum value of 10,000 points when there is domination of the market controlled by one firm. Industry sector performances may be studied by multivariate statistics taking into consideration the different variables that are relevant. These need to be associated with the HHI to discuss conclusions or inferences for decision making, investments or studies. Table 2 is a demonstration from a study on telecommunications usage across India and its relevance to development in India for the time between 1960 and 2013 (Gopalan 2017). It identifies the *units of concept* bringing together telecommunications and development data across India in terms of response variables and were categorised according to the *People Usage of ICT; Values Added – Economic; Values Added – Social; Government Use of ICT; Environments for Business and Innovation; Affordability and Infrastructure.* Revenue generated for businesses benefit from *mobile phone subscriptions; Internet subscriptions; values added by information and communications technologies (ICT)* for products and services and new businesses*; government investment in telecommunications; secondary education gross enrollment rate (%); values added from ICT on access to basic services; participation index of labour force (total), affordability and electricity production.* This is relevant in terms of improving the quality of competitiveness among participating members across industry sectors and between *value co-creators*. What needs to be verified is the accuracy of the HHI.

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PERCEPTION, TOURIST SATISFACTION AND DESTINATION LOYALTY TOWARDS SALALAH, SULTANATE OF OMAN

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ABSTRACT
This study tested a model that examined the relationships among Travel Motivations, Destination Image, Tourist Satisfaction and Destination Loyalty. Structural Equation Modeling was used to test the conceptual model. The empirical results of this study revealed that travel motivations and Perceptions positively influenced Tourist Satisfaction towards Salalah which in turn influenced the loyalty towards Salalah. The findings of the study highlighted that Salalah is perceived by the tourists as offering serene natural beauty which is a perfect place to have an ideal vacation. However, it also revealed that the hygiene facilities are to be improved. Overall the results of the study highlighted Salalah has a positive image as perceived by the young domestic tourists.

KEYWORDS
travel motivation, destination image, perception, tourist satisfaction, destination loyalty.

INTRODUCTION
Tourism is experiencing great expansion around the globe. Tourism market is becoming competitive as tourist activity is growing. Tourism being an economy nourishing factor has turned tourist destinations into a complex and highly competitive global marketplace and hence destinations compete. This situation urges the marketer to create effective positioning strategies. The success of any tourist destination is highly influenced by the quality of the destination, services provided in the destination and how satisfied and loyal the tourists are with the destination. A thorough analysis of the travel motivations of the tourists and the image of a specific destination and tourist satisfaction is highly inevitable to create destination loyalty and thereby destination branding. The review of tourism literature discloses an abundance of studies on the concepts of motivation, service quality, satisfaction, destination loyalty etc. Still the concept of desti-nation loyalty remains unexplored. Especially with regards to Gulf Cooperation Countries (GCC) has not been thoroughly investigated. Some destinations empha-size on repeat visitation since it is easy and less expensive to retain existing travelers than to attract new ones(Um, Chon, & Ro, 2006). There is a strong link between loyalty and profitability in the tourism industry (Baker & Crompton, 2000).

Sultanate of Oman is the second largest country among the GCC member countries. Blessed with picturesque mountains, breath taking valleys, tranquil coastlines etc. there is huge tourism potential in Oman. Salalah, which is in the Dhofar region of the Sultanate is the popular tourist destination in Oman due to its green natural beauty. Khareef season or harvest season which is normally the summer season in Oman is the time to visit Salalah. There is a flow of domestic as well as international tourists towards Salalah as it is absolutely unbelievable that this region is extremely green and cool with frequent showers not normally seen in the Gulf countries.

Destination image is broadly explained as tourists' holistic perception of a particular destination(Fakeye & Crompton, 1991) or as their psychological description of the particular place (Alhemoud & Armstrong, 1996). Destination image is complicated and contains cognitive, affective and behavioral elements(Pike & Ryan, 2004). A destination image is "the expression of all objective knowledge, impressions, prejudice, imaginations, and emotional thoughts an individual or group might have of a particular place" (Lawson & Baud-Bovey, 1977).

Some researchers have used the multi characteristic approach in evaluating destination image(Beerli & Martin, 2004; Chen & Tsai, 2007) whereas some others have used a single item method to measure the image. Others have assessed the overall destination using a single-item method(Baloglu & McCleary, 1999; Bigne, Sanchez, & Sanchez, 2001).

The measurement of destination image can help managers in identifying the strengths and weaknesses of a tourist destination which helps to predict tourists behavioral patterns towards the destination and revisit intentions thus providing valuable information to destination managers for developing the tourist places matching with tourist expectations(Bigne et al., 2001; Fakeye & Crompton, 1991).

The level of tourists' loyalty towards a destination is clearly visible in their intentions to revisit the destination and their recommending the destination to oth-ers(Oppermann, 2000). Thus, a thorough knowledge of tourists' loyalty is vital to destination marketers and managers(Flavian, Martínez, & Polo, 2001). It is clearly evident that a tourist is said to have loyalty to the destination only if his expectation matches the experience or it is above his expectations which creates a sort of delight in tourists'(Rajan, 2015).

Motivation refers to "a dynamic process of internal psychological factors (needs, wants, and goals) that generate an uncomfortable level of tension within individ-uals' minds and bodies"(Fodness, 1994). Application of motivation theory to the marketing actions in tourism industry involves the design and marketing of travel products as solutions to the customer needs(Nurmi, 2013).

REVIEW OF LITERATURE
In their research on Travel Motivations and Behavior of Tourists to a South African Resort **(Van Vuuren & Slabbert, 2012)**states that travel behavior is the way in which tourists behave according to their attitudes before, during and after travel. Prior Knowledge on travel behavior can help in marketing and product planning and development which can augment the number of visitors to tourism products such as resorts. The results showed that the main travel motivations are rest and relaxation, enriching and learning experiences, participation in recreational activities, personal values and social experiences. These results indicated that travel motivations significantly influence tourist satisfaction.

Researchers have identified factors influencing travel behavior of tourists such as factors motivating the tourist to travel, attitude of the tourist, various conditional factors and environmental factors which persuade the personal importance of the tourist **(Venkatesh, 2006; Laws, 1995)**. According to Gartner (as cited by **Pike, 2008**) motivation begin the decision-making process. This occurs when a certain need or want cannot be met at residence. Motivations are visible outside when a tourist wants to satisfy a need or want and this can be seen as a very important variable in relation to their travel decisions and the outcome of satisfaction.

(Aziz, Yusof, Ayob, Bakar, & Awang, 2015) in their study on behavioral intentions of medical tourists in Malaysia analyzed that medical tourists perceptions regarding service quality in health services leads to positive behaviors with regards to selection of available health care facilities provided by the developing countries. Their research found out that positive perception of the medical tourists leads to high satisfaction levels and their future behavioral intentions are highly influenced by the perception of service quality.

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(Di Marino, 2008) analyzed the destination image of French Riviera from the Italian Tourists perspective. The purpose of the study was to analyze the strategic dimension of a destination image as a vital strategic management tool for a destination, which could help to maintain the tourist flows towards that destination. It is necessary to understand the role of the image in travel decision-making process and how a positive image is noteworthy in the mind of the consumers. The study analyzed the image of the French Riviera in the Italian tourist's market. The study investigated how a positive image about the destination could successfully influence the decision making process of the tourists and influence their level of satisfaction

(Valle, Silva, Mendes, & Guerreiro, 2006) in their research explored the relationship between travel satisfaction and destination loyalty intention. The study was conducted with 486 tourists who visited Arade, a Portuguese tourist destination. SEM was used as the analysis method and it was substantiated that satisfaction is a vital antecedent of loyalty. The study used categorical principal components analysis (CATPCA) provided an elaborate analysis on the cause-effect relationship between satisfaction and loyalty by establishing that greater levels of satisfaction resulted in increased probability of future repeat visits and loyalty towards the destination. Clusters of tourists were also recognized and analyzed in relation to satisfaction levels and loyalty intentions.

(da Costa Mendes, Oom do Valle, Guerreiro, & Silva, 2010)in their research on an important destination in Algarve, Portugal, used data from a survey conducted on tourists belonging to different nations during peak season. They identified the reasons that lead to satisfaction/dissatisfaction with the tourism experience and used structural equation modeling, to determine the relationship between satisfaction levels with the tourism experience and tourist destination loyalty. The findings of the study supported that satisfaction positively impacts tourist loyalty intention.

The research paper by **(Truong & King, 2009)** examined the limit to which Vietnam as a destination satisfied the Chinese tourists. The research explored a number of variables, including socio-demographics, service quality and travel characteristics; and analyzed the importance that travelers give to various destination attributes and their satisfaction with Vietnam's tourism products. By investigating the relationship between importance and satisfaction from the perspective of Chinese tourists, the paper makes a contribution to the literature. The findings should provide Vietnamese service providers with insights into the perceptions and satisfaction levels of Chinese tourists. The study revealed that majority of the Chinese tourists were very satisfied with Vietnam as a tourist destination thus concluding that satisfaction is highly influenced by service quality and other destination attributes and satisfaction highly influenced destination loyalty.

In the research done by**(Yoon & Uysal, 2005)** they investigate the influence of travel motivations and tourist satisfaction on destination loyalty. The structural causal model was tested by structural equation modeling (SEM). The results of the study supported the relationship between satisfaction and destination loyalty at a significant level of 0.05. It was also revealed that tourist destination loyalty is positively affected by tourist satisfaction with their experiences. Travel motivation exerted a direct positive relationship with destination loyalty.

(Kao, Patterson, Scott, & Li, 2008) in the research explored the travel motivations of Taiwanese tourists towards Australia and its impact on satisfaction and destination loyalty. The study investigated whether there is any significant difference among the motivation of travelers and how it impacted their level of satisfaction. Sample size for the study was 547. Validity, Reliability etc was calculated and was found to be satisfactory. The results exposed that there were four different travel motivation groups. The groups were considerably different in terms of their satisfaction and destination loyalty. The results confirmed that motivation; satisfaction had a positive impact on destination loyalty.

(Chaiboonsri & Chaitip, 2008) in their research study used structural equation modeling to test the casual relationship between tourist travel motivation and destination satisfaction. Data was collected from 100 tourists who travelled to Thailand. Results indicated that the travel cost satisfaction of tourists has a positive influence on tourism product, tourism product attributes and tourism product management and their motivation to visit the destination again. The findings exposed that the tourist demographics exerted no influence on tourism product management.

NEED/IMPORTANCE OF THE STUDY

People have a negative and positive feeling towards a destination. This influences the image towards a destination (Brezovec, Brezovec, & Jančič, 2004). This image will influence the decision making by the tourist and will also affect the satisfaction level. Perceived images are the basis of the evaluation or selection process and thus provide the link between motivations and destination selection(O'Leary & Deegan, 2003).

An understanding of tourists' differences in perceptions, images and motivations and culture toward a destination is essential to comprehend and predict tourism demand and its impact on the tourism location. This study is intended to find out the image of Salalah as a tourist destination among the domestic student tourists as they represent a vital tourist segment. Analyzing the image of the destination from the domestic traveler point of view is vital to find out the areas of improvement in the destination. This will help to attract more tourists towards the destination.

STATEMENT OF THE PROBLEM

Understanding tourists' differences in perceptions and motivations towards a destination is essential to comprehend and predict tourism demand and its impact on the destination branding. In fact, the understanding of destination image and visitors' perceptions is critical for a destination in order to derive a base for more effective and efficient future strategic planning. In this way, it is very significant to understand the image formation process and at what point the image influences consumers' selection choice of a particular destination (Sirakaya, et al., 2001)

The study focuses on certain factors that influence the visit intention of students who form the vibrant segment of tourists towards Salalah, in the Dhofar region of Sultanate of Oman. This study will help the destination marketers to understand what is desired by the potential tourists and since tourism products are intangible in nature it is very important to provide the tourists with a unique experience. This study is a unique attempt to measure the destination image of Salalah and its impact on loyalty from the student tourists' point of view.

OBJECTIVES

The overall goal of the research is to test a theoretical model of factors that influence destination loyalty towards Salalah.
1.   To analyze the influence of travel motivation on Tourist Satisfaction.
2.   To study the impact of perception on tourist satisfaction
3.   To analyze the impact of tourist satisfaction on destination loyalty.

HYPOTHESIS (ES)

A positive destination image will impact in tourist satisfaction and has effect on tourist revisit intentions(Chi & Qu, 2008). This view is supported by(Yu & Dean, 2001). According to them satisfaction is a better predictor of intentions than perceptions [image]. Satisfaction of tourists is considered as the factor that highly influence revisit intentions or loyalty towards a destination(Cronin Jr & Taylor, 1992; Kozak & Rimmington, 1998). Based on this theoretical premise the following hypotheses are proposed in its null form.

H1: Travel Motivation has no positive significant effect on Tourist Satisfaction.
H2: Perception has no positive significant effect on Tourist Satisfaction.
H3: Tourist Satisfaction doesn't positively influence Destination Loyalty

RESEARCH METHODOLOGY

The present research employed descriptive research with the use of needed statistical tools. Data was collected using structured questionnaire adapted from standardized sources and modified to suit the context.

POPULATION AND SAMPLE FOR THE STUDY

Population of the study comprised of student tourists who visited Salalah during Khareef season. Sample Size is 120.

SURVEY INSTRUMENT

The basic instrument used for the study is Questionnaire. Questionnaire is divided in to five different sections. Fist part of the questionnaire deals with demographics, second part with travel motivations measured on a five point likert scale. Third part comprised of perceptions which is also measured on five point likert scale. Section four and section five deals with satisfaction and loyalty which are also measured on five point likert scale.

DATA ANALYSIS

Data Analysis was done using SPSS-21. Data was checked for missing values, outliers, normality etc. Descriptive Statistics as well as pie chart, correlation, regression, F Test, ANOVA, SEM etc. were used as tools for analysis.

RELIABILITY OF THE SURVEY INSTRUMENT

Cronbach alpha was computed to test the reliability of the questionnaire. The Cronbach alpha calculated is 0.744 which is above the threshold of 0.6. Hence the instrument was considered as reliable to continue with the research.

TABLE 1: RELIABILITY VALUES – CRONBACH ALPHA

No	Item	No of Items	Cronbach Alpha
1	Travel Motivation	17	0.86
2	Perception	14	0.75
3	Satisfaction	4	0.62
4	Loyalty	6	0.79

FINDINGS AND DISCUSSION

Demographic Profile of the respondents is analyzed by percentage analysis.

TABLE 2: DEMOGRAPHIC PROFILE OF RESPONDENTS

No	Variable	Category	Frequency	Percentage
1	Gender	Male	56	46.7
		Female	64	53.3
2	Age	20-24	13	10.8
		25-29	34	28.3
		30-34	40	33.3
		35-39	18	15.0
		40-44	8	6.7
		45-49	4	3.3
		50 and above	3	2.5
3	Education	Diploma	47	39.2
		Advanced Diploma	54	45.0
		Bachelor	19	15.8
4	Marital Status	Married	79	65.8
		Single	37	30.8
		Separated	4	3.3

Respondents were asked about the information sources which they rely when they plan a trip to Salalah. Majority of the respondents 93.4% attached very high importance to the information they receive from the family and friends to be reliable

A total of 3 hypotheses were proposed in this study. The hypotheses proposed are tested using suitable testing methods like multiple regression, ANOVA, SEM etc. The hypotheses are stated in its null form.

TABLE 3: RESULTS OF HYPOTHESES TESTING

No	Hypothesis	R	R2	F value	Sig Level	Durbin Watson	Decision
1	Travel Motivation has no positive significant effect on Tourist Satisfaction.	.122[a]	.015	2.796	.183[a]	2.011	Supported alternate hypothesis
2	Perception has no positive significant effect on Tourist Satisfaction.	.331[a]	.110	14.523	.000[a]	1.973	Supported alternate hypothesis.
3	Tourist Satisfaction doesn't positively influence Destination Loyalty	.725[a]	.526	130.779	.000[a]	1.823	Supported alternate hypothesis.

From the analysis it was found out that travel motivation is significantly influencing the satisfaction level of student tourists ; Whereas perception regarding the destination significantly affected the satisfaction levels and hence loyalty. The young tourists attached very high importance to the concept of image. They were satisfied with Salalah as a tourist destination and showed the intention to return to this destination.

CONCLUSIONS

The study tested the conceptual model to examine the relationships among Travel Motivations, Destination Image, Satisfaction and Destination Loyalty towards Salalah. The overall image of Salalah as a tourist destination is positive and the findings of the study indicated that tourists were satisfied with their trips to Salalah. The findings of the study revealed that Salalah is perceived by young domestic tourists as a destination with natural scenic beauty, especially its beaches and the gravity point. However, the local young tourists were not comfortable with the toilet and rest room facilities available at the destination which signifies the need for improvement of hygiene facilities at Salalah. Economical accommodation facilities for student groups are to be provided during the Khareef season which is suggested by the respondents. The natural scenic beauty of Salalah is a competitive advantage to Oman, which can be tapped to attract more international tourists as well. Despite the tourist influx during the Khareef, the destination remains untapped in other seasons. By offering various activities like mountaineering, adventurous trekking etc. the destination could be developed to an all season one. Majority of the respondents perceived Salalah as one offering rest and relaxation, offering a different culture and rich in traditional art forms.

LIMITATIONS

The sample size for the study is only 120. The sample comprised of only student tourists at university level. A large sample size with the inclusion of various segments of the population will be good to get a more detailed idea about tourist perceptions. Comparison of the perceptions of different segments among the domestic tourists as well as the international tourists will give a clearer picture on what is really needed by the travelers which can benefit it in the development and branding of Salalah as an international tourist destination.

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SCOPE FOR FURTHER RESEARCH

The inclusion of more variables would have given a much better results for the study. In the future the research could be done on a large scale by including culture as a variable which may give significant results. The moderating and mediating influence of the demographic factors and the role of service quality also could be included in the future research.

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DETERMINATION OF DIVIDEND POLICY OF PUBLIC LISTED COMPANIES

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ABSTRACT

Explaining why companies pay dividend and some do not pay dividends is still problematic to explain and therefore dividend policy remains controversial. The overall objective of a company's dividend policy is 'maximising shareholders' wealth' since it is the aim of every investor to get a return from his investment. A well regulated stock market is a devising force for overall economic development and should has a spin-off effect on the dividend policy of public sector undertakings. This article narrates Public sector undertakings (PSUs) dividends in financial year 2017.

KEYWORDS

dividend policy, maximising shareholders' wealth, public sector undertaking.

INTRODUCTION

The primary concern of any dividend policy is to determine the dividend payout and retention. Ronald C. Lease et.al (2000) described it as the practice adopted by managers in making dividend payout decisions. The dividend policy frames out the guidelines about how much amount of cash is to be distributed to the shareholders and what is to be retained by the company for further investment. The overall objective of a company's dividend policy is 'maximising shareholders' wealth' since it is the aim of every investor to get a return from his investment. A well regulated stock market is a devising force for overall economic development and should has a spin-off effect on the dividend policy of public sector undertakings. Therefore, dividend policy is a fundamental corporate finance issue due to its significance impact on investment and financing decisions.

If a company decides not to pay or pay fewer dividends, the company will have more retained earnings thus reducing its reliance on external sources of finance on the other hand, if the company pays higher dividend it will result in less internal earnings, thus increasing the company's dependence on other sources of finance like debt financing. This implies that the decision of the company to raise funds for its functioning is directly linked with the dividend policy. In other words, as the dividend policy influences the capital structure of a company, it will also have an influence on the investment decision and cost of capital of the company.

LITERATURE REVIEW

Dividend policy has been analyzed for many decades, but no universally accepted explanation for companies observed dividend behavior has been established. Brealey & Myers (2005) described dividend policy as one of the top ten most difficult unsolved problems in financial economics. Al-makawi (2007) asserted that dividend payment affects the value of the firm hence dividend relevant theory.

Explaining why companies pay dividend and some do not pay dividends is still problematic to explain and therefore dividend policy remains controversial. Some researchers like Amidu and Abor (2006) believe that setting dividend policy involves judgmental decision making and that there has been emerging concern that there is no single explanation of dividend.

The leverage shows total debt as a percentage of the shareholders' fund and it also measures the extent to which a firm is financed by external funds (Al-Najjar & Hussainey 2009). A mounting number of studies have found that the level of financial leverage negatively affects dividend policy (Gugler and Yurtoglu, 2003; Al-Malkawi, 2005)

DETERMINANTS OF DIVIDEND POLICY:

An appropriate dividend policy should be capable of answering the following questions.

- How much dividend should a company distribute to its shareholders?
- What will be the impact of the dividend policy or share price of the company?
- What will be the impact of the dividend policy or the retained earnings of the company?
- What will happen if the amount of dividend changes from year to year?
- How will the dividend policy impact the composition of capital structure of the company?
- What will be the tax implications of a dividend policy?

Some of the determinants of dividend policy are discussed below:

1. Dividend payout ratio:

Dividend payout ratio is calculated by dividing the dividend per share by earnings per share. It indicates the proportion of earnings distributed as dividend. Lower dividend payout ratio implies that the company follows a conservative dividend policy. However, higher dividend payout ratio shows liberal dividend policy.

2. Stability of dividend:

In general, the shareholders of a company prefer a stable dividend policy as they expect that a certain minimum percentage of dividends should be paid regularly to them. Therefore, dividend policy should devise after taking into account, the expectations of the shareholders.

3. Liquidity:

The liquidity position of a company plays a major role in determining a dividend policy. Payment of dividends requires availability of liquid cash with the company. The company's future investment opportunity should also be taken into consideration.

4. Divisible profits:

Dividends could be declared only out of divisible profits (ie) the profits which are legally available for distribution as dividend to the shareholders. In certain cases, dividends can be distributed out of capital profits if it is capable of being realized in cash and if it is permitted by the Articles of Association of the company.

5. Legal constraints:

All the requirements of the companies Act and the SEBI guidelines must be kept in mind before declaring dividend.

6.   Shareholders preferences:
Tax statuses of the shareholders, availability of investment opportunities in the present and the future, ownership compositions and dilutions, etc., are the different factors should be taken into consideration while framing a dividend policy.

7.   Capital Market conditions and Inflation:
A company having a wide and an easy access to the capital market will follow a liberal dividend policy in composition with others. During times of inflation, a good company tries to satisfy its shareholders by paying higher dividends.

PUBLIC SECTOR UNDERTAKINGS (PSUS) DIVIDENDS IN FINANCIAL YEAR 2017

Listed public sector undertakings have not only been key contributors to government revenues by way of dividends but, also in many cases, yielded attractive dividend for investors. However as result of "Demonetization", the trend has been very different this time. Many PSU's, under immense pressure to pay a large dividend fund Government spending, are seeking exemption from making huge payouts as that may affect their capital structure plans. Every state run firm must pay a minimum dividend of 30% of its net profit or 5% of net worth, whichever is higher subject to the maximum dividend permitted under the law. A state company is expected to pay the maximum dividend possible until it can justify that the funds retained were being optimally leveraged to ensure higher investment, according to the guideline.

DETERMINANTS OF DIVIDEND PAYOUT OF PSUs

(i) Profitability:
"Signalling theory" assets that a company will generally ensure that an increase in its dividends will occur only when such an increase is sure to be associated with a higher level of future cash flows. Investors in such a company will take careful note of the firm's credibility to measure the likelihood that the future cash flow will be high. A company may maintain a good level of credibility by avoiding any unexpected changes in dividend payments. Thus this theory predicts a positive correlation between dividend and corporate income. The main argument of this theory is that the managers of the profitable companies tend to pay more dividends to prove their ability to maintain a healthy financial position in the future.

(ii) Size:
Many empirical studies have considered size as one of the most important determinants of a firm's dividend payout policy. Large firms are highly diversified and have huge cash flows. So they will be more willing to pay higher dividends. Thus, size of a company affects the dividend in a positive significant way.

(iii) Leverage:
There is a positive correlation between leverage and dividend decisions since high leverage firms tend to keep paying dividends despite the compulsion to service their loans. However, there is a contradictory argument that highly levered companies try their level best to maintain the internal cash flow in order to meet the company's financial obligations and protect the creditors, instead of paying the existing cash to shareholders. Therefore, a negative relationship is expected between leverage and dividend decisions.

(iv) Growth prospects:
The growth prospects of a company in future affect the dividend policy. If the growth opportunities are good, the company uses the internal funding sources to finance investments. The company either pays low dividends or avoid payment of dividends to avoid the need for costly external financing. On the other hand, the companies with fewer investment opportunities and slow growth tend to pay higher cash dividends.

CONCLUSION

Thus it is quite evident that the dividend policy of the public listed companies is determined by various important factors, in addition to the market conditions, Government regulations, rate of inflation etc.

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A STUDY ON EMPLOYEE ATTITUDE TOWARDS PERFORMANCE APPRAISAL IN MIRA ALLOYS STEELS PVT. LTD. KURUMBAPALYAM COIMBATORE

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ABSTRACT

A performance appraisal (PA), also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations Performance appraisals (PAs) are conducted at least annually, and annual employee performance reviews appear to be the standard in most American organizations. However, "it has been acknowledged that appraisals conducted more frequently (more than once a year) may have positive implications for both the organization and employee." There are three main methods used to collect performance appraisal (PA) data: objective production, personnel, and judgmental evaluation. This study provides appraisal feedback to employees and career development and allows the management to take effective decision against drawbacks for the wellbeing of the employee's development.

KEYWORDS

performance appraisal, performance appraisal system, effectiveness, methods of performance appraisal.

INTRODUCTION

PERFORMANCE APPRAISAL

A performance appraisal (**PA**), also referred to as a **performance review**, **performance evaluation**, **(career) development discussion**, or **employee appraisal** is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations.

MAIN FEATURES

A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behavior, accomplishments, potential for future improvement, strengths and weaknesses, etc.

To collect PA data, there are three main methods: objective production, personnel, and judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods. Historically, PA has been conducted annually (long-cycle appraisals); however, many companies are moving towards shorter cycles (every six months, every quarter), and some have been moving into short-cycle (weekly, bi-weekly) PA. The interview could function as "providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions". PA is often included in performance management systems.

OBJECTIVES OF THE STUDY

1. To study the socio economic condition of the employees.
2. To measure the effectiveness of performance appraisal conducted in the organization.
3. To analyze the satisfaction level of the present method of performance appraisal.
4. To assess whether employees are receiving valid evaluation free from bias.

STATEMENT OF THE PROBLEM

Most of the literature dealing with human resource management and its issues recognize the importance of performance appraisal system which occurs in the organization. All the organization faces the problem of directing the energies of the employees to the task of achieving business goals and objectives. The present study was under taken to clarify certain questions related to the care phase of performance appraisal through regular assessment of progress toward goals focuses the attention and efforts of an employee of a team.

LIMITATIONS OF THE STUDY

➢ This study is only limited to Mira alloys steel pvt ltd.
➢ The sample size of the study is limited to 150 not the entire employees of the organization.
➢ Some of the employees were afraid to give true information in some cases.
➢ There may be bias on the part of employees while answering to the questions.

REVIEW OF LITERATURE

1. **Rajput, veena (2015)** conducted a study on **"Performance Appraisal System"** A performance appraisal is conducted on an annual basis for existing employees whereas for trainee and new recruits it is done on quarterly basis in many organizations.
2. **Deepa (2014)** summarizes on **"Effect of Performance Appraisal System in Organizational Commitment, Job Satisfaction and Productivity"** The performance appraisal system/method as a whole, their framework and its relationship with different job related concepts as well as issues related to Performance appraisal such as how Performance appraisal (PA) is related to job satisfaction, organization citizenship behaviour etc.
3. **Palaiologos, Anastasios (2011)** conducted a study on **"Organizational justice and employee satisfaction in performance appraisal"** Here the research is based on a sample of 170 respondents who answered a questionnaire giving their perceptions on the purpose and criteria of PA.
4. **Watkins and Leigh (2010)** conducted a study on **"Handbook of Improving Performance in the Workplace"** Another reason for introducing a performance appraisal system (PAS) is that, when it is well designed and well implemented, the feedback 9 that is provided can be usefully used for improving performance.
5. **Brown and Heywood, (2005)** analyzed **"Performance Appraisal systems: determinants and change"** Aim of this paper is to assess the employees' reactions, perceptions and preferences towards performance appraisal in the organization. More specific, the following research question is going to be examined.

RESEARCH METHODOLOGY

RESEARCH DESIGN

It is the arrangement of conditions for collection and analysis of data in a manual that aims to combine relative to the research purpose with economy in procedure. The research design is the conception stature for the collection, measurement and analysis. The nature of study is a descriptive research. It studies those, which are concerned with describing the characteristics of a particular individual or of a group.

SAMPLING DESIGN

The sample design that has been under taken is Random Sampling

PRIMARY DATA

Primary data are those, which are collection afresh and for the first and thus happen to be original in character. The primary data is collected through questionnaire method. In this method, questionnaire is sent to the presence concern with request to answer the question and return the questionnaire. A questionnaire consists of number of questions printed or typed in a definite order on a form or set of forms.

SECONDARY DATA

Secondary data means, data that already available. They refer to the data is have already been collected and analyzed by someone else. Secondary may either be published data or unpublished data usually data available in technical and trade journals, reports and publication of various association connect with business and industry, letter, research work.

TOOLS USED FOR THE STUDY

The accuracy of a research study is enhanced by the use of statistical tools. It helps in clear interpretation of quantitative and qualitative information. The statistical tools used are the following. The tools are,

➢ Simple average method
➢ Chi-square method

TABLE 1: CHI-SQUARE

particulars	Calculated value (cv)	Degree of freedom (v)	Level of significance	Table value
Experience and Monetary Benefit	2.87	3	5	7.81
Educational Qualification and Promotion	3.11	3	5	7.81
Age and Opinion About Existing Performance Appraisal	11.32	3	5	7.81
Gender and Co-Operation& Team Work	1.05	1	5	3.84

INTERPRETATION

The Experience and Monetary Benefit indicates that calculated value (2.87) is less than the table value (7.81) at 5% level of significance. Therefore, framed null hypothesis is accepted. Hence there is no significant relationship between experience and monetary benefit. Educational qualification and promotion indicates that calculated value (3.11) is less than the table value (7.81) at 5% level of significance. Therefore, framed null hypothesis is accepted. Hence there is no significant relationship between educational qualification and promotion. Age and opinion about existing performance appraisal indicates that calculated value (11.32) is more than the table value (7.81) at 5% level of significance. Therefore, framed null hypothesis is accepted. Hence there is no significant relationship between age and opinion about existing performance appraisal. Gender and co-operation& team work Indicates that calculated value (1.05) is less than the table value (3.84) at 5% level of significance. Therefore, framed null hypothesis is accepted. Hence there is no significant relationship between gender and co-operation& team work.

TABLE 2: PERFORMANCE APPRAISAL VARIABLES (RANKING)

Particulars	Total score	Mean	Rank
Self confidence	676	4.50	7
Promotion and transfer	877	5.84	1
Improve performance appraisal	803	5.35	6
plan performance well	848	5.65	2
Mutuality and trust	673	4.48	8
Manager takes appraisal seriously	611	4.07	10
follows appraisal seriously	831	5.54	4
Actively review the appraisal	833	5.55	3
quality and care	670	4.46	9
discover potential	814	5.42	5

INTERPRETATION

The above ranking analysis shows that Promotion and transfer (Rank 1) is the most problem faced by respondents from cultivating vegetables. Its followed by after plan performance well (2), Actively review the appraisal (3), follows appraisal seriously (4), discover potential (5), Improve performance appraisal (6), Self-confidence (7), Mutuality and trust (8), quality and care (9), Manager takes appraisal seriously (10), The major of respondents stated that high cost of production is the common problem faced. Financial Problem is the least common problem.

TABLE 3: SIMPLE PERCENTAGE ANALYSIS

S.NO.	FACTORS	DESCRIPTION	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Age	Up to 20 years	13	9%
		20-30 years	59	39%
		31-40 years	39	26%
		Above 40	39	26%
2	Gender	Male	139	93%
		Female	11	7%
3	Marital Status	Married	111	74%
		Unmarried	39	26%
4	Educational Qualifications	School level	10	7%
		Graduate	64	43%
		Post graduate	61	40%
		Others	15	10%
5	Designation	Manager	8	5%
		Executive	32	21%
		Supervisor	28	19%
		Others	82	55%
6	Experience	Up to-2 years	18	12%
		2-5 years	52	35%
		6-10 years	53	35%
		Above 10 years	27	18%
7	Monthly Income	Below 15000	11	7%
		15001-20000	49	33%
		20001-30000	43	29%
		Above 30000	47	31%
8	Performance Period	Half yearly	46	31%
		Once	104	69%
9	Objectives of Appraisal	Promotion	25	17%
		Training and development	101	67%
		Pay scale	21	14%
		Others	3	2%
10	Assessment of Employees Performance	HR Department	114	76%
		Organization	21	14%
		Consultant	10	7%
		Others	5	3%

INTERPRETATION

The above ranking analysis shows that (1) 9% of the respondents are under the age group of Up to 20 years, 39% of the respondents are under the age group of 20-30 years, 26% of the respondents are under the age group of 31-40 year and 26% of the respondents are under age group of above 40.(2)its shows that 93% of the respondents are Male and 7% of the respondents are Female.(3)it's The above table shows that 74% respondents are married and 26% of the respondents are Unmarried.(4) its shows that 7% of the respondents are school level of education, 43% of the Respondents are graduates, 40% of the respondents are post graduates and 10% of the respondents are others level of education.(5)its shows that 55% of the respondents are Manager, 21% of the respondents are executive, 19% of the respondents are supervisor and 55% of the respondents are others level of employees.(6) its shows that 12% of the respondents have Up to 2 years of experience, 35% of the respondents have 2-5 years of experience, 35% of the respondents have 6-10 years of experience and 18 % of the respondents have above 10 years of experience.(7)its shows that 7% of the respondents earns below 15000, 33% of the respondents earns 15001-20000, 29% of the respondents earns 2001-30000 and 31% of the respondents earns above 30000.(8)its shows that 17% of the respondents' opinion about objective of appraisal is promotion, 67% of the respondents' opinion about objective of appraisal is training and development, 14% of the respondents' opinion about objective of appraisal is pay scale and 2% of the respondent's opinion about objective of appraisal is others.(9) its shows that 68% of the respondents given conflict arises often, 27% of the respondents given conflict arises sometimes, 5% of the respondents given never conflict arises. (10) its shows that 78% of the respondents are given hr department assessing the performance, 14% of the respondents are given organization assessing the performance, 7% of the respondents are given consultant assessing the performance and 3% of the respondents are given others assessing the performance.

FINDINGS

- Most (78%) of the respondents are given performance assessed by human resource department.
- Most (93%) of the respondents given same method is applicable to all categories of employees.
- Most (83%) of the respondents are given peer group appraisal type used for assessing performance.
- Majority (52%) of the respondents are given checklist techniques used in the organization for assessing the performance.
- Most (81%) of the respondents are satisfied with the present appraisal performance.

CHI-SQUARE

- The calculated value (11.32) is more than the table value (7.81) at 5% level of significance. Therefore, the framed null hypothesis is rejected. Hence here is significant relationship between age and opinion about existing performance appraisal
- The calculated value (1.05) is less than the table value (3.84) at 5% level of significance. Therefore, the framed null hypothesis is accepted. There is no significant relationship between gender and co-operation& team work.
- The calculated value (3.11) is less than the table value (7.81) at 5% level of significance. Therefore, the framed null hypothesis is accepted. There is no significant relationship between educational qualification and promotion.
- The calculated value (2.87) is less than the table value (7.81) at 5% level of significance. Therefore, the framed null hypothesis is accepted. There is no significant relationship between experience and monetary benefit.

RANKING

- The ranking factors with promotion& transfer scored highest point and ranked 1, followed by plan performance, actively review the appraisal, follows appraisal seriously, discover potential, improve performance appraisal, self-confidence, mutuality& trust, quality & care and manager takes appraisal seriously

SIMPLE PERCENTAGE ANALYSIS

- Most (93%) of the respondents are Male.
- (39%) of the respondents are under the age group of 20-30 years.

- Most (74%) of the respondents are married.
- (43%) of the respondents are graduates.
- Majority (55%) of the respondents are other level of employees.
- (35%) of the respondents have 2-5 years and 6-10 years of experience.
- (33%) of the respondents are earns monthly income of 15001-20000.
- Most (69%) of the respondents are nuclear type of family.
- Most (68%) of the respondents given conflict arises often.
- Most (78%) of the respondents are given performance assessed by human resource department

SUGGESTIONS

➢ The performance appraisal program should be designed in such a way that the appraiser would be able to analyze the contribution of the employee to the organization periodically and all the employees who have been performing well would be rewarded suitably either by an increase in the salary or a promotion.

➢ Most of the employees are not clear about the criteria on which ratings were given to each employee while conducting the performance appraisal. Proper communication of the ratings can help the employees achieve the level of acceptability and commitment which is required from the employees.

➢ The existence of a proper complain channel is also at most importance to the appraises. They should be given a chance to convey their grievances to the top management.

➢ All the employees should be made aware of the objectives of the appraisal system.

➢ The organization must device suitable training p[programmers for those individuals who fall in the average and below average category.

CONCLUSION

The performance appraisal system has been professionally designed and it is monitored by human resource department. They implementation is the responsibility of each and every employee along with their supervisor. There should be adequate training to the evaluator that will go a long way in answering the quality of performance appraisal.

In conclusion, performance appraisal is a very important tool used to influence employees. A formal performance review is important as it gives an opportunity to get an overall view of job performance and staff development. Good performance reviews therefore don't just summarize the past they help determine future performance.

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THE IMPACT OF CRUDE PALM OIL SUPPORTING FUND POLICY ON FARMER'S LEVEL PRICE FOR FFB

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ABSTRACT
The Government policy to impose retribution to the export of CPO (export tariff and Crude Palm Oil Supporting Fund) in order to boost the downstream business activities, price stabilization and also to maintain domestic industry. This is because of CPO domestic price condition which is unstable and tend to decline. With such condition there is a need to open demand for new CPO domestic market by boosting the downstream industries so that acquiring the nation revenue increase and also improving the domestic demand. Besides the policy on imposing retribution for CPO export shall give impact to the FFB price in the level of farmers. The purpose of the study this is to look at the impact posed by the CPO price against the Fund of fresh fruit bunches (FFB) at the level of farmers using multiple linear regression analysis. The results showed that the levy to Fund CPO price reduction level of farmers, because the FFB the exporter or producer of the levy imposes some CPO to farmers.

KEYWORDS
CPO fund, levy, FFB.

INTRODUCTION
By the time this paper is published Indonesia is at the top of world palm oil plantation by 10.9 million Ha cultivating area and harvesting 29.3 million tonnes of CPO. CPO production in Indonesia is competitively active in the world market. The future of palm oil plantation in Indonesia might double its size, better harvest and quality to meet the world demands for CPO from Indonesia. Such good news is positive contributing factors and posed some challenges to the development of palm oil industry in Indonesia. In consideration of the world market, for the last 10 years, the world demands or consumption of palm oil in average grew 8% - 9% per annum. Prediction estimates, the progress is steady with some opportunities to see increases following the world trend in alternative fuel from plants or biodiesel. Oil World data shows that the global trend related to palm oil based commodities is rising from time to time in addition to any other vegetable oil based commodities such as wheat, corn oil, coconut oil.

TABLE 1: INDONESIA PALM OIL PRODUCTION AND EXPORT

Indonesia Palm Oil Production and	2008	2009	2010	2011	2012	2013	2014	2015	2016
Production (million	19.2	19.4	21.8	23.5	26.5	30.0	31.5	32.5	32.0*
Export (million	15.1	17.1	17.1	17.6	18.2	22.4	21.7	26.4	27.0*
Export (US Dollar)	15.6	10.0	16.4	20.2	21.6	20.6	21.1	18.6	18.6*

Indicating prognosis
Source: Indonesian Palm Oil Producers Association (Gapki) & Indonesian Ministry of Agriculture

Table 1 shows positive performance of Indonesia production and exports which seen a rising from 2008 production as much as 19.2 million tonnes to 32.5 million tonnes in 2015 followed by exports data which seen a rising within the period of 2008 to 2015. Furthermore, the world demands for vegetable oils including palm oil (CPO) within the period of 2010 to 2014 seen a significant increase. However, such demand seemed to be left aside CPO from Indonesia and the result is it suffered lower price to make it more attractive. The fall of price for CPO from Indonesia is significantly low as of August 2014 as can be summarized in the Figure 1 below:

FIGURE 1: CPO PRICE IN 2014 AND 2015
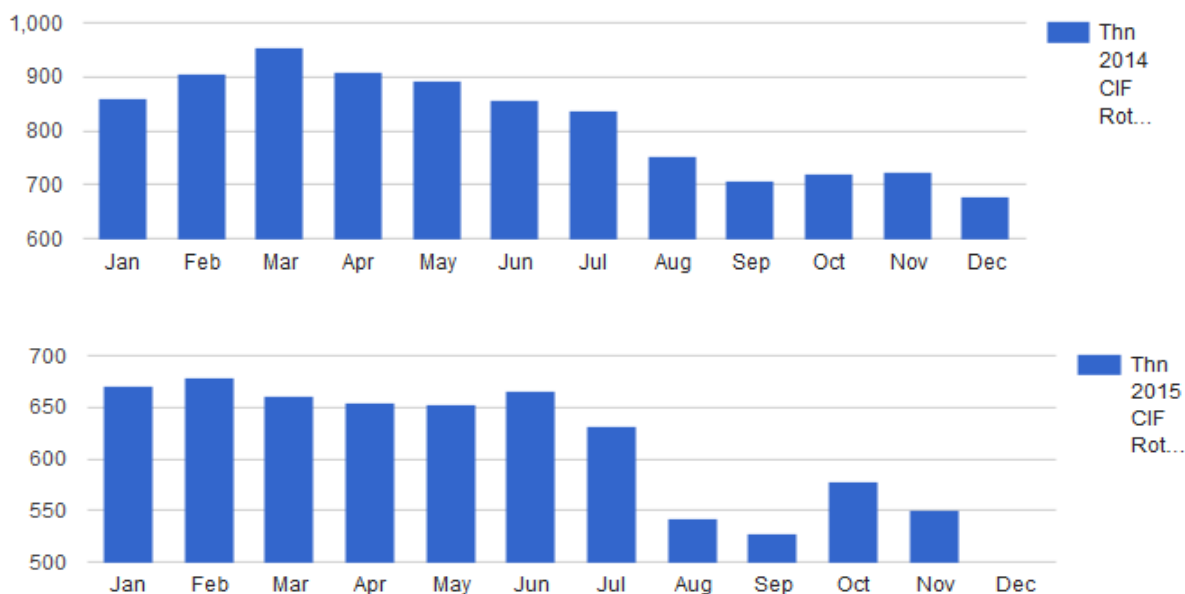
By: infoSAWIT data center

The fall of price as of August 2014, has put Indonesia palm oil industry in distress. The market price for CPO from Indonesia is US$ 630/tonne which is lower than its export tax which imposed at USD 750/Mt. This condition forced Indonesia to create domestic demand for its own CPO which is expected shall come from national biodiesel industry (Info Sawit 2015), to save its palm oil industry the government of Indonesia is trying to implement B-15 biodiesel mandatory policy to increase domestic CPO consumption, better price both for the CPO, related products and FFB.

To support such mandatory policy on Biodiesel pursuant to the Government Regulation No. 24/2015 and the President Regulation No. 61/2015 which levying CPO exports and its related products as a fundraising efforts for the Crude Palm Oil Supporting Fund (CSF). Some of fund will be used for biodiesel subsidy (such subsidy is nonexistent in APBN 2015), the most interesting reason of such fund is if the B-15 and its CSF (B-15/CSF) were an implementation success the result should be better price for CPO from Indonesia, which has fallen as lows as USD 750 per tonne in 2014. If that is true, CSF levy will be compensated. The funds will be stipulated and shall have significant impact to the farmer's level price.

Various past researches have analyzed the impact of export tax or export duties. The findings of research done by by Amzul Rifin (2012) on export tax policy in relation to cacao farmers and supply chain by survey method at farmers and government level. Supply chain was analyzed to identify the difference before and after export tax. The findings shows what the farmer's level price is significantly affected by the price at international level. Whereas the price at international level is transmitted near to perfection on the farmer's level price for cacao. These findings attributed to higher bargaining power of the farmers to the exporters; in particular after export tax is imposed as of April 2014. Such export tax has lower exporter's margin in the midst of pierce competition to buy cacao from the farmers. The findings from research on CPO Export Levy and the price drop bear consequences that are favorable and unfavorable at the same time. Those who favor such levy are domestic buyers (palm oil upstream industry), the countries and exporters that compete with Indonesia in such products. Palm oil upstream industry favors such levy that shall lower even more the domestic CPO and processed CPO price. The government revenue shall be increased to the magnitude of the levy, price and export volume. Those who suffer from such levy are national CPO producers, foreign buyers (importers), stevedores, palm oil input supplier and the government. The mechanistic of such levy shall depress the domestic price, which shall create disincentives to CPO producers and its related products. For CPO in particular, the CPO producer will try to depress FFB price at the farmer's level. Therefore implicitly FFB will be affected by such levy notwithstanding to the farmer's role in export (Dradjat and Bustomi, 2009). Maswardi (2012) in the research on the impacts of CPO levy in relation to the agribusiness performance of coconut oil and the farmer's income by new instrument analysis in the world market which affected by export tax stipulated on September 10, 2005 by the issuance of PP No.35 arrived in a conclusion that such levy shall lower the GNP in every scenario of palm oil agribusiness. Such levy also negatively affected the size of plantation and unemployment and CPO exports. The increase of such levy as much as 3% had lowered the FFB price and the farmer's income. According to the research by Elianur D (2009) such export tax has favorable and unfavorable consequences. However, such policy is not effective. As evidenced by the population who will suffer from such policy which is larger than those who will benefits from such policy. The impacts of CPO export tax are favorable to the oil palm upstream industry and the government. The palm oil downstream industry will also favour such export tax when they learn it will depress the domestic CPO and its related products price therefore cheaper and stable inputs. The impacts of CPO export tax will suffer the CPO producers, the farmers and the domestic cooking oil consumers.

The purpose of this research is to identify the impact of Crude Palm Oil Supporting Fund on the farmer's level price for FFB.

REVIEW OF LITERATURE
THE IMPACT OF EXPORT TAX ON PRICE

In consideration of to ensure enough supplies for domestic demands, preserving natural resources, anticipating drastic price increase for some export commodities in the world market, and to stabilize some commodities price in the domestic market, the Government imposed export tax on some products. Such levy will have some negative impacts on export. Such levy will lower the price in the domestic market and increase the price of export.

FIGURE 2: THE IMPACT OF LEVY ON PRICE
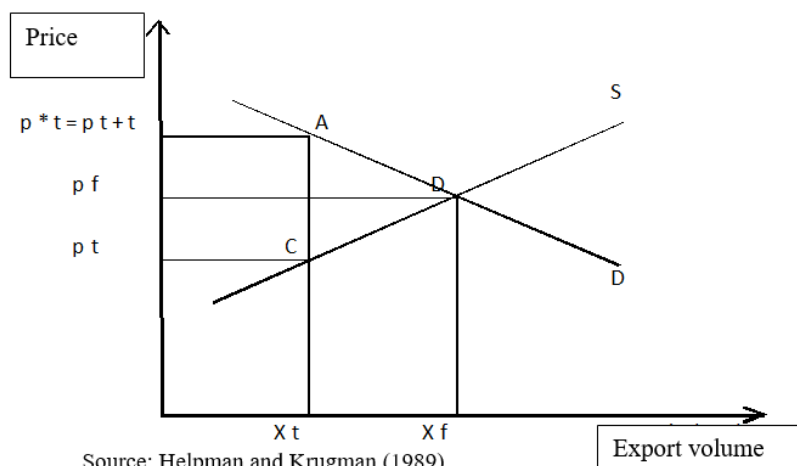
Source: Helpman and Krugman (1989)

Figure 2 shows that when levy is imposed at t, the quantity of export (X) shall be less than X_f to X_t. The exported goods will be sold to the domestic market therefore lower the domestic price to P_t, whereas the goods exported shall increase to C. Figure 2 shows that in theory export tax shall lower export quantity and domestic CPO price therefore it can be expected to achieve the first goal which is affordable CPO price for cooking oil raw material. In reality CPO price is fluctuating for the last several years. This fluctuation affected by unstable world economics, depleting petroleum price and uncertain weather.

CPO FUND

The implementation instrument for collecting the plantation Fund has been actually existed since 2007. The bases of plantation Fund collection is Act 30 of 2007 on Energy, article 20 and 21 which state that the Government shall promote the development and utilization of Alternative Fuel from Plants (AFP) as one of renewable energy sources. Then Act 39 of 2014 on Plantation, in article 93 states that plantation business funding done by business entities involving the plantation businesses shall come from their own funds, financing institution, public fund, and any other legal financing. The government implement the policy on utilizing the AFN biodiesel to anticipate the huge amount of fossil fuel imports and to increase biodiesel competitiveness. The government intends to implement mandatory use of palm oil fuel from B10 to B15 in 2015 and B20 in 2016. Whereas biodiesel consumption increased as much as 0.24 million KL from 0.93 million KL in 2013 to 1.17 million KL in 2014. Yet the market price index (HIP) of Biodiesel is more expensive if compare with HIP diesel fuel. APBN-P2015 has no allocation for biodiesel subsidy because what is available is subsidy for diesel fuel as much as Rp.1,000/litre. On the other side the CPO price is below threshold, the government suffers a great loss from ET sector, since revenue targeted from ETCPO for APBN-P 2015 is around Rp.11 Trillion is under threat to miss. Therefore the government immediately implement the policy to enable a mechanism to collect the funds from plantation which is connected to the ET imposition on Palm Oil, CPO and thier related products which is expected creating incentives for re-planting of the people's plantation, to promote human resources development in palm oil sectors, to promote research and development in the palm oil plantation, to promote palm oil plantation and to develop palm oil plantation infrastructure and facilities. The government enacts the Government Regulation No. 24 of 2014 on Plantation Fund Collection and Government Regulation No. 61 of 2015 on Collection and Utilization of Plantation Fund from and for the players of the industry since May 25, 2015. Such policy is intended to provide the funds needed for the development of sustainable plantation, improving the human resources in plantation sector, upstream industry development, optimizing plantation production for industry, energy, renewable energy, and export, to increase and maintain stability of revenue from plantation by price optimization in relation to the world price commodities fluctuation, and to support the welfare and continuity of the people's plantation from any negative world commodity price uncertainty (Warta Bea Cukai bulletin of 2015).

The export tax on commodities imposed by the Minister of Finance shall be paid in Rupiah (Government Regulation No.61 of 2015). The Tariff imposed on Plantation Retribution of Oil Palm Exports, CPO and/or its related products which shall be paid by business doers and exporters shall be paid in Rupiah at the current exchange rate. Such retribution imposed on palm oil plantation business is based on the memorandum of understanding between the Head of General Services Agency for Palm Oil Plantation of the Ministry of Finance with the players of palm oil industry with respect to continuity aspects and services development, fairness and feasibility. (PMK No. 114 of 2015 and PMK No. 133 of 2015).

CPO Supporting Fund is a retribution package imposed on palm oil industry, especially its export activities. The retribution imposed is as much as US 50 per tin CPO and USD 30 per tin for its derivative products. The CSF imposed by the government is implemented by the General Services Agency (BLU). Whereas the utilization of such CSF will be allocated to subsidize biodiesel (for the realization of mandatory use of biodiesel B-15) and the remaining will be used for replanting and any other purposes as provided under the applicable law and regulations (PASPI 2015). The basis for CSF implementation that if the CPO price average is below the reference price or threshold, the threshold price is US$750 per tonne, therefore to the exporters shall be imposed with the CPO Supporting Fund in accordance with the predetermined tariff. However, if the CPO price is above the threshold, the difference shall be imposed as revenue from export whereas anything below that shall be treated as Non-Taxes State Revenue (PNBP) of the Palm Oil BLU. Therefore, the employers of oil palm plantations will be guaranteed to be freed from double taxation. For example, if the threshold price is US$750 per tonne and the CPO price is below that threshold, the exporters have to pay the PNBP (CPO Supporting Fund). But if the price is above the threshold, the difference shall be imposed as export duties.

RESEARCH METHOD

The data used in the analysis of the impacts of CPO Fund in Indonesia is time series secondary data, including monthly domestic and international CPO price for the period of January 2011 to June 2016. The data obtained from the Indonesian Palm Oil Producers Association (GAPKI). FFB Price at the farmers level obtained from Central Kalimantan and Riau. The exchange rate obtained from the Bank Indonesia. Whereas export tax and CSF obtained from GAPKI, past researches and literature review on the relevant government regulation, including the regulations enacted by The Republic Of Indonesia Ministry of Finance and The Republic Of Indonesia Ministry of Trade. The impacts of CSF in FFB prices can be represent by the following equation:

$$PFFB = a_o + a_1 PCPO + a_2 CSF_t + a_3 EXRI_t + a_4 PFFB_{t-1} + u$$

Where:

$PCPO_t$	=	the price of CPO CIF Rotterdam for the period of January 2011 to June 2016 (USD/tonne)
$PFFB_t$	=	the price of FFB at the farmers level for the period of January 2011 to June 2016 (Rp/kg)
CSF_t	=	CFS for the period of January 2011 to June 2016 (%)
$EXRI_t$	=	Rupiah exchange rate against US$ for the period of January 2011 to June 2016 (Rp/US$)
$PFFB_{t-1}$	=	times series variables of $PFFB_t$ (Rp/kg)
u_1	=	confounding variable

Expected regression coefficient:

a_1, $a_3 > 0$, $a_2 < 0$; and $0 < a_4 < 1$

N = 66

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Indonesia is the biggest CPO exporter in the world. The main destinations for Indonesia CPO are Western Europe, India, Pakistan, China and Japan. The border price and the whole sale price of CPO at the world market is transmitted to the domestic market by market mechanism. In general, the domestic CPO price is affected by the following factors:

1. World CPO demands
2. Domestic CPO demands
3. World Fossil Oil Price
4. Soybean Oil Price (substitution)
5. Exchange rate

Therefore, the CPO price experience seasonal fluctuation. Since January 2012 to the end of 2012 the CPO price is considerably high, but in the beginning of 2013 the CPO price is steadily falling until 2016. From the trend of export price and the declining domestic CPO price, whereas Export Tax is not applicable (nil) because the CPO price is below the threshold at USD$750, the government issue CSF policy by PP Number 24/2015 on Plantation Fund and Government Regulation Number 61/2015 on CPO Supporting Fund and CPO Fund tariff is regulated under the Minister of Finance Regulation Number 114/PMK which intended to increase the domestic CPO price because most of such CPO Fund will be used to leverage the domestic CPO price as the most of it is used to subsidized biodiesel. The issuance of B-15 mandatory policy in 2015 and B-20 in 2016 is expected to increase the domestic consumption and therefore increase the CPO price. The implementation of CPO Fund will have some impacts on the domestic and world CPO price and will be transmitted to FFB price at the farmers level. These researches identify the impact of such CPO Fund Policy on the farmers level price for FFB. The findings of this research might serve as recommendation to the government and stakeholders, in particular to recommend the solution to mitigate the negative impact of CPO Fund.

RESULT DISCUSSION

The estimation result of study model of the impact of CSF imposition (for the period of July 2015 – June 2016) on FFB price is as follows: In the period of the implementation of CPO Supporting Fund (CSF), which in July 2015 until June 2016, it is obtained the results of the coefficient of determination (R^2) of 0.929. The value of R^2 explains that 92.9 percent of the diversity of FFB prices changer can be explained by the independent variables together, i.e. by the variable price of CPO, CSF palm retribution and the rupiah against the USD. In addition, it is also obtained statistical value of F which is 19.666, while the value of F table at alpha 5% is 4.534. Because the F counts higher than F table or 19.666> 4.534, then the model built is good. This is also reflected from the F-probability value of 0001. Thus, it can be stated that the variation of endogenous changer actually can be explained by exogenous changer respectively.

The estimation results of research model of the impact of the imposition of CSF on FFB prices are as follows:

P FFB = -4686.725 + 0.097 PCPO + 0.820 CSF$_t$ - 0.271 EXRI$_t$ - 0.218 PFFB$_{t-1}$

Where:

PCPO$_t$ =   the price of CPO FOB Belawan for the period of July 2015-June 2016 (USD/ton)
PFFB$_t$ =   the price of FFB at the farmers level for the period of July 2015-June 2016 (Rp/kg)
CSF$_t$ =   CPO *Supporting Fund* for the period of July 2015-June 2016 (Rp/kg)
EXRI$_t$ =   Rupiah exchange rate against US$ for the period of July 2015-June 2016 (Rp/US$)
PFFB$_{t-1}$ =   time series variables of PFFB$_t$(Rp/kg)

TABLE 2: FFB PARAMETER ESTIMATION FOR THE CPO SUPPORTING FUND PERIOD OF JULY 2015 – JUNE 2016

Independent Variables	Parameter Estimation	t-value	Prob. t	Interpretation
Intercept	4686.725	1.375	0.218	Not significant
PCPO (CPO Price)	0.097	0.979	0.365	Not significant
CSF (CPO Supporting Fund)	0.820	1.373	0.219	Not significant
EXRI (Exchange Rate)	-0.271	-1.428	0.203	Not significant
HFFB-1 (FFB Price *lag*)	-0.218	-0.778	0.466	Not significant

CPO price positively affect FFB price, where every Rp.1/kg increase on the CPO price shall increase FFB price at the farmers level as much as Rp.0.0097/kg. Based on the t-test, the t statistic value of 0.979 for alpha 5% is 2.228. This result shows the impacts of CPO price on FFB price is not significant because t score is less than 0.979 of t-table for alpha 5%.

Oil palm retribution in the form of CPO Supporting Fund has positive effect on the price of FFB, where any increase in CSF amounting to Rp1 / kg, then the CSF price will rise by Rp 0.820 / kg. This shows that the palm retribution caused the FFB price increase in levels of farmers, and encouraging the farmers. However, when seen from the results of the t test, can be obtained t value statistics which is 1373, while the value of the t statistic at 5% alpha is 2.228. This shows that in the period of the above analysis, the effect of CSF on the price of FFB is not significant, where the t value is smaller than t table or 1,373 <2.228). The positive influence of CSF in accordance with the purpose of the policy is implemented in which the fund plantation collection (CSF) through BPDP is used as a stabilizer of prices in the domestic oil palm industry through a support program of biodiesel absorption. The impact of the biodiesel absorption has succeeded in creating a demand to absorb the oversupply of CPO and then slowly to stabilize the CPO price and then slowly stabilizing the CPO price which can be felt by farmers of oil palm in the price increases of the FFB price as raw materials. The empirical fact that the FFB price increases has not been felt yet by the farmers because of the tendency of exporters and manufacturers which are still trying to get a big enough margin by pressing the FFB price of the farmers

The exchange rate of Rupiah against US$ negatively affect FFB price. Based on t test, the t score is -1.428, whereas t statistic for alpha 5% is 2.228. This shows that the impact of exchange rate on FFB price is not significant, because t score is less than 1.428 of t-table for alpha 5%.The above parameter estimation shows that t-test of independent variables is not significant. This result due to data availability at the time of this research it is too early to infer the impact of CSF on FFB price, because the age of CSF implementation is only 1 year, or from statistical approach, the data is relatively limited (n=12). However, the findings of this research provide preliminary study to analyze the impact of CSF on FFB price at the farmers level, which shows positive impact. In the face of world trend which shows a price decline, CSF has positive impact and drive a price increase at the farmers level. This empirical phenomenon can be explained by relevant theory on the government policy to impose CSF in relation to biodiesel mandatory use. The increase in CPO used for biodiesel will shift the supply to the left. This shift in turn will have some impact to the price, at the farmers level.

T-TEST OF PRODUCER'S MARGIN FOR THE CSF PERIOD

T-test of FFB price between the period of before and after CPO Supporting Fund (CSF) can be summarized in the table 3 below:

TABLE 3: T-TEST OF FFB PRICE BETWEEN THE PERIOD OF BEFORE AND AFTER CPO SUPPORTING FUND (CSF) AND WITHOUT EXPORT TAX (ET)

	CSF	Non ET and CSF
Mean	380.7	93.8
Variance	7,962.6	7.4
Observations	12	11
Hypothesized Mean Difference	0	
Df	11	
t Stat	**11.1337**	
P-value	**0.0000**	
t Critical	2.2010	

The average margin of FFB price at the farmers level for CSF period is Rp.380.7/kg, whereas before CSF is Rp.93.8/kg. This shows that CSF places some burden to the farmers. The t-test (Table 3) result shows significant difference, the t score of 11.1337, whereas t-table of 2.2010. This result shows that the t-test result is significant between the period before and after CSF, because the t-score of 15.7591 is greater than 2.2010 of t-table. Based on the two results above, the findings show that both ET and CSF has some impacts to FFB price decline at the farmers level. Therefore, export duty on CPO and its related products in unfavourable to the farmers, because it depress the price in the domestic market which shall create production disincentive to the CPO producers and its related products. CPO producers will depress the price of FFB at the farmers level. Thus implicitly FFB is imposed by export tax, even though the farmers do not carry out any exportation. This finding shows that the argument proposed by the government who stated that levy on CPO exports is intended to prevent the decline of world CPO price is not true. On the contrary, the world CPO price was falling as much as USD 100 per tonne from the time such levy is enacted to January 31, 2016. In theory, according to PASPI analysis (2015), the decrease of CPO exports to the world market shall leverage the CPO price if: (1) there is a significant decrease of palm oil export from Indonesia due to export tax policy, and (2) if the variable world demands such as economic growth, other vegetable oil price and fossil oil price is not declining. The fact is for the period of July to December 2015 the volume of palm oil exports from Indonesia is increasing (as compared to the same previous period) from 11.9 million tonnes to 14 million tonnes. The three variables which affect the world demands also experienced decline.

The loss suffered by the CPO producers as explained above is due to the method of export tax which is an indirect export levy, therefore affect the mechanism of CPO price in the domestic market. If direct export tax were use such export tax will not affect such price mechanism therefore prevent CPO produces from any losses. Such direct method, export tax will be imposed only to any entity engaged in palm oil exportation and at a fixed annual rate. Furthermore (pursuant to the Interpretation of Article 5 PP No. 24/2015) such export tax can be included as deductible in corporate tax calculation.

Empirical facts show that the statement which believed that export shall increase the domestic CPO price is not true. Likewise, the domestic CPO price after export levy implementation will be higher than before its implementation. As the world CPO price is declining, export levy lowers the domestic CPO price below its export levy.

The findings support past research on the impact of export tax in relation to palm oil exports, in total the overall losses suffered by Indonesia as a result of export levy is far larger than the revenue generated from such levy. And those who suffered biggest losses from such export levy are the domestic CPO producers which includes the farmers, State Owned enterprise which engaged in palm oil, palm oil plantation SMEs and giants.

THE DIFFERENCE OF CPO PRICE IN THE WORLD AND DOMESTIC MARKET

In accordance with the literature review, levy on palm oil in the form of export tax or CPO Supporting Fund shall increase the world CPO price (PCPOW) and lower the domestic CPO price (PCPOD). The difference can be seen in the Figure 3 below:

FIGURE 3: WORLD CPO PRICE (PCPOW) AND DOMESTIK CPO PRICE (PCPOD) DURING THE RESEARCH PERIOD (JANUARY 2011-JUNE 2016)
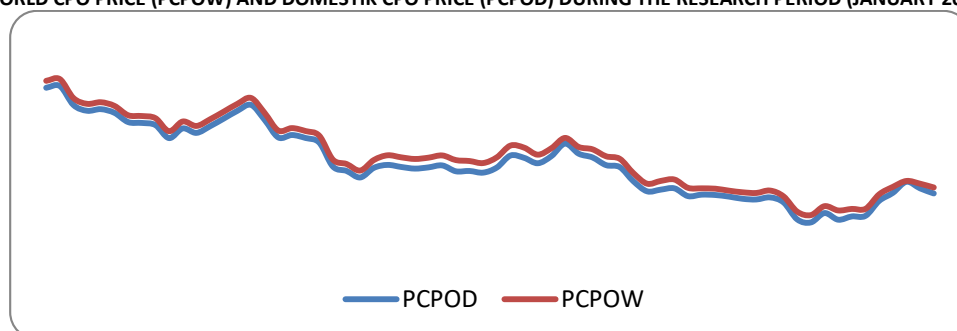
The above results show that the world CPO price is higher than the domestic CPO price. For the period of January 2015 to June 2015, there is no export tax and CPO Supporting Fund. However, the fact shows a difference in price. This is a result of price adjustment that takes some times in the process. But then, since July 2015, the CPO Supporting Fund policy is implemented which followed by a decline of CPO price in the world and domestic market even though the price in the world market is higher than in the domestic market.

The average of CPO price in the world market during the research period is USD 862,380 per tonne, whereas the average of CPO price in the domestic market is USD .819.308. The data shows that the price in the domestic market is USD 43,073 lower or down by 4.995%.

TABLE 4: HYPOTHESIS TEST RESULTS OF CPO PRICE

	World Market	Domestic Market	Difference	Percentage
Mean	862.380	819.308	-43.073	-4.995%
Variance	37946.952	38060.490		
Observations	66	66		
Pearson Correlation	0.999			
Df	65			
t Stat	39.962			
P(T<=t) two-tail	0.000			
t Critical two-tail	1.997			

Statistical test results shows t-score of 39.962, whereas t-table is 1.997. Therefore, there is a significant difference between the CPO price in the world market and in the domestic market. The results shows significant difference (significantly different from zero) between before and after levy, where t-score of 39.962 is greater than 1.997 of t-table, thus Ho is rejected and H1 is accepted, this means that Hypothesis 5 (H5) which stated the CPO price before levy is higher than after levy is accepted. In accordance with the literature review, levy on palm oil in the form of export tax shall directly affect the CPO price in the domestic market and in the world market. If before levy it assumed that the CPO price in the domestic market (Pd_0) is equal to the CPO price (f.o.b) in the world market (Pd_0) the levy of t unit shall lower the CPO price in the domestic market as much as $Pd_1 = Pw_0 (1 - t)$ and shall increase the CPO f.o.b price in the world market as much as $Pw_1 = Pw_0 (1 + t)$. As a result, the CPO f.o.b price in the world market after the levy is higher than the CPO price in the domestic market. This means a price disparity is existed between the CPO price in the domestic market and the CPO f.o.b price in the world market. Therefore, it is of importance to observe such price disparity for the period after Export Tax (ET) (The CPO price in the world market is above USD 750 per tonne), for the period of Export Tax is zero and for the period after export levy.

CONCLUSION

The average of CPO price in the global market in 2015 was below US$700 per metric tonne, therefore in that year the CPO and its related products exportation was automatically freed of charge the export tax because its average price was below US$750 per metric tonne which had been set as the minimum to charge its relevant export tax. The average CPO price in 2015 was only near about US$614 per metric tonne. Such price average was down by 25% as compared to the average price in 2014 of US$818,2 per metric tonne. The government responded such poor price by issuing CSF policy.

The most significant contribution of this research is providing preliminary data for deep analysis on the government policy on levy as much as USD 50 per tonne on CPO exports from Indonesia pursuant to the Government Regulation No. 24/2015 and the President Regulation No.61/2015. In particular, this research is presenting test results of the impact of Crude Palm Oil Supporting Fund on the farmer's level price for Fresh Fruit Bunch (FFB).

The CPO price (FOB Belawan) has positive significant impact on FFB price at the farmers' level. CPO Supporting Fund (CSF) positively affect the FFB price notwithstanding to the result of hypothesis test which is not significant. This is in accordance with the government intention when decided to implement such policy, the CSF is imposed by BPDP to support or to provide funding to subsidized biodiesel mandatory use (B-15 in 2015 and B-20 in 2016). When the implementation of mandatory use of biodiesel is running the government expects higher domestic demands for CPO which shall increase the CPO price including the farmer's level price. The implementation of CPO Supporting Fund (CSF) policy has increase the FFB price up by Rp.0.820/kg. However, analysis shows that such increase is not significant. The results affected by the period of this research which was carried out in short time and when the price is at adjustment stage with respect to the CSF implementation. In addition, findings show that when the CSF was initiated it faced a downturn in the domestic and world market.

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CORPORATE AND SELF HELP GROUP COLLABORATION: A PANACEA FOR RURAL MARKET DEVELOPMENT: A FOREWORD

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ABSTRACT

As per Census of India, 2011, there are 6,40,867 villages in the country. Out of 1210.2 million populations in India, villages accommodate 833.1 million people which is 68.84% of the total population. During 2001-2011, the rural population increased by 90.4 million and the number of villages increased by 2,279. The huge rural population, which is yet to taste the fruits of modernity, fuelled by robust growth registered after 1990's, are appearing more greener than urban market. Adding to this, the improvements in agricultural productivity, application of science and technology in agriculture, using of high yield varieties of seeds, fertilizers, periodical increase in minimum support price by the government, various government funded rural development programmes, initiatives taken up by many NGO's and individuals, have contributed to the overall growth of the rural economy subsequently. Improving infrastructural facilities and growing number of consumers, who are earning more and buying discretionary goods and lifestyle products, are snapping up products and services which meet or supports their aspirations. As rural market opportunity becomes more attractive, many companies are trying out with different marketing strategies and stepping up efforts to gain a strong foothold in these markets. In view of this, Collaborations between corporates and self help groups functing at village level will play a central role. Self help groups local presence and acquaintance will have far reaching impact on the marketing of a product and service in creating awareness. This paper evaluates the performance and effects of corporate and Self Help groups collaborations in developing rural market. It is an empirical study carried out in four taluks of Karnataka State; namely basava-kalyana of Bidar District, Chintamani of Chikkaballapura District, Madhugiri of Tumkur District and Chennapatna of Ramanagara District.

KEYWORDS

changing lifestyles, collaborations, rural market development, self help groups.

INTRODUCTION

Collaborations with local communities appears to be the panacea for the sales and distribution challenges, that prevails in rural India. Many corporates, who have ignored the rural market initially, now understand the blunder they have committed and want to rectify their mistake. Now operating in rural is not an option, if any corporate does so, they will be keeping themselves away from 70% of the marketability. Many companies who are active in rural market form a long time are further intensifying their efforts and are also enjoying the fruits of being an early operator. To quote few instances, Hero Moto Corp Limited, has created a rural vertical, customized its local communication and increased its sales and service touch points in rural area. Hero Moto Corp Limited added authorized representative dealers (ARDs) to its existing hub-and-spoke network. ARDs are appointed by the dealers. Well versed with local dialect, ARDs also know the financial profile of the target customers. Possession of such exhaustive information helps the ARDs to create awareness about company's products, objectives etc., The new layer has increased Hero's reach to 20% of the India's more than six lakh villages with more than 5,000 touch points. Currently, the company draws 60% of its total sales from rural market. In FMCG category, half of the revenue of Hindustan Uniliver and Colgate now comes from the rural market. Dabur, which is India's fourth largest fast moving consumer goods enterprise, derives 47% of total sales from rural market. Dabur offerings are very popular in rural markets. TVS, manufacturer of two wheelers derive 50% of their sales from rural market. Collaborations with local channel partners, requires less investment and ideal for seeding the product in rural market. As social fabric plays an important role in influencing the consumption pattern of a villager, selecting a right influencer is very important. This ensures deepest reach possible and creates a stronger foundation in a 'word of mouth' sensitive rural setting. This collaboration ensures not only creating awareness about the product but also finds ways in explaining the functionalities of the goods and services and how it meets the unique needs of the rural population.

Two major companies have already done it and tasted the success of it and act as a guiding light for others too, who are still waiting and unsure about how to penetrate into rural market. Companies need to join organisations or institutional arrangements across the rural value chain to create an environment, which fosters business expansion and also provides an alternative income source to the partnering member. This ought to be a win-win situation for both and should bring about three dimensional developments. (i) It should facilitate company's reach, help in business expansion. (ii) Ultimate consumer must be benefitted with quality products, at an affordable price at their door step, because, the purchase frequency of FMCG product is high. Preferably rural consumer doesn't want to spend too much time on purchases. (iii) It should provide an alternative income source and livelihood sustenance to the member, who would be connecting corporate and consumer. This feet-on-street model, helps to overcome all sales and distribution infrastructure related challenges.

Hindustan Lever Limited (HLL, now known as HUL-Hindustan Unilever Limited), initiated 'Project Shakti' in 2001. To stimulate demand and consumption through the direct-to-consumer approach, this project was launched in Andhra Pradesh on a pilot basis. Now this project has spread over to more than 260 districts across 12 states. A strategic combination of micro credit and training in enterprise management leads to the transformation of women members of 'Self Help Groups'(SHG's) into direct–to-home distributors of HLL products. Women members of SHG's can avail micro credit from the group or from the local bank to promote and to carry out income generating activities aimed at poverty eradication and women's empowerment. They were identified as potential channel of distribution, due to their widespread presence in rural areas. There are 4.36 lakh such SHG's in Andhra Pradesh state alone. Interested women from SHG's were appointed as Shakti entrepreneurs and they were being called as Shakti Ammas. They borrow money from their Group corpus and provide services to 6-10 villages, covering a population of 6,000 to 10,000. They receive stocks from HLL rural distributors and make sales to both retailers and direct consumers in villages. Capacity building of the women is an important component of Project Shakti; they are provided support till they enhance their entrepreneurial abilities.

Project Shakti is often described as a win-win initiative with multiple players, as it has proven to be useful for all stakeholders. It has increased penetration into the rural market for HLL and the ability to reach out to small villages that are often left out of the distribution circuit. HLL earlier had only 70,000 villages in its ambit, but after the launch of Project Shakti this number has more than doubled. Small villages below 2,000 population and size are most common in rural areas, according to Census of India 2001, but ironically these get left out in conventional distribution channels due to their poor approachability or scattered nature. Project Shakti, however, was able to counter this problem and succeeded in penetrating into small villages as well. The creation of this one-to-one sales channel

that reaches the final consumer is unique; it has created credible and effective brand endorsers at the grass-root level, an achievement that is beyond the scope of most media. In the first phase of the experimentation itself, the company saw incremental sales of 8 to 10% in rural Andhra Pradesh. This innovative distribution channel has been to reach rural markets at the bottom of the pyramid, while achieving double digit savings in costs as compared to using independent rural sales agencies.

For the rural consumer, this has meant the procurement of authentic and quality products at appropriate pricing. The biggest beneficiaries are the Shakti entrepreneurs or Shakti Ammas, who in some cases have been able to augment their incomes upto 1,500 or even more per month. Rural women who were underprivileged until very recently, beam with confidence. The credit goes to their newly acquired entrepreneurial skills, financial empowerment and enhanced self-esteem with Project Shakti running successfully in many parts of India.

Creating awareness about the product or service is still a major challenge. To overcome these challenges, corporates are increasingly getting collaborated with rural communities through SHG's, using innovative marketing strategies, such as low margin, low unit packets, advertising through non-conventional media, organising group activities by employing and engaging locals. SHG's have become the launching pad to approach the vast consumer base. Apart from acting as a gateway for consumption, they act as a supply chain channels for rural products. Being trained, they also create awareness about the product and demonstrate the use. This would bring them additional source of income and could be a source of livelihood also. A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India.

REVIEW OF LITERATURE

Patki, V.V. (1988): in his article "*Rural Marketing*", discusses the problems of selling life insurance policies in rural areas and gives many suggestions to penetrate into the rural market. The suggestions are participation in village fairs, using audio visual methods and explaining the merits of the life insurance to the villagers. He emphasises on personal counselling as an effective method to create awareness about the importance of life insurance. Rural population could be easily persuaded, if the counsellor is known to them or if communicated in local dialect.

Namasivayam (1988) in his article "Impact of advertisement on consumer preference for toilet soaps" states that "The market for soaps is growing at 7% a year. This means that the incremental demand generation is 5% over and above the population growth. With increasing awareness of hygienic standards, the market could grow at a rate higher than 8% annually. Interestingly, 60% of the market is now sourced from the rural sector. He further suggests that audio visual advertisement is the most important factor that induces customers to select a particular brand. Creation of awareness about the utility of soaps, is the first step to tap the rural market".

P. Indrasena Reddy (1996): in his article "Rural Marketing in India-Problems & Prospects" emphasizes on product planning for rural markets. The product design, colour, size and quality must be in tune with the tastes and preferences of the rural consumer. He is of the opinion that good infrastructure is an essential prerequisite for development of rural markets. Moreover, there is need to train and develop the sales force to serve the rural consumers. Conversing in local dialect the prerequisite for the successful operation in rural market.

Ojha, R.K. (2001): in his article "*Self Help Groups and Rural Employment*" states that the Self Help Group model of self-employment generation seems to be a workable model. However, there will be need for utmost care in promotion of self-help groups. He has also mentioned that there are number of possible routes to the promotion of self-employment and strengthening self-help groups is one of them. Various kinds of support systems including-training, infrastructure support and financial support (specially in terms of providing loans) which are being undertaken to empower SHG's have shown positive results in various parts of country and are workable too.

Kannan (2001): studied the rural marketing prospects in selected areas of Tamil Nadu with a view to examine the potential of selected products in the areas under consideration. 100 respondents were selected in this survey and multistage random sampling was used. He is of the opinion that the rural markets are coming up in a big way and growing twice as fast as the urban, witnessing a rise in sales of typical urban kitchen gadgets such as refrigerators, mixer grinders and pressure cookers. For successful marketing in rural areas, an integration of traditional and modern methods of selling is required. To communicate effectively with the prospective rural consumers and to ensure effective distribution and prompt delivery, organizations must understand the specific requirements and needs of the villagers and then plan their strategy to convert the prospective consumers into active consumers.

NEED OF THE STUDY

The future of rural India is brighter. It offers plethora of opportunities that need to be harnessed. The immense potential of rural area has remained ignored and untapped for a long time. Fostered by liberalisation, agricultural revolution, advancement in technology, education etc., rural GDP has increased tremendously. In 2015, rural India accounted for about 48% of India's GDP and comprised of almost 69% of the total population. Since 2000, per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres. Rural India recorded the compounded annual growth rate of 6.2%, compared to only 4.7% of urban economy. All these positive changes have increased per capita income and disposable income of the rural masses. Nearly 2/3rd of middle income class of the country lives in villages which represents half of the Indian buying potential. Rural market is expected to grow at much faster rate than that of urban market.

Villages are faced with problems related to poverty, illiteracy, lack of skills, health care etc. These are problems that cannot be tackled individually but can be better solved through group efforts. These groups known as Self help groups have become the vehicle of change. Self-help group is a method of organising the poor and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The members collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their income generating activities. This easy availability of finance increases their purchasing capacity, both the FMCG and durable goods. So mounting demand in rural economy attracts companies to spread their marketing wings over there.

Companies, which want to foray into rural market, lack indepth knowledge of village psyche. Due to lack of strong sales and distribution channels, reaching the rural market is still next to impossible for many. Creating awareness about the product or service is still a major challenge. To overcome these challenges, corporates are increasingly getting collaborated with rural communities through SHG's, using innovative marketing strategies, such as low margin, low unit packets, advertising through non-conventional media, organising group activities by employing and engaging locals. SHG's have become the launching pad to approach the vast consumer base. Apart from acting as a gateway for consumption, they act as a supply chain channels for rural products. Being trained, they also create awareness about the product and demonstrate the use. This would bring them additional source of income and could be a source of livelihood also. A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India.

Rural people are engaged in various occupations for earning their livelihood. Given the financial support, together with appropriate knowledge and skill input, the poor people, in general, have the propensity to make better use of labour and capital. Thus, installation of income- generation activities in the rural areas, in a way, helps promote first-generation micro entrepreneurs with resource mobilization on their own through their SHGs. In this direction collaborations between corporates and Self Help Groups, will definitely bring in positive change in the stake holders and it has three dimensional benefits for the participants. One, it enhances the sales and profit of the companies. Two, this system ensures the proper supply of quality products and service to inaccessible rural areas and three, it promotes the SHG's members to be micro entrepreneurs. Hence the study will evaluate the performance of corporate and self help groups integration in rural markets. Moreover, no significant study has been carried out in Karnataka with special reference to Corporates and SHG's linkages. Hence the research proposal will throw light on the possible prospects.

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STATEMENT OF THE PROBLEM

As rural market is appearing to be more promising several companies wants to extend their marketing activities over there. Effective rural marketing mix revolves around 4 A's. They are Availability, Affordability, Acceptability and Awareness. Distribution and having an effective supply chain management poses a major problem for companies targeting rural market. It requires too many levels in channel and setting up an independent sales and distribution model is a costly proposition not only for large scale companies but poses a serious threat for small scale companies. Hence collaborating with locally existing organisation or institutions appear to be a better option.

During the course of exhaustive review of literature prominent question which strike the mind, such as: How these collaborations between corporates and SHG's help in the development of rural markets? Will these collaborations check the market imperfections, that are present in the rural market? Will it really add value to the company coming forward to collaboration, customer who ultimately consumes product or service and whether such collaboration helps the intermediary i.e., SHG's member, who acts as a channel partner? Whether this model could be used as a poverty alleviation programme at micro level? Hence, there arises a need to address the aforesaid questions. In the backdrop of the above, the statement of the problem is thus stated as "Performance evaluation of Corporate and Self Help Groups integration in Rural Markets-A case study of selected Corporate and SHG's in Karnataka".

OBJECTIVES OF THE STUDY

1. To study the role of corporate and self help groups in rural market.
2. To examine the existing strategies of corporate and self help groups in reaching rural market.
3. To assess the performance of Corporate and Self Help Groups in the study area.
4. To examine the role of Self help Groups in influencing the consumption pattern of rural consumers.

HYPOTHESES

H_1= Higher the Integration between corporate and SHG's, greater the avenues for Rural market development.
H_2= Link between corporate and SHG's averts the problem of imperfection brands in rural market.
H_3= Greater the integration with the corporate, higher the sustainability of self- help groups.
H_4= Greater the integration between corporate and SHG's, lower the prospectus for the rural informal sector.

RESEARCH METHODOLOGY

Area of the study: Karnataka state is chosen Locale for the study. Four talukas viz., Basava Kalyana of Bidar district, Madhugiri of Tumkur district, Chintamani of Chikkballapura district and Chennapatna of Ramanagaram district were visited to collect the primary data.
Method: It is an exploratory research and case study method will be adopted.
Data: Using Stratified random sampling method, 4 talukas were selected to carry out the intended research. Out of these four talukas, 20 Self help groups will be identified in each talukas randomly and data would be collected from any five members, who will be randomly selected.
Sample size: 400 respondents.
Sampling technique: Stratified random sampling method was used. Along with this, convenience sampling method will be adopted keeping in view the potentiality and prospects. Purposive sampling method will be used to choose the corporate and SHG's. Participatory Rural Appraisal, which enables rural people to share, enhance and analyse their knowledge of life and conditions, to plan and to act, will be adopted.
DATA COLLECTION
Primary Data:
(a) **Direct Personal Interview**: Primary data will be collected by personally visiting villages, where SHG's members act as an extended arm of corporate. Benefits of all the stake holders will be ascertained using this method.
(b) **Personal observation Method**: How integration between the two, is helpful in correcting the market imperfections in rural market will be observed in detail and inference will be drawn.
(c) **Questionnaire**: A detailed questionnaire will be drafted for the purpose of procuring primary data. Top marketing executives of corporate, who mayn't be reached directly will be approached through mailed questionnaire method.
(d) **Schedule method**: Since, there is a possibility of respondents being illiterates; Schedule method will be followed to record their answers.
SECONDARY DATA
(a) Corporate social responsibility policies of the company and company website.
(b) Articles (International and National Journals), Published reports, Previous research studies.
(c) Publications of SHG's if any
(d) Other relevant websites.
During the visit, various Self Help Groups have been visited. The objectives and functioning of Self Help Groups have been studied. Direct personal interview and method of schedule were adopted to interact with the members of self help group, who are also into trading activities. SHG's are small, informal and homogenous groups comprising of not more than 20 members each. Out of these members few members were into own business and earning income to supplement and to support the family. Many of these members were independent and earning comparatively well than before when they were working as wage earners. Many of these women were good at communication and also had good marketing abilities. Some of them were manufacturing goods or involved in providing services and directly linked with a corporates and some of them were procuring products from corporate and in turn selling them for a profit margin. The networking amongst these members enabled them to upgrade their capabilities. The personal identity and rapport of these members help them to involve in trading activities and personal selling was playing a predominant role in rural market.

The nativity, personal rapport and convincing skills played an important role in influencing the consumption pattern of the rural consumers. The SHG members were into trading activity had the initial investment capacity due to finance access at the time of need, because of SHG. As a result of taking part in discussions, group meetings – familiarity is developed in the process communication and logical ability is also strengthened. With these qualities they were in better position to influence the consumption pattern of the rural consumers and time and again word of mouth advertisements yielded better results than media advertisements in creating awareness about the product. Hence there is a brighter future for corporate and SHG linkage programme.

Even companies are realizing the fact that mere presence is no longer sufficient to survive in the rural market and for long term sustainability. Companies must concentrate on building 'Symbiotic Relationship', which aims at meeting the consumer needs rather than achieving simply corporate profits. An 'Eco system' to be developed which creates the awareness about the company products or services and instills confidence amongst consumers that business is a force for widely shared good. Hence collaboration between corporate and SHG helps in achieving the deepest reach, creates stronger foundation in a word of mouth sensitive rural setting and can work as a long term option.

The primary data so collected was classified and tabulated. The analysis of data is divided into two parts such as (a) Descriptive data and (b) Inferential data.

The Age Composition of the SHG members was as follows:

TABLE 1

Age Group	Number of Respondents	Percentage
Less than 20 years	22	5.5
21- 30 years	146	36.5
31 – 40 years	172	43
41 – 50 years	41	10.25
50 years and above	19	4.75
Total	**400**	**100**

The tabulated data reveals that majority of the respondents were in the age group of 21 to 40 years. Together they constitute almost 80% of the total sample size. Generally, people of this age group are considered to be more active, their acceptability and adoptability level will be very high. The changes observed in their life style is attributed to their aspiration level. In the field survey, the researcher observed that all the respondents in this age group were married and majority of them were also parents. These people normally wish for a better standard of living for their children and don't want their next generation also to endure all those hardships, which these respondents have encountered in their life. Education level being comparatively better than other age old members of SHG, they always look for some additional income source to support their family and financial conditions.

Caste category of the Respondents was:

TABLE 2

Caste Category	Number of Respondents	Percentage
General	167	41.75
OBC	113	28.25
SC/ST	120	30
Total	**400**	**100**

The primary data reveals that around 42% of the respondents were belonging to general categories, around 28% of the respondents were belonging to OBC (other backward classes) and 30% of the respondents were belonging to scheduled caste and scheduled tribes. In the field study, the researcher observed that Self Help Groups were comprising members from all caste and income categories. There was no caste based SHG was observed. It was a true representative of the society and consisted of people from all sections of a village.

Type of Residence of the Respondents:

TABLE 3

Type of Residence	Number of Respondents	Percentage
Own House	270	67.50
Rented House	91	22.75
Joint Family	39	9.75
Total	**400**	**100**

Out of 400 respondents interviewed, 270 respondents (67.50%) had their own house. The concept of house is quite different in villages compared to urban and semi-urban areas. In rural hinterland, the concept of house deals with only a physical structure with four walls and a roof. The demarcations or separations such as kitchen, bed room, living room, dining hall, which are generally witnessed in urban and semi urban areas were completely missing in rural hinterland.

Marital Status of the Respondents:

TABLE 4

Marital Status	Number of Respondents	Percentage
Unmarried	56	14
Married	310	77.5
Widow	24	6
Divorcee	10	2.5
Total	**400**	**100**

77.5% of the respondents, whom researcher interviewed were married. To supplement their husband earnings, these respondents were into income generating activities. Few respondents were working as 'wage earners' before they joined SHG. The primary objective to join SHG was to save money and to borrow money at the time of need. Slowly they realized this new avenue of collaborating with corporates as a better source of income earnings. In some cases company representatives visited villages and conducted orientation programmes about this new avenue of earning extra income by becoming authorized dealers of the company. In few cases, respondents of the group were involved in manufacturing goods and giving to companies. Activities such as dairy products, tailoring and embroidery, making candles, painting of toys, preparing pickles, chalk pieces, handicrafts, manufacturing of leather purses, belts, agarbatti making etc., showed them a new path of earning income and provided a better alternative of livelihood. The need of initial capital was looked after by their respective SHG's.

Education level of the respondents was as follows:

TABLE 5

Educational Qualification	No. of Respondents	Percentage
Illiterate	32	8
Less than SSLC	127	31.75
SSLC	182	45.5
PUC	45	11.25
Degree and Above	14	3.5
Total	**400**	**100**

The tabulated data of field survey, indicates that most of the respondents were either illiterates of had done only their primary education. This further indicates another important social problem i.e., female illiteracy. In rural India, many parents don't pay much attention to female literacy and many girls were forced to abandon their school education to either look after their younger ones or to bring water from distant places! What was more promising was around 61% of the respondents were educated upto SSLC and PUC. Few of them had done their under graduation and none of the respondents were post graduate.

Number of Dependents of the Respondents

TABLE 6

Number of Dependents	Number of Respondents	Percentage
Nil	63	15.75
1- 2	172	43
3-4	139	34.75
More than 4	26	6.5
Total	**400**	**100**

For the purpose of analysis, the concept of dependents has been taken in a narrow sense. In this context, the concept of dependents includes only those, who are not income earners and totally dependent on SHG member's income or earning for their survival or for fulfilling their needs. Out of 400 respondents who were interviewed in the field survey, almost 16% of them didn't had any dependents. Most of them were unmarried and parents used to look after their needs. Only to support their earnings, these people were indulged in income generating activities. Most of them used to save their earnings or used to invest. In few cases, even married women with or without a child also fell into this category. Their respective husband earnings were sufficient. They were indulging into these income generating activities only in their free time.

DATA ANALYSIS

Such collected data was analysed using some of the statistical tools and SPSS software. The results obtained was in line with the objectives of the study.

TABLE 7

Paired Samples Statistics		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Q9.2 With SHG	33.90	30	14.777	2.698
	Q9.1 Without SHG	8.93	30	5.638	1.029
Paired Samples Correlations					
		N	Correlation	Sig.	
Pair 1	Q9.2AFTER & Q9.1BEFORE	30	.700	.000	

From the above table that there is a significant relation between before and after linking with SHG. Also it is evident that 70% of sales is improved after Corporate companies linked with SHG.

TABLE 8

Paired Samples Test		Paired Differences								
					95% Confidence Interval of the Difference					
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)	
Pair 1	Q9.2AFTER - Q9.1BEFORE	24.967	11.553	2.109	20.653	29.281	11.836	29	.000	

From the above table it is concluded that there is significance difference between after linking with SHG. Therefore, the corporate companies are making 95% of their sales after linking with SHG. From the above table, it is assured that the corporate companies are losing 95% of their sales, if they make direct sales. Hence there is an impact of SHG on Corporate sales in remote areas.

TABLE 9

Descriptive Statistics for 9.1and 9.2	N	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error
Q9.1BEFORE	30	2	20	268	8.93	1.029	5.638	31.789	.819	.427
Q9.2AFTER	30	10	70	1017	33.90	2.698	14.777	218.369	.639	.427
Valid N (list wise)	30									

Before CV= 63.13% mean = 8.93

After CV = 43.58% mean = 33.90

It is evident that the total sales in (%) from rural market. The sales of products are significantly increased and almost 20% (63.13-43.58) regular sales increased after linking with SHG. Therefore, SHG is playing a vital role in promoting the sales of corporates. It is also seen from the above table 25% sales are improved on an average.

Of late, even companies are realizing the fact that mere presence is no longer sufficient to survive in the rural market and for long term sustainability. Companies must concentrate on building 'Symbiotic Relationship', which aims at meeting the consumer needs rather than achieving simply corporate profits. An 'Eco system' to be developed which creates the awareness about the company products or services and instils confidence amongst consumers that business is a force for widely shared good. Hence collaboration between corporate and SHG helps in achieving the deepest reach, creates sound foundation.

The hypothesis formulated was corporate and SHG integration creates more micro entrepreneurs and better environment in rural market. To test this objective, Kaiser Meyer measure of sampling adequacy method was adopted and one of the sample report is enclosed herewith for your kind perusal.

KMO and Bartlett's Test

TABLE 10

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.058
Bartlett's Test of Sphericity	Approx. Chi-Square	342.256
	df	15
	Sig.	.000

Communalities

TABLE 11

	Initial	Extraction
Q63.1_RANK	1.000	.713
Q63.2_RANK	1.000	.848
Q63.3_RANK	1.000	.833
Q63.4_RANK	1.000	.567
Q63.5_RANK	1.000	.631
Q63.6_RANK	1.000	.605

Extraction Method: Principal Component Analysis.

Considerable communalities are extracted from the table and 70% square loadings are extracted among three variables. The factor analysis reveals that there is considerable increase in food and nutrition consumption after engaging into trading activities.

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Total Variance Explained

TABLE 12

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.641	27.342	27.342	1.641	27.342	27.342	1.440	24.005	24.005
2	1.481	24.679	52.021	1.481	24.679	52.021	1.429	23.825	47.830
3	1.076	17.931	69.952	1.076	17.931	69.952	1.327	22.122	69.952
4	.962	16.034	85.985						
5	.831	13.850	99.836						
6	.010	.164	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix(a)

TABLE 13

	Component		
	1	2	3
Q63.3_RANK	-.908	-.053	.074
Q63.4_RANK	.717	-.225	-.052
Q63.1_RANK	.046	-.842	-.056
Q63.6_RANK	-.104	.763	-.110
Q63.2_RANK	.075	.134	.908
Q63.5_RANK	.288	.262	-.693

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 5 iterations.

FIND CORRELAION: AND REGRESSION

COMPONENT 1 **:** Q24 = Q63.3-rank + Q63.4-rank+ Q63.1-rank+ Q63.6-rank+ Q63.2-rank+ Q63.5-rank

COMPONENT 2 **:** Q24 = Q63.3-rank + Q63.4-rank+ Q63.1-rank+ Q63.6-rank+ Q63.2-rank+ Q63.5-rank

COMPONENT 3 **:** Q24 = Q63.3-rank + Q63.4-rank+ Q63.1-rank+ Q63.6-rank+ Q63.2-rank+ Q63.5-rank

FIG. 1
Component Plot in Rotated Space
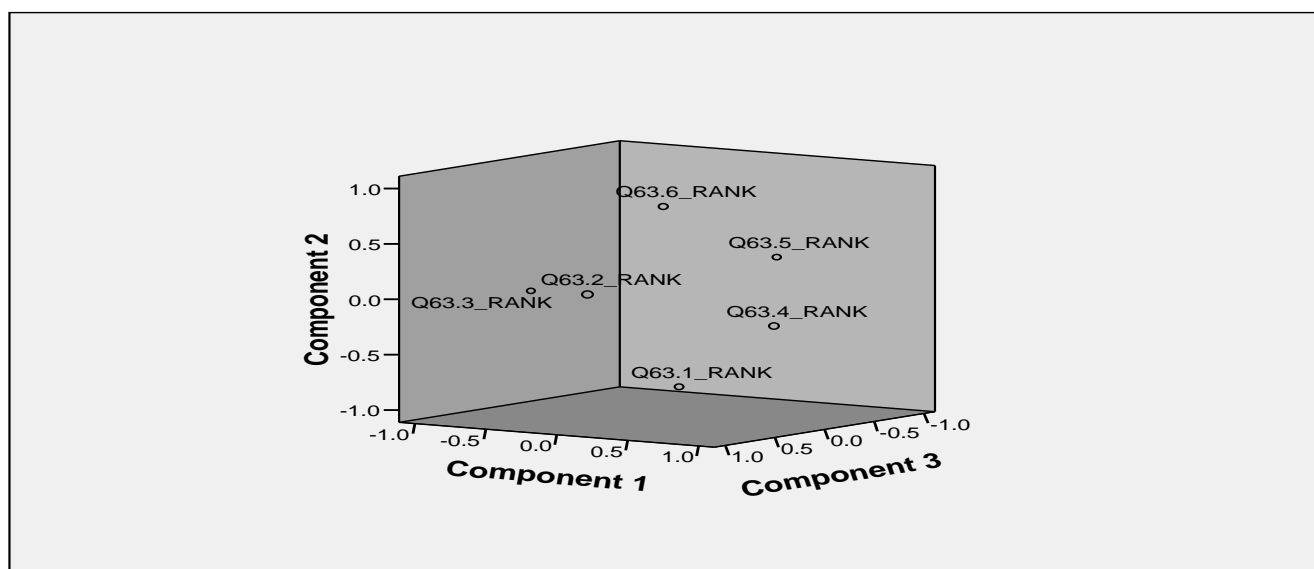
FINDINGS AND SUGGESTIONS

The field study substantiated that there is a better scope for integration between corporate and Self Help groups. Such integration brings about three dimensional benefits. One it enhances the sales, profitability and marketability of the companies, who were concentrating their operations only to urban areas. Number two, it ensures easy accessibility of quality goods and services to villages at their doorstep and number three it provides a source of sustenance to the intermediaries ie., self help group members. Hence such collaborations must be promoted and it further results in rural development.

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CORPORATE GOVERNANCE PRACTICES OF LISTED COMPANIES IN INDIA – SPECIAL REFERENCE TO S&P BSE SENSEX COMPANIES

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ABSTRACT
The idea of Corporate Governance picked up popularities during the beginning of the twenty-first century as an answer for the crumple of a few prominent corporations, both in U.S.A and somewhere else. In 1996 the Confederation of Indian Industry took a special initiative on Corporate Governance in India. Bombay Stock Exchange is the oldest exchange in Asia. It began its operation as on 1855. The BSE has built up the BSE SENSEX Index as on 1986, giving the BSE as a way to Measure the general Performance of the Exchange. The year 2016, BSE celebrates its 30th year of its Indexation Program. The present study is made an Endeavour to cross check the Corporate Governance Practices among the BSE Sensex Companies.

KEYWORDS
CG, BSE SENSEX.

INTRODUCTION
"If management is about running the business, governance is about seeing that it is run properly."

- R Tricker

The concept of corporate governance is gaining importance these days in the developed as well as in the developing nations of the world. The need for this has been realized after the failure of business giants such as Enron, Xerox, and WorldCom &Tyco etc. in U.S.A & U.K. It is considered to be different from corporate management. Management is concerned with the running of corporations & the governance aims to ensure that the corporation is running in a fair and transparent manner to the best of all the stakeholders who are directly or indirectly attached to it. Quality of Corporate governance depends upon the integrity, ability & Cohesiveness of the members of the board, fairness on the part of management, quality of corporate financial reporting and the participation of all the stakeholders in decision making process. The board of directors, management officers and the shareholders are the main players in corporate governance. Corporate governance is the co-ordination and maintenance of a set of relations that promote the interest of stockholders of a business corporation. Corporate governance refers to maximizing long term shareholders value by following high standards of corporate management disclosure of financial information & investor democracy. There are four basic principles against which governance practice can be assessed those of fairness, transparency, accountability &responsibility.
"Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations, capital flowed towards companies that practiced this type of good governance."

- Mervyn King (Chairman: King Report)

Corporate governance is necessary to avoid corporate scams, frauds and irregularities. Major Scams had shaken the confidence of public in corporate investment. This requires a thorough review of corporate management. There is need, thus, to study various concepts of corporate governance to understand the corporate heath and its relationship with investors. Every company should look after interest of its stakeholders, which includes the environment in which the business operates. Governance implies voluntary and legal enforcement for a company to manage and control its affairs in the best practice of the public. This ensures both short run and long run survival of the business. Governance ensures ethics in corporate management. Business is a part of society and has to work for social up gradation. Ethics constitutes the value and social system for organizations. It promotes an orderly corporate life and a disciplined society. Ethics and values are deep rooted in our traditional heritage of culture and beliefs. However, the contemporary business and society seems to be deviating from the ethical precepts in their lust for maximizing personal gains. Corruptions, scandals, black marketing, hoarding, tax evasion, cut throat competition have become rampant and are easily observed in modern business societies. There is need to reshape the business culture to mould it towards an ethical base where ethics becomes the basis of all business activities.

Our ancient scriptures provide a strong background for using ethical business practices and our mangers have to draw lessons from them to attain long run sustainability of their business. Only profit maximization will lead to short term success of the business but maximization of stakeholder's interest ensures its long term survival, growth and good will.

RELATED LITERATURE
(Arwah Arjun Madan, (2013) a recent study on corporate governance and investor protection analyses the long run performance of IPOs with reference to pre-issue and post-issue rating. IPO grading is mandatory for raising capital in the Indian stock markets. The study indicates that the categorization/grading of shares of companies by the BSE can prove to be an effective indication for assessing the post-issue performance of the companies & assist in making investment decision for investors.
J.P Singh (2007) has made an elaborate study on the entire aspect of corporate governance. He pointed out the relevance of CG Practices on various grounds. He mentioned the relevance of retaining investors' and shareholders confidence to keep the market alive. He also pointed out that companies must inculcate a culture of transparency and accountability which must permeate the entire organisation: a sacrosanct code of business ethics must be woven into the very fabric of the company.
Meenakshi Chopra & Dr. G.S Batra (2013) the study entitled foreign banks & corporate governance conducts a detailed analysis of CG practices followed by foreign banks in India, shows that many foreign banks like Abu Dhabi Commercial banks, Deusche Bank, Royal bank of Scotland, bank of Nova scotia followed corporate governance practices and proper disclosure practices. The study also pointed out that Bank of America was not really observing the CG practices.
Nanditha Sethi (2013) discussed the role of B- Schools in developing the Culture of corporate Governance in the organisation. He mentioned the perception of business graduate or future executives about the different issues related to corporate governance. Among the six issues analysed, the management related issues and shareholder issues are given the highest importance in B- School education.

Neelam Bhardwaj & Dr. Batani Raghavendra Rao (2014) investigated the CG practices followed by Indian companies by taking clause 49 as the benchmark. It is found that majority of the sample companies are following the mandatory provisions and disclosing the required information as per the revised clause 49. A few numbers of companies (Bajaj auto, Infosys, Dr. Reddy etc.) disclosure levels are beyond the requirements as per the revised clause 49.

Taruna, Arpit Shailesh (2015) analyzed the current corporate governance practices in India of 100 companies from ten diverse industry sectors. The result shows that presently the companies are following very good quality governance practices as per Mandatory & Non-Mandatory guidelines of a Clause 49 of the listing agreement. The study also found that there is no momentous difference in corporate governance practices followed by firms across different sectors.

Ramroop K. Sharma (2013) studies the extent non-mandatory provisions of corporate governance (CG) and practices adhered to by selected companies. The study reveals that compliance with non-mandatory provisions of CG in general is weak. There exist instances of non-compliance with non-mandatory provisions of CG and exemplary CG practices in a majority of the companies. The level of compliance is low, far below a majority.

Sumedha Tuteja & Dr. C.S Nagpal (2013) in their study designed a CG index especially for Indian banks& it provide a guide lines to academician, practitioners& Policy makers for evaluating quality of CG of an Indian bank.

NEED OF THE STUDY

Scam shocked the business world both the scale and age of their unethical and illegal operations. The issues particularly important for developing countries since these are central to financial & economic development. The biggest scam in the Indian industry i.e. Satyam, has bought in to question on the level of corporate governance in the country and has cast an ugly shadow on the once shining image of Indian Industry overseas. Recent research has established that financial development is largely depending upon investor protection in a country- this is possible through best Corporate Governance Practices. Thus the study assures true relevance.

RATIONALE BEHIND THE STUDY

S&P BSE Sensex started its indexation process as on 1986. The year 2016, it celebrates 30th year of indexation. During these 30 years Indian Stock Market witnessed numerous ups and downs. There is huge number of regulations were introduced after the introduction of Liberalization, Globalization, and Privatization. Indian companies grow in Size and area of operation. The rules and regulations of the companies Act subject to number of modifications and alteration. Even a new companies Act was passed in the year 2013. BSE started its indexation process as on 1986 with 30 companies while as on 2016 from that 30 list companies only six companies were left. Is it because of the CG failure from the part of the companies? The present study is made an attempt to find out corporate governance practice from the part of the BSE Sensex 30 companies.

OBJECTIVE OF THE STUDY

To study the Corporate Governance practices followed by S&P BSE Sensex Companies

SCOPE OF THE STUDY

The Annual and corporate governance report of all the 30 share Sensex companies are coming under the purview of the study.

DATA & METHODOLOGY

The data required for the study were collected from secondary sources only. It includes Annual reports and CG Report of the Companies for the period 2015-16. The information required for the study was also collected from Journals, books, reports, periodicals, newspapers, and SEBI websites.

Mandatory & non-mandatory provisions under clause 49 of the listing agreement are considered as norms/standard to check organizations for uncovering their corporate governance practices. For the purpose of analysis and interpretation, a weighted method was applied. In order to calculate CGP Score of the sampled firms for all the parameters, the separate standard score was assigned to the entire benchmark agenda according to their magnitude. Organizations are scored out of 100 for their corporate administration practices and revelations.

RESULTS & DISCUSSIONS

The result for all the check list factors of corporate governance is discussed individually below.

1.   COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Initial factor which is considered for the evaluation of corporate governance score is the declaration of the company's philosophy on code of governance with a score of 1 on a scale of 100. All the 30 companies made acceptable disclosure as regards the announcement of their attitude on code of governance. Therefore, all companies get a Score of 1.

2.   COMPOSITION OF THE BOARD & BOD MEETINGS CONDUCTED

The next variable used to evaluate the CG Score is Composition of the Board and BOD Meeting held which is having a score of 5 points as score 1 for each given in Table No.1

TABLE NO. 1: COMPLIANCE/ NON-COMPLIANCE OF COMPANIES TO BOARD COMPOSITION AND MEETING REQUIREMENTS

No.	Particulars	Number of Firms		
		Compliance	Non-compliance	Total
1	Not less than 50 % of the Board of Directors comprising of non-executive Director	29	1	30
2	In case of non-executive Chairman, at least 1/3 of Board comprise of Independent Directors & in case of an executive Chairman at least half of the Board of directors comprise of Independent Directors	28	2	30
3	At least one women director	30	0	30
4	At least four meetings a year	29	0	30
5	Attendance record of BOD Meeting	29	1	30

The Table No. 1 clearly depicts the clear information about compliance and non-compliance of Companies to Board composition and Meeting requirements. From the table we can understand that almost all companies are following rules and regulations as regards Board composition and meeting requirements.

CHAIRMAN & CEO DUALITY

The Third factor is Chairman and CEO duality with a maximum score allotted is 5. Companies with non-executive autonomous directors are taken as ideal chairmanship and scored 5 for the same parameter. Companies comprising non-promoter non-executive Chairman of their Board are scored 4 and Corporate with promoter nonexecutive chairman are scored with 3 marks. Then, companies with non-promoter executive Chairman and promoter executive Chairman has scored 2 and 1 respectively. Company wise distribution as regards Chairman & CEO Duality is discussed below with the help of Figure 1.

Figure 1, exhibiting different chairmanship wise distribution of sampled firms, reveals that the firms having a non- promoter non-executive chairman of Board and having a non -executive autonomous Chairman are almost equally distributed as their percentage are 7% & 6 % respectively. Out of the total, 50 percent firms have promoter executive Chairman, 27% percent firms have promoter non-executive Chairman of Board of members. On the other hand, merely 10 percent firms have non-promoter executive Chairman in their firms.

FIG. 1

Distribution of firms on the basis of Board Chairmanship

Legend:
- Non-Promoter's Executive Chairman
- Promoter's Non Executive Chairman
- Non-Promoter's Non- Executive Chairman
- Non Executive independent Chairman
- Promoter's Executive Chairman

(Pie chart values: 10%, 27%, 6%, 7%, 50%)
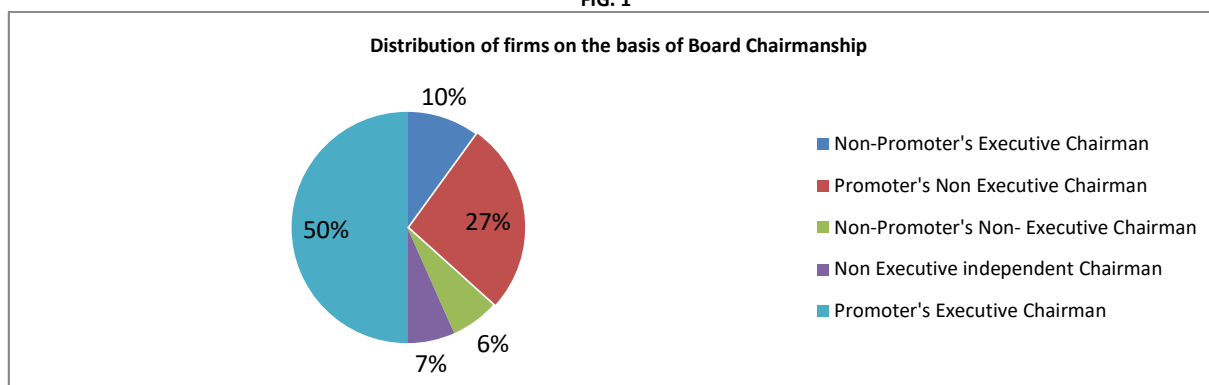
DISCLOSURE OF TENURE OF DIRECTORS

Another important parameter of Corporate Governance, disclosing director's tenure has a weight age of 1. Results reveal that 8 firms out of 30 companies get a score of 1 making adequate disclosure regarding the tenure of directors. Remaining 22 firms did not get any point for this parameter.

DISCLOSURE REGARDING DEFINITION, SEPARATE MEETING, & SELECTION CRITERIA FOR INDEPENDENT DIRECTORS

Disclosures regarding definition, separate meeting of independent directors and selection criteria are the another important parameters were used for calculating CG Score. Each parameter is assigned with a weightage of 1.

Table No. 2 clearly depicts the information about the company's disclosure/non-disclosure as regards Independent Director.

TABLE NO. 2: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON DISCLOSURE AS REGARDS INDEPENDENT DIRECTOR

Particulars	Number of Companies		
	Disclose	Not-Disclose	Total
Definition of Independent Director	11	19	30
Separate Meeting of the Independent Director	17	13	30
Selection Criteria for directors including Independent Director	12	18	30

From the table it is clear that 11 companies out of 30 samples firms scored 1 as they clearly defined independent director in their Annual Report and the remaining 19 firms reluctant to do so. 17 firms out of 30 firms scored 1 as they were conducting separate meeting of the Independent Director and remaining firms don't resort to the practice. Anyhow out of 30 firms only 12 firms were making proper disclosure as regards the selection criteria for directors (including Independent directors) remaining firms keeps silent on this matter.

BOARD MEETING FOLLOW-UP SYSTEM AND COMPLIANCE WITH THE BOARD PROCEDURE

Disclosure practice as regards post Board meeting follow-up system and compliance with the Board procedure is another important parameter used for calculating CG Score, having weightage of 2 on a scale of 100. Out of all 30 sampled firms, 29 get a score of 2 by making appropriate disclosure regarding past Board meeting follow-up system and compliance with the Board procedure while remaining 1 firm did not get any point as they do not disclose the same.

APPOINTMENT OF LEAD INDEPENDENT DIRECTOR

Another Important parameter with a weight-age of 2 points is in relation to the selection of lead independent director. Results revealed that only 03 firms out of 30 have formally selected a lead independent director and get a score of 2 in the case. Whereas, other 27 firms scored 0 for not entertaining the post of lead independent director in the company.

DIRECTORSHIPS AND COMMITTEES' MEMBERSHIP/CHAIRMANSHIP OF DIRECTORS ACROSS ALL COMPANIES

The company's disclosure practices as regards the directorship/committee membership/Chairmanship of directors across all other companies with a weightage of 2 points are another important parameter used for constructing CG Score. All the 30 companies scored 2 points for this parameter by making adequate disclosure.

CODE OF CONDUCT

The ninth factor considered to measure the companies CG score is about the code of conduct having weight age of 2 points and for that all the 30 companies scored 2 points as for making sufficient disclosure regarding code of conduct.

DISCLOSURE ABOUT BOARD COMMITTEES

There are different board committees were appointed by the board of directors. The total weightage for all the committees were 23 points inclusive of 8 points for audit committee, 6 points for remuneration committee, and 3 points for the shareholders' grievance Redressal committee, 2 points for nomination committee where as 4 points for additional committees.

A. AUDIT COMMITTEE

All the items mentioned in the check list have equal weightage of 1 except the point 'information about the participation of head of finance, statutory auditor and chief internal auditor in the committee meeting' which have the weight age of 2.

TABLE 3: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT AUDIT COMMITTEE

Sl No	Particulars	Disclose	Not- Disclose	Total
1	Composition of audit committee	30	0	30
2	Compliance of minimum requirement of the number of independent directors on the committee	30	0	30
3	Compliance of minimum requirement of the number of meetings of the committee	30	0	30
4	Information about literacy and expertise of committee members	27	3	30
5	Information about participation of chief of finance, statutory auditor and chief internal auditor in the committee meeting	27	3	30
6	Audit committee charter/terms of reference	27	3	30
7	Publication of audit committee report	10	20	30

Table No.3 Illustrates the different arrangements as respects the constitution of audit committee and it delineates whether the organizations are uncovering or not unveiling the status of organizations as respects its consistence. The outcome demonstrates that all organizations are taking after the principles and controls as respects the constitution of audit committee. The outcomes demonstrate that all the 30 organizations are conforming to the initial two arrangements. Out of 30 organizations 27 organizations are bound with the arrangement of the following three arrangements. While out of 30 organizations just 10 organizations are bound with the last arrangement to be specific the distribution of audit committee report.

B. REMUNERATION COMMITTEE

Six points related toward remuneration committee are consolidated in CG agenda to score organizations on the perfect score of 6 on the size of 100. All the 6 focuses as given in Table 4 have a similar weight-age of 1.

TABLE 4: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT REMUNERATION COMMITTEE

Particulars	Disclose	Not-Disclose	Total
Formation of the committee	30	0	30
Information about number of committee meetings	30	0	30
Compliance with minimum requirements of the number of non-executive directors on the committee	27	3	30
Compliance of the provision of independent director as Chairman of the committee	28	2	30
Information about participation of all members in the committee meetings	29	1	30
Disclosure of sitting fees in Board & committee meeting	25	5	30

The table exhibits the quantity of firms who have or have not uncovered the previously mentioned data with respect to Remuneration Committee. The outcome uncovers that 30 firms have unveiled data with respect to arrangement of the Remuneration Committee and get a score of 1. The outcomes demonstrate that 30 organizations have unveiled data with respect to the quantity of board panel gatherings held amid the year. Further, 27 firms get a score of 1 for recognition of least necessities of the quantity of non-executive directors on the committee. In addition, 28 firms get a score of 1 for observance of the provision of independent director as Chairman of the committee. Facilitate 29 firms get a score of 1 for the divulgence of data about support of all individuals in the panel meeting. Likewise, 25 firms get score 1 for divulgence of sitting expenses in Board and advisory group meeting.

C.   SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE
There are three parameters related with shareholders'/ investors grievance committee joined in CG agenda and appeared in Table 5, to score firms on the aggregate score of 3 on the scope of 100, 1 point for each parameter.

TABLE 5: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT INVESTORS' GRIEVANCE COMMITTEE

Particulars	Number of Companies		
	Disclose	Not-Disclose	Total
Transparency in composition of the committee	30	0	30
Information about the nature of complaints and queries received and disposed	24	6	30
Information about number of committee meetings	28	2	30

Table 5 delineates that all the 30 firms keep up straightforwardness in the structure of shareholders'/ investors grievance committee and get a score of 1 each. Out of 30, 24 firms get 1 point for uncovering data about the way of grievances and inquiries got and arranged. Besides, 28 of 30 firms scored 1 for uncovering data about number of committee meetings.

D.   NOMINATION COMMITTEE
Revelations related with nomination committee comprise of 2 points weight-age that is similarly partitioned into 2 points, formation of committee and publishing of committee charter/term of references.

TABLE 6: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT NOMINATION COMMITTEE

Particulars	Number of Companies		
	Disclose	Not-Disclose	Total
Formation of committee	30	0	30
Publishing of committee charter/references	30	0	30

Table No. 6 states that all the 30 organizations are consented to both arrangements as respects Nomination Committee and get a score of 1 point for every arrangement.

E. ADDITIONAL COMMITTEES:
Additional committees of the Board have a weight age of 4 in corporate governance agenda for calculating CG score of organizations. Each of 4 focuses, recorded in Table 7 has weight age of 1 point each.

TABLE 7: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT OTHER ADDITIONAL COMMITTEES

Particulars	Number of Companies		
	Disclose	Not-Disclose	Total
Health, Safety and Environment Committee	6	24	30
CSR and Sustainable Development Committee	30	0	30
Investment Committee	7	23	30
Other Committee	30	0	30

The table shows that in all the inspected firms 06 firms incorporate health, security and environment advisory group (get score 1), 30 firms have CSR and sustainable development committee (get score 1), 07 firms have an investment committee (get score 1) and 30 firms have other committees of the Board (get score 1).

DISCLOSURE AND TRANSPARENCY:
Eleventh parameter for computing organization CG score is about disclosure practices and transparency having a weight age of 25 on a size of 100. This component comprises of exposure of 11 factors in company's annual report as appeared in Table 8. Every one of these factors has a similar weight-age of 2 points barring shareholders' data as it comprises of a weight-age of 5 points.

TABLE 8: DISTRIBUTION OF FIRMS FOR DISCLOSURE AND NON-DISCLOSURE OF ITEMS UNDER ELEVENTH PARAMETER

	Particulars	Number of Companies		
		Disclose	Not-Disclose	Total
1	Significant related party transactions having potential conflicts with the interest of the company	30	0	30
2	Non-compliance related to capital market matters during last three years	30	0	30
3	Accounting treatment	27	3	30
4	Director's remuneration amount & policy	30	0	30
5	Risk Management	30	0	30
6	Management discussion and analysis	30	0	30
7	Shareholders' information	30	0	30
8	Shareholder rights	22	8	30
9	Audit qualification	14	16	30
10	Training of Board members	12	18	30
11	Evaluation of non-executive directors	17	11	30

The Table No. 8 portrays that all tested firms by making appropriate revelations with respect to significant related party transactions, non-compliance related to capital market matters, director's remuneration, risk management, management discussion & analysis and shareholders' information scored full for these points.

The scores additionally uncover that 27 firms have secured 2 points by indicating accounting treatment followed in the organizations. Out of 30 organizations just 12 organizations are giving providing proper training to their board members. As regards Audit qualification 14 firms get a score of 2. Likewise, 22 firms secured a point of 2 in reference to shareholder rights and 17 firms scored 2 points for having a system of assessment of non-executive directors.

GENERAL BODY MEETINGS

The twelfth parameter under thought of this review is data about general body gatherings conveying a weight age of 3 focuses on a size of 100. Every one of the focuses for this parameter as recorded in Table 9 conveys level with weight age of 1 point.

TABLE 9: DISTRIBUTION OF FIRMS FOR DISCLOSURE OF INFORMATION REGARDING GENERAL BODY MEETINGS

Sl No	Particulars	Number of Companies		
		Disclose	Not-Disclose	Total
1	Location and time of general meetings held in last three years	30	0	30
2	Details of special resolution passed in the last three AGMs/EGMs	30	0	30
3	Details of resolution passed last year through postal ballot, including the name of conducting official and voting procedure	30	0	30

The table exhibits that all the 30 organizations get the perfect score for exposure with respect to area and time of general gatherings held in most recent three years and details of special resolution passed in the last three AGMs/EGMs Likewise all the 30 organizations' gives details regarding resolution passed last year through postal ballot.

WHISTLE-BLOWER POLICY

The outcomes delineate that all the examined firms get a score of 2 by adopting a policy of the whistle blower.

CEO/CFO CERTIFICATION

For the fifteenth parameter all the 30 organizations have the CEO/CFO confirmation for corporate governance and get the perfect score of 2 points on a scale of 100.

Means of Communication and General Shareholder Information:

For this parameter each and every organizations made a satisfactory disclosure of this information assigned with the ideal score of 2.

Compliance of Corporate Governance and Auditors' Certificate:

This parameter comprises of a weight-age of 5 points on the scale of 100 and the outcomes indicated that all the 30 organizations have a perfect confirmation from the auditor and scored brimming with 5.

Code for prevention of insider trading practices:

Disclosure of code for prevention of insider trading practices with critical importance carries the weight age of 5 on the scale of 100 as seventeenth parameter. The outcomes indicate that all the 30 examined organizations made a legitimate divulgence for having a code for prevention of insider trading practices. Therefore, these 30 firms were given a score of 5.

DISCLOSURE OF STAKEHOLDERS' INTERESTS

The last parameter is about disclosure of the stake holder's interest with a weight age of 10 points on the scale of 10. Carrying 2 points apiece, environment/health/safety measures (EHS), human resource development (HRD) initiatives, corporate social responsibility (CSR), industrial relations (IR) and disclosure of policies on EHS, HRD, CSR and IR. It is observed that 29 firms disclose EHS (get 2 points), 26 firms make disclosure regarding HRD initiatives (get 2 points), 30 firms make disclosures regarding CSR (get 2 points) and 14 firms make disclosures regarding IR (get 2 points).

Also, none of the organizations make exposure of strategies on every one of these issues, in any case, 03 firms make divulgence of approaches on both of these issues. Consequently, these 3 firms are doled out 1 point for giving incomplete reference of this point. On the premise of previously mentioned eighteen parameters CG score for every organization is computed independently.

ASSESSMENT OF CORPORATE GOVERNANCE STATUS

The quality and condition of administration that the examined organizations have accomplished is recognized by watching their CG score on the corporate governance score card. Table 10 demonstrates the allocation of tested firms in light of the scores got by them under various classifications of the score go with their individual review doled out.

TABLE 10: CIRCULATION OF FIRMS ON THE BASIS OF THEIR ACHIEVED GRADE ON CG SCORE CARD

Score Range	Grade	No. of Companies
100-85	A-Excellent	10
84-75	B- Very Good	20
74-65	C-Good	-
64-50	D-Average	-
Below 50	E-Poor	-

Table No. 10 obviously demonstrates that most extreme number of firms (20), lies in the gathering of 84-75 score extend with B Grade, which implies 20 firms have a very good governance structure. The rest of the 10 organizations take after excellent governance mechanism with grade A. The vital thing to be noted for this situation is that the sample firms have just two gathering range i.e., A and B Only. That is Excellent to Very Good, with a most extreme of 94 points and with at least 76 points, acquiring a normal score of 83 points.

INDUSTRY/SECTOR- WISE ANALYSIS OF CORPORATE GOVERNANCE PRACTICES IN INDIA

This section displays sector-wise differences of corporate governance practices in India with the help of Table 11.

TABLE 11: SECTOR-WISE STATISTICAL ANALYSIS

	Industry	Number of Companies	Min CG Score	Max CG Score	Mean CG Score	No. of Companies		
						Std Dev	CG Score > Mean	CG Score < Mean
1	Banking & Finance	5	80	89	86.2	3.63	3	2
2	Automobile	5	79	84	81	2.34	2	3
3	Telecommunication	2	83	88	85.5	3.53	1	1
4	Pharmaceutical	4	76	90	81.5	5.97	1	3
5	FMCG	3	82	92	87.6	5.13	2	1
6	InfoTech	3	83	94	87.3	5.85	1	2
7	Power	2	81	84	82.5	2.12	1	1
8	Oil & Gas	2	84	89	86.5	3.53	1	1

Table 11 shows FMCG sector with the highest mean (87.6) CG score shows better governance over other sectors, followed by IT sector with almost same mean score of 87.3. While, Oil& Gas sector has a mean score of 86.5 followed by Banking & Finance (86.2), telecommunication (85.5), power (82.5), pharmaceuticals (81.5) and Automobile (81).

CORPORATE GOVERNANCE PRACTICES: TOP 6 FIRMS

From the analysis it is found that all the companies are earned very decent score as regards corporate governance disclosure practices. However, some of the organizations are performing extremely well. These firms are Infosys, Asian Paints, Dr. Reddy, HDFC Bank, Hindustan Uniliver Ltd, Reliance Industries Ltd. It is very fascinating to see that all the firms having highest CG Score are from private sector.

TABLE 12

Sr.No	Name of Firm	Industry	Sector	CGD Score
1	Infosis	InfoTech	Private	94
2	Asian Paints	FMCG	Private	92
3	Dr.Reddy	Pharma	Private	90
4	HDFC Bank	Banking	Private	89
5	HUL	FMCG	Private	89
6	RIL	Oil & Gas	Private	89

CONCLUSION

The present study is an attempt to investigate the current corporate governance practices of S&P BSE Sensex companies. The Annual reports and CG reports of the organization were chosen for contemplating or measuring the corporate governance practices among the 30 organizations. It is watched that 10 organizations out of 30 organizations are taking after amazing administration hone got A Grade and the rest of the 20 organizations out of the aggregate 30 organizations have great administration hones with Grade B. From the outcome got we can reach a conclusion that every one of the organizations BSE Sensex 30 Scrip's organizations are taking after great administration hones according to Mandatory and Non Mandatory rules of clause 49 of the listing agreement. Despite having this the execution from the part of public sector organizations are not well.

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A STUDY ON SPENDING AND SAVING PATTERN OF YOUNG GENERATION USING BEHAVIOUR ANALYTICS

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ABSTRACT
In Business normally spending is defined as the money which users pay, usually in exchange for goods or services and savings is a portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment. Also savings called the amount which users hold it for the future from excess of income over expenditure. This study provides insight on the spending, saving and investments patterns in reaching and matching the conception and investment need of Tiruchirappalli young generation and assist better understanding of saving, investments and risk profile of young generation so as to cultivate savings and investment culture as well as to increase financial literacy of the nation. These analytics is done by questionnaire method of data collection from various college students and in addition to that Google form is used for the same. The widely known analytical and statistical packages known as SPSS and MS Excel analysis tool pack are used to find out ratio, frequency, graphs for trend, testing of hypothesis, cross tabulation, and so on. Basically, this work is done by cohort analysis method which is splitting the respondents into smaller groups in demographically by gender, age, education, place of residence. This research covers the youth behaviour using the following spending variables like food, education, entertainment, transport, mobile, internet and saving alternatives and to identifying the saving patterns variables like bank saving, mutual funds and stock market are used.

KEYWORDS
behaviour analytics, business analytics, buying pattern, saving pattern.

1. INTRODUCTION
Behavioural analytics is a subset of business analytics that focuses on how and why users of retail, e-commerce platforms, online games, and web applications. While business analytics has a more broad focus on the who, what, where and when of business intelligence, behavioural analytics narrows that scope, allowing one to take seemingly unrelated data points in order to extrapolate, predict and determine errors and future trends.

1.1 REAL WORLD APPLICATIONS
Amazon.com is a leader in using behavioural analytics to recommend additional products that customers are likely to buy based on their previous purchasing patterns on the site. Behavioural analytics is also used by Target to suggest products to customers in their retail stores, while political campaigns use it to determine how potential voters should be approached. In addition to retail and political applications, behavioural analytics is also used by banks and manufacturing firms to prioritize leads generated by their websites. Behavioural analytics also allow developers to manage users in online-gaming and web applications.

1.2 TYPES OF BEHAVIOURAL ANALYTICS IN BUSINESS APPLICATION

TABLE 1.0: TYPES OF BUSINESS APPLICATION USING BEHAVIOURAL ANALYTICS

Application	Action / Analysis
Ecommerce and retail	Product recommendations and predicting future sales trends
Online gaming	Predicting usage trends, load, and user preferences in future releases
Application development	Determining how users use an application to predict future usage and preferences
Cohort analysis	Breaking users down into similar groups to gain a more focused understanding of their behaviour
Security	Detecting compromised credentials and insider threats by locating anomalous behaviour.

The table 1.0 explains the different types of business application using behavioural analysis here researchers explain only few applications and their real time usable analytical examples.

1.3 COHORT ANALYSIS
Cohort analysis is a subset of behavioural analytics that takes the data from a given e-commerce platform, web application, retail or online game and rather than looking at all users as one unit, it breaks them into related groups for analysis. These related groups, or cohorts, usually share common characteristics or experiences within a defined time-span. Cohort analysis allows a company to see patterns clearly across the life-cycle of a customer or user rather than slicing across all customers blindly without accounting for the natural cycle that a customer undergoes. By seeing these patterns of time, a company can adapt and tailor its service to those specific cohorts. While cohort analysis is sometimes associated with a cohort study, they are different and should not be viewed as one and the same. Cohort analysis has come to describe specifically the analysis of cohorts in regards to big data and business analytics, while a cohort study is a more general umbrella term that describes a type of study in which data is broken down into similar groups.

1.4 SPENDING AND SAVING
In Business normally spending is defined as the money which we pay usually in exchange for goods or services and Savings is a portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment. Also savings called the amount which we hold it for the future from excess of income over expenditure.

1.5 FINANCIAL LITERACY
The possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving, tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, time value of money etc.,

2. REVIEW OF LITERATURE

Haastrup Adeleye Victor et. al. (2014). This article titled on customer behaviour analytics and data mining analytics. It discussed behaviour analytics that will have helped organizations to understand what the customer exactly wants and to offer the right products to right person at the right time through right channel. In this article the data mining concepts and importance of analytics are explained through the customer buying data. Data mining techniques like CHAID chi square automation interaction and CART classification and regression tress algorithms used.

Indre pikturniene and Sigitas Urbonaricius (2014) in the researcher's research on Spending and saving patterns of two consumer age groups during economic downturn and recovery of 2009–2011 in Lithuania. This study found savings will help the circumstances such as decreased in income and increase in prices. The article stated that even the loyal customers go for price consider and switch brands in the face of economic crisis. During the economic crisis the consumption or spending had become less or by selecting cheaper goods.

Derek Thompson (2013) in his business article on how teenagers spend money. It was explained Teen and adults are not worrying about a mortgages, insurance, savings or any of the important life stuff instead they are spending more than money on buying cloths and eating.

Sam Yet Huat et. al. (2010) in this study on financial behaviour amongst undergraduate students with and without financial education. This study found that there are over 271 billion outstanding bills of credit and payments. It's most by below the age group of 30 because of high consumption than income. Study said that most of the bankruptcy has because of youth. Unemployment after the education is the problem of underpayment of the credit card payments. This study said lowed education level has higher bank savings in young and vice versa, to middle level education but high level education people cautiously spends their money.

3. RESEARCH DESIGN

3.1 PROBLEM FORMULATION

Behavioural analytics is widely used in all sectors to attract the customer by providing the exact needs and likes. Young Generation has attracted the attention of various research groups in different disciplines. This group has become the target of research in similar form, mainly due to this group of the population comprises of a large demographic segment of consumers with high spending power. Although there is a growing literature associated with the consumption habits of Young consumers, in which most of the studies are focusing on the sales and marketing of products and services particularly in capturing the demand of this powerful consumer group, most of the studies are done in developed countries such as USA, Canada, Australia and EU and whether the same spending and saving behaviours can be applied in the Tiruchirappalli context, further study on this area need to be carried out to verify this statement. The reason is consumer purchasing behaviour might be influenced by some other factors such as gender, educational level, level of income of the individual and quality of environment the individual is living in and others. In Tiruchirappalli there is little investigation on young consumption and spending behaviours which directly affect their saving and investment decision. Besides that, research data that focus on Tiruchirappalli data is important as the economic condition, educational system and level of environmental consciousness among Tiruchirappalli is indeed different from those in other countries. Moreover, most of the study that has been done primarily focused on young Generation's decision-making styles, how businesses market and brand to this group, and how to manage generation Y in the work place. Therefore, the main purpose of this study is to get to know more about Tiruchirappalli young Generation and to fill the knowledge gap on their spending, saving and investment behaviours through behavioural analytics concepts.

3.2 RESEARCH OBJECTIVE

To predict the behaviour of the young students with respect to spending and saving habits.

3.3 SPECIFIC OBJECTIVES

1. To analyse the relationship among the financial literacy and their implication in the saving pattern.
2. To find the influencing factors for spending and saving behaviour of the respondents
3. To identify the variables and their relationship which are influencing spending and saving behaviour

3.4 CONCEPTUAL FRAME WORK OF THIS RESEARCH
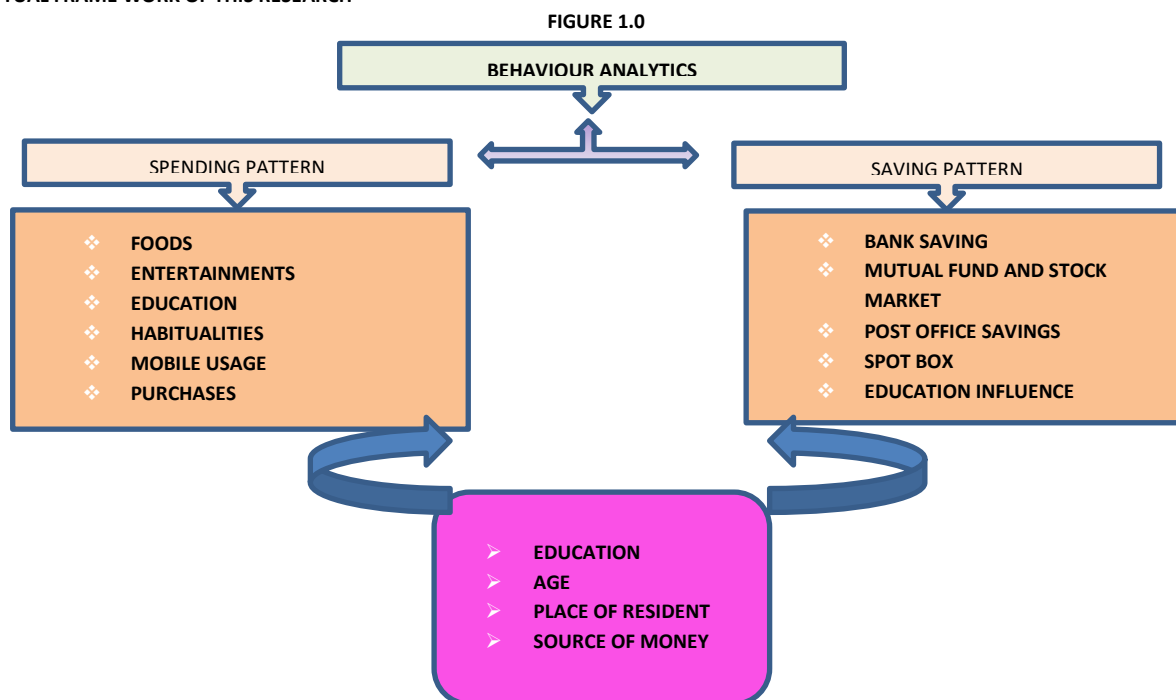
FIGURE 1.0

CONCEPTUAL FRAME WORK

The Figure 1.0 explains the overall framework of this research. This framework shows how the behavioural analytics used to find the spending and saving behaviour of the young. It indicates the major variables and its relationship with demographical variables.

3.4. RESEARCH FRAMEWORK

There are different factors were identified by studying the existing models of youth's spending and saving pattern and to the behavioural analytics concept model is proposed to explore the possibility to successfully computation of this study objective.

3.5 HYPOTHESIS

($H_0$1): There is no significant relationship between education and spending on mobile
($H_0$2): There is no significant relationship in spending on movies between male and female gender
($H_0$3): There is no significant relationship between gender and their spending behaviour on restaurants

($H_0$4): There is no significant relationship between education and spending on transport

($H_0$5): There is no significant relationship between education and spending on alcoholic beverages

($H_0$6): There is a no significant relationship between financial literacy and savings habits

3.6 SAMPLING

The sampling size of this study is 100. The stratified random sampling technique is used to collect the data through questionnaire and the study period is January 2016 – June 2016.

3.7. PILOT TEST

A pilot test was conducted to ensure the validity and reliability of the questionnaire. In order to achieve the study objectives, the questionnaire was distributed randomly to the targeted population and a total of 25 respondent samples were obtained. Upon the completion of the pilot test errors found it the questionnaires were identified and rectified. The questionnaire was improved before the actual survey was carried out.

3.8. METHOD OF DATA COLLECTION

3.8.1 PRIMARY DATA

The data has been collected through questionnaire method. In addition, the study used online Google form method for collecting data from various colleges under graduate and post graduate students with equal distribution of boys and girls. The Likert five point scale has used to prepare the questionnaire. The questionnaire has two parts which used to identifying: 1. Spending pattern 2. Saving habits

3.8.2 SECONDARY DATA

Existing data forums, research articles, books, news article were used as a secondary data to lead the project through review of literature.

3.8.3 TOOLS USED IN PROJECT

The SPSS V22.0, MS-EXCEL Analytical took pack are used in this research for data analysis and findings. The tests which has been used for the analysis are Cross Tabulation analysis, correspondence Analysis and Tables, ANOVA, T- Test

4.0 INTERPRETATION

TABLE 2.0: CREDIT / DEBIT CARD USAGE FOR PURCHASE

Gender	Every time	Sometime	Never	Total
Male	8(8%)	32(32%)	10(10%)	50(50%)
Female	1(1%)	24(24%)	25(25%)	50(50%)
Total	9(9%)	56(56%)	35(35%)	100(100%)

In table 1.0 the data analysed to find the spending pattern behaviour in credit or debit card usage for purchases in online, retail and shopping malls, In this 9 percent of the respondents uses the card for purchase every time (8 percent of male and 1 percent of female). And 56 percent of the respondents have said they use card for some time (32 percent of male and 24 percent of female) and 35 percent of respondents never use the card for the purchase. This analysis help to the researcher to predict female youth are still have the fear of using cards, rather male youth uses cards frequently for the purchases. Since the digitalisation of the bank and increased in security of the bank accounts the number of card usage drastically increasing.

FIGURE 2.0: MALE AND FEMALE SPENDING PATTERN FOR 10 ITEMS
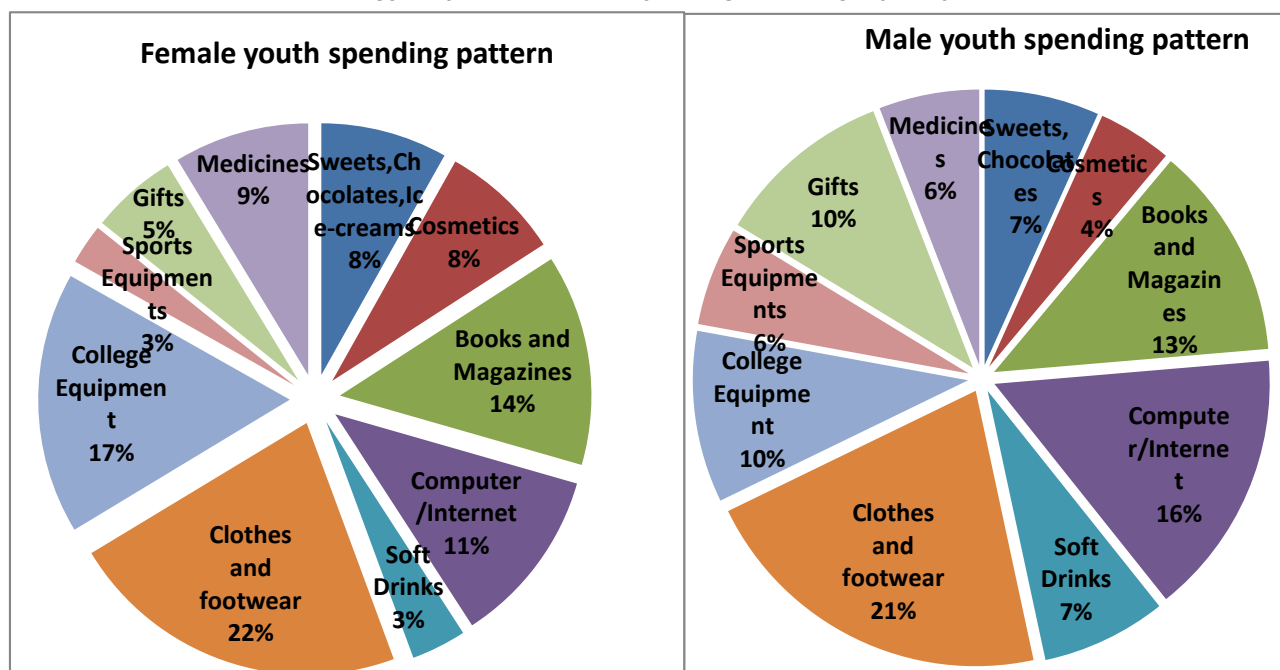
Figure 2.0 says when data is analysed of daily usage product spending pattern, the first preferences given to clothes and footwear by female 22 percent and male 21 percent, by this the life styles in dressing become same for male and female. The second preference is given by female for the college equipment which is of 17 percent but for men its computer and internet, which is 16 percent. This explains comparing male female is more cautious in studies and male youth are using more internets. The third preferences given by female and male for books and magazines.

Female are more chocolate lovers whereas male youth consumes soft drinks. In case of cosmetics female usage is more than male, the same inverse in sports equipment. Medicines are taken by female 9 percent and male 6 percent.

TABLE 3.0: AWARENESS OF STOCK MARKET OR MUTUAL FUND CLASSIFIED BY GENDER

Gender	Very well	Some extent	No	Total
Male	8	26	16	50
Female	5	36	9	50
Total	13	62	25	100

In the table 3.0 the stock market or mutual fund awareness among the youth were analysed for the purpose of their future investment behaviour in future. Since 65 percent of respondents studying finance related subjects, 13 percent of the respondents said know very well and 62 percent of the respondent said knows

some extent and 25 percent of the respondent said no for stock market or mutual fund awareness. This report shows that the finance studying students also not knowing that much about investment of stock market, so their participation in stock market or mutual fund participation in the future will be less.

TABLE 4.0: INVESTMENT IN STOCK MARKET OR MUTUAL FUND

Gender	invested in stock market or mutual fund		Total
	Yes	No	
Male	7	43	50
Female	6	44	50
Total	13	87	100

In the table 3.0 the data analysis explains for stock market or mutual participation of the students. It is found that 13 percent (7 percent of male and 6 percent of female) have participated in the Indian stock market. Then 87 percent of the respondents have said they didn't invest in the stock market or mutual fund which includes 43 percent of male and 44 percent of female. This shows the female youth also taking part in the stock market as slightly equals to the male. This will help to the researcher to predict in future the female will do invest as equal to the male.

TABLE 5.0: AWARENESS OF POST OFFICE SAVINGS

Gender	Very well	Some extent	No	Total
Male	13	27	10	50
Female	15	31	4	50
Total	28	58	14	100

In table 5.0 post office is the place where most of the small saving has been done. From this analysis to know about whether the current youth aware of post office savings, 28 percent of the respondents (15 percent of female and 13 percent of male) said know very well and 58 percent (27 percent of male and 31 percent of female) of the respondents said some extent aware and only 14 percent (10 percent of male and 4 percent of female) said not aware. So as expected this kind of savings known to many. Since government approved post office to function as bank this will help them to attract the youth easily.

HYPOTHESIS TESTING

Null Hypothesis (H_o6): There is a no significant relationship between financial literacy and savings habits of the respondents

TABLE 6.0: ANOVA TEST FOR HYPOTHESIS TESTING BETWEEN FINANCIAL LITERACY AND SAVINGS HABITS

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.768	1	1.768	8.259	.005
Within Groups	20.982	98	.214		
Total	22.750	99			

From the hypothesis testing table 6.0, the F value is 8.259 and the significance is .005 which is equal to .005 the normal significance. So the null hypothesis is rejected. There is a significant relationship between financial literacy and saving habits.

5.0 MAJOR FINDINGS

Credit and debit card usage for purchases is increased among youth. Especially female usage is increasing day by day. This usage of credit or debit card makes the youth to participate in banking financial transactions. Spending pattern of the female and male are completely different. Female spend more on clothes and foot wears and material for college students. The male spends same more on clothes and footwear but the next high spending is for computer and internet. For medicines and cosmetics females spending more than males. For gifts, sports items and soft drinks male spend more than female. For Sweets, chocolates, ice-cream spending is almost same among male and female. Female youths spend more on online purchases than male. No differences for using online for purchasing with respect to under graduate and post graduate youth. Most of the youth prefers to use Flipkart and Amazon for online portal. Spending on movies and transport is almost equal among female and male youth with irrespective of under graduates and post graduates. Spending on tobacco is high among post graduate youths. Spending on alcohol differs from under graduates to post graduate under graduates consumption is high in weekly whereas post graduate consumes monthly and occasionally. The youth product selection is same across gender. Both female and male youth give first preference for quality, second to brand, third to price and last to place.

The maximum youth of Tiruchirappalli are attracted and hold their accounts in public sector banks. Only the family members are highly influencing them to save money only 28 percent of the youth have insurance policies. In which female is more than male. The awareness of stock market is not very well among the youths. Only some extent they know about stock market and mutual fund investments. There is a significant relationship between financial literacy and saving pattern of the youths.

6.0 SUGGESTIONS

Banking sectors must encourage the youths to use debit and credit cards for purchases. It helps them to analyse their spending through this the youth can participate in the country's financial activities. The financial institutions must arrange special training programs to explain the importance of saving and develop the saving habits among the young generation. The Banks can offer special gifts like offering movie tickets, tour packs, festival gifts and cash offer for online products when youth savings are reached certain limit. All Business organizations should use this kind of behavioural analytics to find out customer information, customer buying and saving behaviour which can improve the performance of business.

7.0 CONCLUSION

The behavioural analytics is one of the biggest things that have taken the business to reach the customer what exactly they need. The results analysis from this research project shall be of great interests to financial institutions, stock broking company and policy makers, product manufacturing company in providing appropriate products and services in line with their consumption, spending, and investment behaviours. From this research study the researcher came to know the importance of the behaviour analytics and the importance of the youth spending and saving pattern.

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IMPACT OF WORK LIFE BALANCE ON WORKING WOMEN JOB SATISFACTION

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ABSTRACT
The core purpose of this study is to analyze the impact of work life balance on working women job satisfaction. The data is collected keeping in consideration of demographic factors and factors affect for job satisfaction. Factors involved are job satisfaction and work life balance with respect to Working hours, Working conditions, work life balance programs, employee intention to the change in job and work pressure. Data is collected using both primary and secondary sources. Primary data is collected through questionnaires where secondary data is collected through past research, journals and online web-sites. In primary data collection a total of 150 questionnaires are distributed among the working women of different sectors. The data is analyzed using SPSS, tests applied is correlation and regression. The findings suggest that work life balance has a significant impact on working women job satisfaction. This research can be beneficial for organizations to improve their policies, benefit programs and work distribution and in making job changes inside the organisation. This research can be utilized as a light for organizations to pay attention to such factors, because their benefits are not only for working women but can benefit organizations in the long run especially to maintain work force of the institution.

KEYWORDS
work life balance, job satisfaction, working women.

1. INTRODUCTION

Managing work life balance (WLB) has become an issue for both the employees and HR departments since WLB tensions may reduce performance, overall job satisfaction and finally increase the fluctuation rate. Having a balance between job and non work is a biggest challenge for the professional people. The role of working women has changed throughout the world due to economic conditions and social demands. This has resulted in a scenario in which working women have tremendous pressure to develop a career as robust as their male counterparts while sustaining active engagement in personal life. The ever-increasing work pressure is taking a toll on the working women leaving them with less time for themselves. The increasing responsibilities on the personal front with the technological blessings like advanced mobile phones, notepads, etc. that keeps work life integrated with personal life also creates stress on personal and professional fronts in this knowledge age. This affects the person's physical, emotional and social well-being. Thus, achieving work life balance is a necessity for working women to have a good quality of life.

The development and the rapid growth of the business world have created new activities and open new opportunities to the business organizations. Globalization also has made the organizations hard to retain their competitive advantage in market. This has affected organizations, has become more competitive and it has become a big challenge for them.

These changes have affect not only in business activities but also in culture and perception of the working women. Most of the Organizational changes happen due to down-sizing, mergers or acquisitions and radical changes in technology have changed the work setups. The employees in present are more involved in their jobs than past times. The working hours, work pressure, high demanding jobs, use of sophisticated technology made it difficult for working women to keep a balance between their job and work commitments.

Businesses are facing increasing demands to raise efficiency and becoming more responsive to customers and employees. No longer is it just a matter of remuneration and promotional prospects; job seekers are increasingly making employment decisions on how well their current or potential workplace can support a balance between personal lives and paid occupation.

Considerable research has already been conducted on work life balance and employee satisfaction. Several research has been conducted on this issue and more efforts are being suggested to the bigger organizations, especially, the banking sector where longer working hours is a particular norm, to restore a work-life balance for the better good of the social and family life of the work force. Findings showed that job satisfaction at top level of management has negative correlation with family to work interference, family to work interference and stress and job satisfaction has positive correlation with job autonomy. Job satisfaction at the middle level of employees decreases when work life conflict and stress increases. Job satisfaction at the lower level of employees has negative correlation with stress and family to work interference and positive correlation with job autonomy.

2. BACKGROUND OF THE STUDY

The core purpose of this study is to analyze the impact of work life balance on working women job satisfaction in all sectors. The current context of globalization and the changing nature of work have provided the impetus for this topic. Intensification of work and technology that blurs the boundary between work and the rest of life provides challenges for one and all. Competition and customer pressure have forced companies to rationalise and restructure, and as a consequence less people have to do more work (Poelmans et al. 2008).

In considering the impact of work life balance on working women job satisfaction it is at the core of issues central to human resource development. It is a measure of how happy employees are with their job and working environment. Keeping the morale high among employees can be of tremendous benefit to the company, as employees would be more likely to produce more, take fewer days off, and stay loyal to the company. The current work scenario is marked by intense pressure, constant deadlines, changing demographics, fast pace of change, increased use of technology and the virtual workplace. There are many factors found in improving and maintaining high employee satisfaction, which institutions would do well to implement.

Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups, pay, work responsibilities, variety of tasks, promotional opportunities the work itself and co-workers. Under work life balance other terms that are used to refer to this domain include, work-family conflict, work-family integration, family friendly policies.

The following documentation is a research report based on analyzing the impact of work life balance on the job satisfaction of working women. Furthermore, with an intensive study of those factors with use of questionnaires, data will be gathered which will be analyzed for the impact of each factor. The data will be collected keeping in consideration features such as gender, age, managerial position and tenure of job. Factors involved are job satisfaction and work life balance with respect to working conditions, work life balance programs, employee intention to change/leave job, work pressure/stress and Working hours.

3. RESEARCH PROBLEM

Mostly Indian Organizations timings are from 9 am to 5 pm in India but originally there is no time limit so women employees have to work for longer hours due to unpredictable workflows, and fast work places with tight deadlines, which is also a reason of concern. As a result, many have reported experiencing stress and work life imbalance.

Therefore, as the research problem it has formulated the following problem statement;

How does the work life balance on women employee, impact on job satisfaction?

Further the study is being conducted in order to research the impact of work life balance on job satisfaction.

4. RESEARCH QUESTIONS

The research paper intends to examine employees experience of the work life balance linkage and how they cope and deal with it. The main research questions are discussed as following:

Q1. What are the main work life balance linkage experienced by the women employees?

There are five main work-life balance factors discussed through-out the research model. The Literature helps to identify these as the different dimensions, in order to find out the work life balance and discuss how the behavior of employees are related to each other as well as what are the effects of each on work-life balance of women employees.

Q2. What relationship exists between work life balance and job satisfaction on employees?

This research sought to determine whether job satisfaction differs by work life, and whether there is a relationship between work life and job satisfaction. In addition, this study used professional experiences as control variables. These variables are selected because previous studies have shown that such professional experience factors are related to work life balance and job satisfaction.

5. OBJECTIVES OF THE STUDY

To empirically study the significance and impacts of work life balance on job satisfaction of women employees of all sectors. Thus the objective of this study is to examine the impact of work life balance on employee job satisfaction. This research can be helpful for organizations to identify the factors which influence the employee work-life balance and the job satisfaction in the result and take decisions by the management to restore this balance.

As result fulfilment of following objectives is the main purpose behind conducting the research:

Main Objective

To find out the relationship of work life balance on job satisfaction among women employees.

Specific Objective

1. To identify the factors which influence the employee work-life balance and the job satisfaction.
2. To find out the level of work life balance and job satisfaction and make measures to eliminate them by management decisions.

6. SIGNIFICANCE OF THE STUDY

INDIA is a developing country. There are many industries, which are enriching our economy. The significance of this research is that selected scope has not been undertaken by any research in the area of work life balance and job satisfaction until this. Since all sectors spend considerable amount of money and time for their women employees' benefits and services, it is most important for these organizations to understand those factors which may occurs its employee work life and job satisfaction in increasing the organization performance can be enhanced and achieve organization goals.

The findings of the study will help:

• To identify the prevalent type of work life balance in all sectors.

The study contributes to existing body of knowledge by providing an insight into relationship exist between work life balances and job satisfaction among the women employees. Globalization has brought tremendous changes in working conditions thus give rise to various issues and problems for women employees.

• To identify HR coping mechanisms for achieving Work Life Balance.

The study will help to get awareness about the issues and problems faced by women employees at work place that will be of beneficial for organizations and institutions to formulate strategies that will booster satisfaction level and maintain a healthy work life balance among womenemployees.

• Provide recommendations for better work-life balance policies, and strategies.

Ultimately it supports the managements to enhance organizations effectiveness and efficiency through identifying different factors effect to women employee work-life and job satisfaction. Through that they could build up and introduce new policies and strategies in order to eliminate the issues faced bywomen employ-ees.

7. DEFINITION OF TERMS

7.1 Work-Life Balance

Work and Life have been rather loosely defined in literature (Guest 2002) where work is paid employment and life is everything outside of the formal employment but is usually used to denote the realm of family or home life (Ransome 2007). The concept is loosely defined and is seen to derive from gender division of labour and this renders work life balance its narrow focus (Ransome 2007). Further, balance implies an equal distribution of work and the rest of life. It is not possible to ensure that at all times there is an equal distribution among these. According to Guest, the term Work-Life Balance is in itself a misnomer (Guest 2002). Given the fluid nature of needs and responsibilities and their changing nature at different life stages, the division of activity will neither be easy to measure nor equal, and therefore notions of negotiation, cooperation and compromise, reciprocity and complementarities might be better terms than balance (Ransome 2007).

7.2 Job Satisfaction

Job satisfaction is the level of contentment a person feels regarding his or her job. This feeling is mainly based on an individual's perception of satisfaction. Job satisfaction can be influenced by a person's ability to complete required tasks, the level of communication in an organization, and the way management treats employees.

Job satisfaction falls into two levels: affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is a person's emotional feeling about the job as a whole. Cognitive job satisfaction is how satisfied employees feel concerning some aspect of their job, such as pay, hours, or benefits.

7.3 Working Women

Women in the workforce earning wages or a salary are part of a modern phenomenon, one that developed at the same time as the growth of paid employment for men, but women have been challenged by inequality in the workforce. Until modern times, legal and cultural practices, combined with the inertia of longstanding religious and educational conventions, restricted women's entry and participation in the workforce. Economic dependency upon men, and consequently the poor socio-economic status of women, have had the same impact, particularly as occupations have become professionalized over the 19th and 20th centuries.

8. LITERATURE SURVEY

Fatima & Rehman (2012) conducted research to examine role ambiguity and role conflict effect on employee's job satisfaction as well as leaving intention. Data is gathered from 120 teachers from Rawalpindi and Islamabad universities in Pakistan. SPSS and Regression Analysis are used to analyze the data. The results indicate that job role conflict and role ambiguity are negatively related to job satisfaction and positively related to job leaving intentions.

Gayatri & Ramakrishnan (2013) conducted study to investigate the concept of quality of work life and to analyze nature of relationship it has with job satisfaction. The result indicates that the concept of work life quality is multidimensional and it influence employee's use of skills, knowledge, relationship with other and professional interaction and collaboration. Positive relationship exists between job satisfaction and quality of work.

Yadav & Dabhade (2013) conducted research to analyze the relationship that exists between work life balance and job satisfaction of the working women. Sample is collected from education sector and banking sector. Data is collected from 150 women employees 75 women from each sector. Authenticity of data is analyzed through application of standard deviation. The results indicate that work life balance and job satisfaction share significant relationship.

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Varatharaj & Vasantha (2012) conducted the study to examine relationship job satisfaction have with work life balance in women. Data is collected from 250 Service Sectors working women in Chennai city through questionnaire. Data is analyzed through, Correlation, Chi-Square test, Wallis Test and Kruskals. Result shows strong positive relationship exists between job satisfaction and work life balance.

9. HYPOTHESIS

H1: There is a significant relationship between working hours and women employee job satisfaction.

H2: There is a significant relationship between working conditions and women employee job satisfaction.

H3: There is a significant relationship between work pressure and women employee job satisfaction.

H4: There is a significant relationship between change of job and women employee job satisfaction.

H5: There is a significant relationship between Work Life balance programs and women employee job satisfaction.

10. RESEARCH METHODOLOGY

As a measure of data collection, it uses a self-structured questionnaire which includes closed questions in retrieving data and current status of factors affecting job satisfaction through work life balance.

Primary data is collected through questionnaires with five point Likertscale of Strongly Agree, Agree, Neutral, Agree and Strongly Disagree and secondary data has also been collected from books, magazines, research journals and web sites etc.

From all women employees in different positions of all sectors here it has a counting of 150 heads as the sample where it is selected from the G*Power tool analysis.

The researcher has selected probability sampling design for the study in which simple random sampling is used. Researchers preferred simple random sample over the others because it provides the assurance that sample will accurately reflect the population on the basis of criteria used for simple random sampling (Cooper & Emory, 1995) (Johnson & Christensen, 2010). Sampling method is selected depending on the population since there are several number of women employees and each element has a known and equal chance of being selected simple random sampling method is taken.

Data are being analyzed in identifying the relationship and impact of work life balance factors on job satisfaction of women employees of all sectors. Therefore, the analysis is more Object Oriented.

Quantitative data analysis tools are used to analyze the collected data. Descriptive statistics are used to describe and interpret the results of the study. Correlation analysis more specifically Pearson correlation coefficient is used to measure the degree of association between selected work life balance and employee job satisfaction. From inferential statistics, Regression analysis is used to test the hypothesis of the study.

Data is being analyzed through Statistical Package for Social Sciences (SPSS). Descriptive Statistics, Correlation and Regression analysis has been applied to draw the results of the study.

11. DISCUSSION

H1: There is a significant relationship between Working hours and women employee job satisfaction.

39.0% variance in women employee job satisfaction is enlightened by work life balance, which is evident by the value of R=0.390, at p=0.648 illustrates the model's goodness of fit, Significant positive relationship between predictor and predicted variable is evident by the value of t=0.458. Therefore, based on the results it can be inferred with confidence that H1 is rejected.

H2: There is a significant relationship between Working conditions and employee job satisfaction.

40.6% variance in women employee job satisfaction is enlightened by work life balance, which is evident by the value of R=0.406, at p=0.674 illustrates the model's goodness of fit. Significant positive relationship between predictor and predicted variable is evident by the value of t=0.422. Hence, on the basis of these results it can be inferred with confidence that H2 is rejected.

H3: There is a significant relationship between Work pressure and women employee job satisfaction.

75.3% variance in women employee job satisfaction is enlightened by employee participation, which is evident by the value of R=0.753, at p=0.000 illustrates the model's goodness of fit. Significant positive relationship between predictor and predicted variable is evident by the value of t=4.242. Therefore, on the basis of these results it can be inferred with confidence that H3 is accepted.

H4: There is a significant relationship between Change of job and employee job satisfaction.

75.6% variance in employee job satisfaction is enlightened by Merit based promotions & performance based pay, which is evident by the value of R=0.756, at p=0.00 illustrates the model's goodness of fit, Significant positive relationship between predictor and predicted variable is evident by the value of t=3.832. There-fore, based on the results it can be inferred with confidence that H4 is accepted.

H5: There is a significant relationship between Work-life balance programs and employee job satisfaction.

74.0% variance in employee job satisfaction is enlightened by grievance handling procedure, which is evident by the value of R=0.740, at p=0.001 illustrates the model's goodness of fit, which is not satisfactory. Significant positive relationship between predictor and predicted variable is evident by the value of t=3.527. Hence, on the basis of these results it can be inferred with confidence that H5 is accepted.

This study has reported the findings from the statistical procedures used to answer the research questions. This study incorporates to researcher's efforts to recognize the impact of work life balance on women employee job satisfaction in all sectors. Specifically, the study is guided by two research questions:

1. What are the main work life balance linkages experienced by the women employees?

2. What relationship exists between work life balance and job satisfaction on women employees?

The study identified that there is a significance and a correlation among work life balance and job satisfaction and the linkages which it has strong effect for that significant and correlation. Moreover, some of the factors used in measures of work life balance are significant and with job satisfaction where some are not.

According to the analysis the hypotheses that are tested and happened to be insignificant are;

H1: There is a significant relationship between working hours and women employee job satisfaction.

H2: There is a significant relationship between working conditions and women employee job satisfaction. Where the following three hypotheses are found highly significant;

H3: There is a significant relationship between Work pressure and women employee job satisfaction.

H4: There is a significant relationship between Change of job and women employee job satisfaction.

H5: There is a significant relationship between Work-life balance programs and women employee job satisfaction.

Previous studies also support findings of this study. Parvin and Kabir (2011) from their study shows that organizations should provide work life balance facilities to their employees so that employees can perform their duties effectively and leads organization to the success. Ezra and Deckman (1991) revealed in their research that satisfaction with work/life balance is a major component of employee's job satisfaction.

This study has found out that there is a significant correlation relation of work life balance programs on working women employee job satisfaction in all sectors. It is supported by other studies also. Findings of the current study further revealed that work life balance is significantly positively correlated with job satisfaction so by increasing the work life balance the job satisfaction of employees could also be increased.

12. RECOMMENDATIONS

The overall goals and objectives of the organisations would be achieved if and only if women employees are satisfied with the job. This could be achieved through different work life balance experiences. Through the source for women employees' satisfaction, they become loyal and willing to stay in the organizations because,

job satisfaction of women employees reduces absenteeism and turn over intentions in organizations. Moreover, the need and expectations of women employees also play a vital role in increasing of employees' satisfaction through implementing two ways of communications and then by continually evaluating the work life balance practices of the organisations as well.

Organisations should revise and make an adjustment on certain rules and procedures that hinders the employees not to perform with their maximum effort since it has an effect on employees' level of satisfaction. It is recommended that the management of respective organisations should be able to increase the level of commitment in organisations by increasing satisfaction with the specified work life balance practices.

Each organisation has to create a link between work pressure, change of job and WLB programs for the job satisfaction by preparing job descriptions and specifications; deciding terms and conditions of WLB policies; inside and outside the organisations and should take other necessary measurements as well.

13. SUGGESTIONS FOR THE FUTURE RESEARCH

This study examined the impact of work life balance and job satisfaction of women employees of all sectors. This study can be replicated with samples as a whole of all sectors women employees.

Analyzing satisfaction levels across work life balance and job satisfaction can help management to identify factors that contribute to the satisfaction or dissatisfaction of the women employee of the organisation. It is suggested that researchers need to pay more attention to different other factors in future studies of work life balance on job satisfaction behaviours.

Relationships with colleagues, subordinates and superiors, as well as perceptions of culture and climate of the institution, can significantly impact on job satisfaction (Hagedorn, 2000). Even though this dataset does not report these variables for individuals, it is believed that these are important factors for assessing work life balance linkages on job satisfaction of women separately in particular. In order to explore this matter in depth, it is suggested that interviews with focus group should be carried out, especially with women. An extension of the quantitative survey, interviews will add rich data to fill the voids left by the survey in addition to complimenting the survey data by allowing continuing employees to express in their own words their perceptions of their work life balance and job satisfaction. The qualitative data, therefore, drives this research. The feedback will support and strengthen the findings of this research. The mixed-method study will contribute more as the issues will be explored in depth rather than solely based on the numbers and figures.

Job satisfaction continues to be a challenging variable to predict, in part because there are number of facts that contribute to job satisfaction rather work life balance. Further research to determine the variables that affect job satisfaction should be conducted, such as using confirmatory factor analysis. Confirmatory factor analysis also allows the researcher to test the hypothesis that a relationship between the job satisfaction variables and their underlying latent construct(s) exists. Because this study used data solely from all sectors, it would be useful to know whether or not similar results can be found with the organisations as a whole.

14. LIMITATIONS OF THE STUDY

There are some common limitations for the researches of same also include in this as well, the sample size chosen for the above studies is not a true sample of the population which results in failure to generalize the results. Therefore, their results may not be applicable to all sectors as a whole.

Modernization of the organisations has resulted in increased use of information and communication technology. Even though, stress due to information technology was not considered much.

Though focus is mainly towards studying work-life and job satisfaction level in all sectors, the same with respect to some organisations are very narrow.

Time has become one of the major limitations as it has to involve in other academic activities, therefore it has to run out of time in meeting projects tasks due to other pre- set priorities.

The research is carried out in Indian content so the world environment is not considered where it could be found other different factors as results.

15. CONCLUSION

The goal of this study is to augment the knowledge of impact of work life balance on women employee job satisfaction. This study revealed work life balance is significantly associated with job satisfaction. However, this study did not explore the level of satisfaction among gender across employees. This study focused primarily on analyzing work life balance on job satisfaction across five factors of Working hours, Working conditions, work pressure, change of job and WLB programs without considering the variety of demographic and professional variables.

In summary, this study has added information to understanding all sectors organisations as having complex social scenarios with a variety of work conditions among organizations. The findings of this study offer suggestions for improvement of job satisfaction through work life balance.

- It is suggested that consideration be given to the development of guidelines in order to ensure that work load should not affects the WLB of women employees. Whereas women employees can reduce the pressure of work by prioritizing their work.
- Top management should realize the importance of work life balance and its adverse effect on job satisfaction.
- The need of policy is required to cater this problem. Different policies and strategies are needed for the people at different type jobs and at different stages of their career.

For the institution it is intended, the use of this information can include policy making to improve women employees work conditions, managerial processes, guidance for work life balance practices, and inform about valuable aspects of organizational change. In a broader sense, the study also revealed that work environment is not only related to how they feel in their workplace, but also how they think about their life.

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TO STUDY THE INTERRELATIONSHIP BETWEEN GOLD, US DOLLAR AND S&P SENSEX

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ABSTRACT
Gold is increasingly considered as an investment whose value appreciates with the passage of time. Any surplus money with the individual can be invested in security market and gold, main purpose to make investment in gold and securities is to increase the wealth and to take tax concessions under IT Act 1961. In India demand for gold will increase during marriage & festive season. Main purpose of this study is to determine the interrelationship between gold USD & Sensex for a period ranges from 2000 to May 2017. Techniques like time series, correlation & regression has been used to find moment in prices of gold, Sensex and USD. With the help of analysis, we can say that there is a positive correlation between USD, gold prices & S&P Sensex in long run but there is a minimum interdependence between gold price a USD and S&P Sensex. Investor or Analyst can predict value of Gold & Sensex more accurately through US Dollar as interpreted by value of Multiple R.

KEYWORDS
gold prices, USD value, sensex, trend analysis, multiple R and R square.

1. INTRODUCTION

In India, Individuals are highly possessive about the investment in gold especially gold jewellery. Gold is increasingly considered as an investment whose value appreciates with the passage of time. Demand for gold will increase during festival season and during period of marriages in India as people buy more and more of gold and consider it as a safe investment avenue. Gold is also considered as a hedging tool against inflation and can be pledged in order to take loan during financial emergency.

India is one of the fastest growing economies in 2016-17 and comprises of almost 250 million middle class populations and 45% percent population is under 25 years of age and even young individual has a great affinity with the gold. Apart from this even people living in rural areas are very fond of making investment in gold especially jewellery. In the year 2015 rural demand for gold jewellery is 88% and urban demand is 57%. Demand for precious gem is 37% in urban India. 33% of People aged between 18-33 would prefer gold jewellery instead of bars and coins. With 1% increase in income demand for gold also rise by 1%. Demand for gold in India is high because of security feature, Liquidity and to build a diversified portfolio. People usually spent 35-50% of money in buying gold during marriages. Gold contributes 17% to Indian GDP. India is one of the largest importer of gold in the world i.e. USD 39.7 billion. The annual consumption of gold is 500 tonnes about 80% is for jewellery, 15% for investor demand & 5% for industrial use. With increase in imports CAD will deteriorate and this leads to reduction in foreign exchange reserve. With 1% increase in price of gold, demand falls by 0.5%. With increase in imports and high prices the trade deficit of India will increase. Value of gold has been used as the standard for many currencies during gold standard for trade purpose and to determine value of currencies in terms of gold.

Gold can be used as a hedging tool against US dollar. The gold prices will move in opposite direction to dollar. Through the analysis of historical data, it can be interpreted that in the year 2011 there was a highest % change in gold prices in comparison to other years. In the initial years there was a positive relation between gold and Sensex as both are increasing but % change in Sensex is more than gold. Gold is traded on a dollar dominated basis. Investment in gold will increase when there was an appreciation in value of dollar against the rupee. Whenever stock market crashes or dollar weaken against rupee, investor prefers gold as a safe haven for investment due to increase in prices of gold against stock prices.

2. REVIEW OF LITERATURE

Dr. Sindhu (2013) Paper focused on the factors which had a positive or negative impact on prices of gold. Factors include US dollar, INR, crude oil prices, repo rate and inflation. Inverse relation between gold prices & US dollar, Positive correlation between gold prices and crude oil prices, Gold prices & repo rates are interdependent on each other and are negatively related with each other. There was a positive relation between inflation and gold prices.

S. Subhashini (2014) Researcher found that gold is a safe investment avenue for investors those who had surplus money and invest for speculative purpose. Currency had a positive relation with dollar; an increase in value of dollar would increase the value of gold prices. Prices of gold are dependent on the value of dollar and dollar would tend to strengthen the prices of gold in long term.

Dr. Poonam Bassi & Bhavna Sharma (2014) Paper explores the association between crude oil prices, gold prices and US Dollar. There is a negative correlation between gold prices and US dollar in short run and positive correlation between gold and dollar in long run. In short run when demand for US dollar fall, investor around the world invest more in gold. There is a positive relation between gold prices and crude oil prices. Gold prices increase in India because gold is a safe investment haven in form of jewellery.

S Nirmala & Deepthy K (2015) Paper attempts to analyze the relationship between gold and crude oil prices. Gold and crude oil have a positive correlation. Both gold and crude oil prices are quoted in dollar, so if dollar weakens against rupee than oil and gold will cost more dollars. Gold oil ratio depicts that more barrels of oil are needed to buy 10 grams of gold. When ratio is falling, oil is becoming more expensive to gold.

Mongi Arfaoui & Aymen Ben Rejeb (2016) Paper highlights that gold prices were impacted by changes in USD. US dollar is negatively affected by gold prices. The trade weighted USD exchange is significantly affected by gold and oil price. Gold can be used as a financial asset for speculation and hedging. Paper also focuses on the concept that there was a significant impact of gold on oil prices.

SP Narang & Raman Preet Singh Researcher tries to find out the existence of unidirectional or bidirectional relationship between gold prices & Sensex. There is an inverse relationship between gold price and dollar. There is positive correlation between stock return and gold prices. According to Granger causality test return on Sensex index does not lead to increase in gold price and rise in gold prices does not lead to increase in Sensex.

3. OBJECTIVES
1. To find the moment of Dollar, Gold Prices & S&P Sensex in last 5 years.

2. To study the casual relationship between dollar and gold prices.
3. To study the impact of dollar on gold prices and Sensex.

4.   RESEARCH METHODOLOGY
a) Data Collection: Study is based on secondary data which were collected from RBI & MCX website, Books, Journals etc.
b) Data Analysis: Trend Analysis, Correlation and regression method was used to analyse the data related to prices of gold and USD.

5.   DATA ANALYSIS & INTERPRETATION
a)   Trend Analysis

FIG. 1: TREND LINE SHOWING CHANGES IN DOLLAR, GOLD PRICES & SENSEX
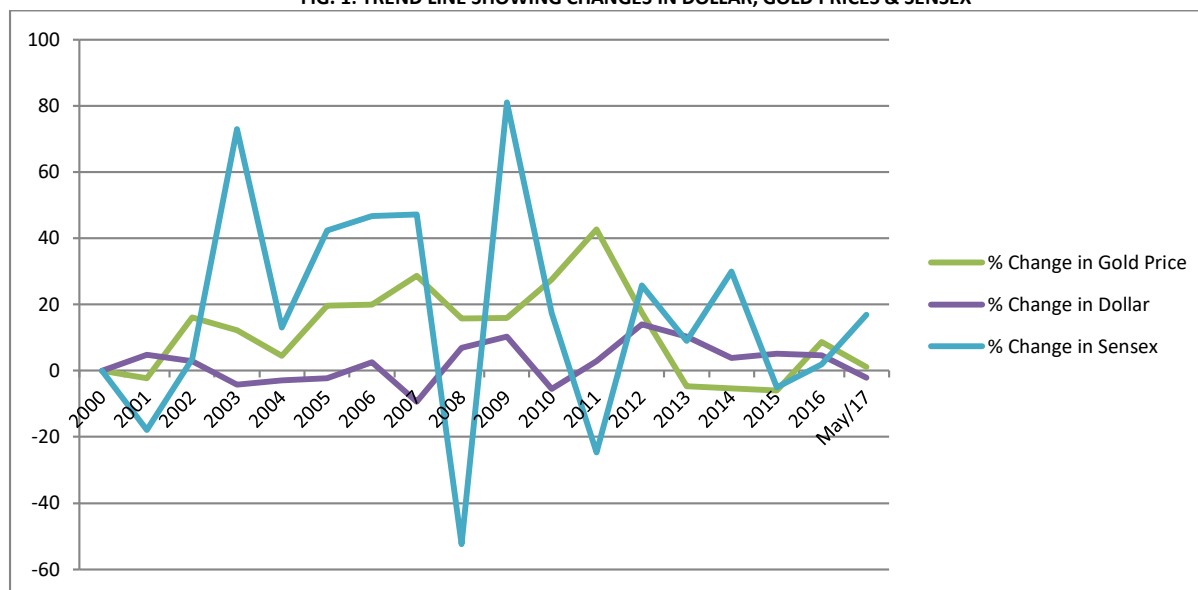
Interpretation: From above figure one can analyse that in the year 2000 and 2001 there is a fall in gold price by 2.3%, but during the same period value of dollar increase by 4.8%. In the year 2011 prices of gold rise by 42% which is highest since 2000 whereas dollar rise by 2.8%. Value of dollar in percentage form was highest in the year 2012. According to data gold prices rise by 1.1% whereas dollar value falls by 2.1% till my 2017 in comparison to previous year. In the initial years there was a positive relation between gold and Sensex as both are increasing but % change in Sensex is more than gold. After 2008 there was both negative and positive relation as there are other factors which also impact the demand for securities and gold such as oil prices and subprime crises of 2008. In the year 2017 Gold and Sensex is moving in same direction and % change in Sensex i.e. 16% is more than gold i.e. 1%, this indicates that returns from Sensex is more than gold.

b)   Correlation Analysis
Karl Pearson's correlation has been calculated to find out relationship between USD & Gold. The correlation has been calculated through:

r =   N∑XY-∑X∑Y

                    √∑X²- (∑X)² √∑Y²- (∑Y)²

b.1) Correlation between Gold Price and US Dollar

TABLE 1: CORRELATION OF GOLD PRICE & DOLLAR

	Gold Price	*Dollar*
Gold Price	1	
Dollar	0.77341	1

Interpretation: The above table indicates that there is a positive correlation between gold price & dollar i.e. 0.77. This indicates that with increase in value of dollar, gold prices also increase in the long run but in the short run there was both positive and negative correlation between dollar and gold prices.

b.2) Correlation between Gold Price and S & P Sensex

TABLE 2: CORRELATION OF GOLD PRICE & S&P SENSEX

	Gold Price	S&P Sensex
Gold Price	1	
Sensex	0.865177	1

Interpretation: The above table indicates that both gold price & Sensex are highly correlated i.e. + ve0.86% which is more than significant level of 0.5% This indicates that with 1 Percent change in price of Gold, S&P Sensex will also change by 0.86% in the long run. Both gold and dollar move in same direction. In certain years like 2001, 2008, and 2011 and in the year 2013-14 gold prices and value of S&P Sensex is showing negative relation.

c)   Regression Analysis
C.1 Regression between USD & Gold Prices

TABLE 3: REGRESSION BETWEEN US DOLLAR & GOLD PRICES

	Coefficients	*Standard Error*
Intercept	40.737341	2.476551079
X Variable 1	0.000624305	0.000127924

Multiple R	0.773409928
R Square	0.598162916
Adjusted R Square	0.573048098

Interpretation: Above Table indicates that with 1% increase in value of dollar leads to 0.00062 % increase in price of gold. Standard error is 0.00012 i.e. error in linear relation is minimal and sample is a true representative of population. So it was clear from regression analysis that with the increase in value of currency, prices of gold start rising as people invest money in gold in order to hedge against the risk of increase in value of dollar. From above table it can be interpreted that value of gold can be predicted accurately from USD as multiple R is approaching near 1. R Square is 59% which indicates that a gold price does not act in accordance with the movement of US Dollar.

C.2 Regression between USD & S&P Sensex

TABLE 4: REGRESSION BETWEEN US DOLLAR & S&P SENSEX

	Coefficients	*Standard Error*
Intercept	40.01896243	2.783380763
X Variable 1	0.000701786	0.000154985

Multiple R	0.749458261
R Square	0.561687685
Adjusted R Square	0.534293165

Interpretation: Above Table indicates that with 1% increase in value of dollar leads to 0.00071 % increase in price of gold. Standard error is 0.00015 i.e. error in linear relation is minimal which states that dispersion between sample mean and population mean is minimum and sample is the true representative of population. It can be interpreted that value of Sensex can be predicted correctly from USD as multiple R is 0.74 which is very close to 1 and there was a linear combination of the independent variable (USD) and dependent variable (Sensex). R Square is 56% i.e. below 70% which indicates that a movement in S&P Sensex does not act in accordance with the movement of US Dollar.

6. CONCLUSION

From the above analysis, it may be concluded that percentage increase in gold prices is more than percentage increase in value of dollar, % change in Sensex is more than gold. In certain years' gold & dollar is showing inverse relation in terms of percentage value. Both gold and dollar are positively related in the long run. In the initial years there was a positive relation between gold and Sensex as both are increasing but after 2008 there was both negative and positive relation. In the year 2017 Gold and Sensex is moving in same direction and % change in Sensex i.e. 16% is more than gold i.e. 1%, this indicates that returns from Sensex is more than gold.

On the basis of correlation & regression analysis it may be concluded that there is a positive relation between USD, Gold Prices & S&P Sensex. All the three instruments will move in same direction until or unless other economic factors lead to any inverse situation. There is a minimum interdependence between values of dollar, gold prices & S&P Sensex. Standard error is minimal which shows that deviation between sample mean and population mean is very less. From Multiple R one can predict value of Gold & Sensex more accurately through US Dollar, but movement of both gold and Sensex cannot be explained from movement of USD.

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CASE STUDY ON AWARENESS OF OMBUDSMAN SCHEME IN INDIA

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ABSTRACT

Banking sector is a service industry where customer satisfaction is the most important support to sustain the rigid competition among the players. But there have been some studies where the customers of the banks were dissatisfied with the services provided (Colgate and Lang, 2001; Colgate and Norris, 2001; Gronhaug and Gilly, 1991; White and Yanamandram, 2004). (Haq and Muhammad, 2012) found that such instances of dissatisfaction among the customers was highest in the public sector banks. In the new business era, attracting the customer is the most vital thing because they are the one who decide the profit of the organization. Whichever the bank it is, the customer will have a complaint always. It's the duty of the banks to solve the issues related to their operations. This case study tries to analyze the Banking Ombudsman Scheme. The aims of study are to identify not only the effectiveness of Banking Ombudsman Scheme in but also to analyze the performance of Banking Ombudsman Scheme in Indian Banking sector. The data are collected from the various websites and journals. This study is based on the descriptive analysis.

KEYWORDS
ombudsman scheme in India, *banking sector, service industry, customer satisfaction.*

INTRODUCTION

It was the month of June. The entire Northern belt of India was in furnace. Even the shaded trees were asking for a little bit of shade. In the midst of such horrific climate Mr Subramaniyam Aiyer popularly known by Subbu was on his way to Bank of Citizen. Merely three months had now left for his retirement so one can understand the number of autumns he has witnessed.

Not caring of his age he went through the threshold of the bank and once again stood before the clerk Shri. Ajay Bhasin. The enquiry was about his **cheque book and new ATM card** (Which expired three weeks ago). Cheque book was not received and ATM card has not been issued by Bank although from Banks point of view they had already forwarded the request to Local Post office for cheque book and head branch for ATM card. Mr. Subbu has made a written compliant on plain paper after one and the half month. After the receipt of written complaint, the Bank manager had forwarded him the tracking id of local post office for cheque book.

It seems to be an unforgettable ordeal for Mr. Subbu. He out of frustrations visited local post office with the last hope that he will receive his cheque book. After a thorough enquiry with Mr. kishan the clerk of the post office, he came to know that it was delivered at wrong address and send to bank for correction in address. The never ending ordeal didn't stopped here. Subbu received an email from bank that he will receive ATM after 20 days because of certain fraud in online database of ten public sector banks.

He approached the bank once again where he was directed to visit the local head office of the bank.

This was not the first incident that he will go empty handed, it was number 7. At the same time number 7 does not stands for 2 minutes. A long list of values is also attached with it. **Like number of half days Mr Aiyer has to take multiplied by half days salary, Cost incurred in coming to the Bank, the pain taken in such a LOO dominant climate and many others**.

It was a traumatic feel to visit the bank and returned empty handed. In the mean time to make the situation worst one of his last cheque made to Uttar Pradesh Electricity Board went bounced and therefore a new cheque needs to be forwarded on an urgent basis.

With such turmoil's he reached his house where Mr Abhinav Sahay one of his good friend was waiting for him as a messenger of God.

Abhinav: Hello Subbu whatsupp

Subbu: Nothing, Friend things are not going in the manner it should have.

Abhinav: Why? What happened?

Subbu: It was the 7th time that I reached bank for my Cheque book and had to return empty handed. I have to issue a cheque on immediate basis to Uttar Pradesh Electricity Board as my previous cheque went bounced. Failure to which they can disrupt their services.

Abhinav: That's not a problem I will pay that online on your behalf but Why didn't you complaint?

Subbu: I did, but very little happened except for the sympathy the Branch Manager has showed towards me.

Abhinav: I am not asking you to give a written physical complaint. I am asking you to put your complaint through the route of OMBUDSMAN.

Subbu: OMBUDSMAN what is this?

Abhinav: This is the irony that very few people know about it. In fact, its awareness is also very very low. Even I got to know about it during one of my examination on Banking and Practices. But believe I applied it practically and the result was good.

Subbu: Now tell me something about it.

The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to bank customers for resolution of complaints relating to certain services rendered by banks. It covered all Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

Subbu: That's good. But are there any grounds of complaint?

Abhinav: Yes, of course

The Banking Ombudsman can receive and consider any complaint relating to the following deficiency in banking services (including internet banking):

➤ Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
➤ Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;
➤ Non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
➤ Non-payment or delay in payment of inward remittances;
➤ Failure to issue or delay in issue of drafts, pay orders or bankers' cheques;
➤ Non-adherence to prescribed working hours;
➤ Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;
➤ Forced closure of deposit accounts without due notice or without sufficient reason;
➤ Refusal to close or delay in closing the accounts;
➤ Non-adherence to the fair practices code as adopted by the bank or non-adherence to the provisions of the Code of Bank's Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank

Subbu: What details are required in the application?

Abhinav: The complaint should have the name and address of the complainant, the name and address of the branch or office of the bank against which the complaint is made, facts giving rise to the complaint supported by documents, if any, the nature and extent of the loss caused to the complainant, the relief sought from the Banking Ombudsman and a declaration about the compliance of conditions which are required to be complied with by the complainant.

A specimen of the same to the best of my knowledge I am writing here. You just search and get the form resembling somewhat like this.

COMPLAINT RESPONSE FORM

1(A). Have you made a written complaint to the bank?
○ Yes
○ No

1. If yes whether 30 days are over from the lodgement of complain to the bank or not satisfied with Banks reply
○ Yes
○ No

COMPLAINT CHECK FORM

➤ Bank Name --
➤ Account Number ------------------------------------
➤ Complainant Name --------------------------------
➤ Mobile Number --------------------------------------

COMPLAINT FORM (Annexure A)

Form of complaint to be lodged with banking Ombudsmen
○ Complaint Number
○ Date
○ Bank category
○ Bank name
○ Enter district and state
○ Name of Nodal officer
○ Bank ID
○ BANK Address

Subbu was little bit excited in hearing all these. It seems that a ray of hope has emerged from nowhere but from his friend's side only. He decided to look into the matter in detail and therefore visited the official site of RBI and drafted few of the data's.

TABLE 1

States	Accounts opened	Population
Andhra Pradesh	8794318	52500000
Assam	11861840	33900000
Bihar	29516687	108100000
Chandigarh	217473	24600000
Tamil Nadu	8745359	77800000
Ahmedabad	10812810	66100000
Kerala	3248084	36600000
Madhya Pradesh	2533908	77900000
Maharashtra	19717426	77900000
Karnataka	18546923	44900000
Rajasthan	19485745	74790000
Uttar Pradesh	44671975	218400000
West Bengal	27390220	94900000

Uttar Pradesh account opening is the highest being the population is also the largest.

FIG. 1

Population and No: of accounts opened
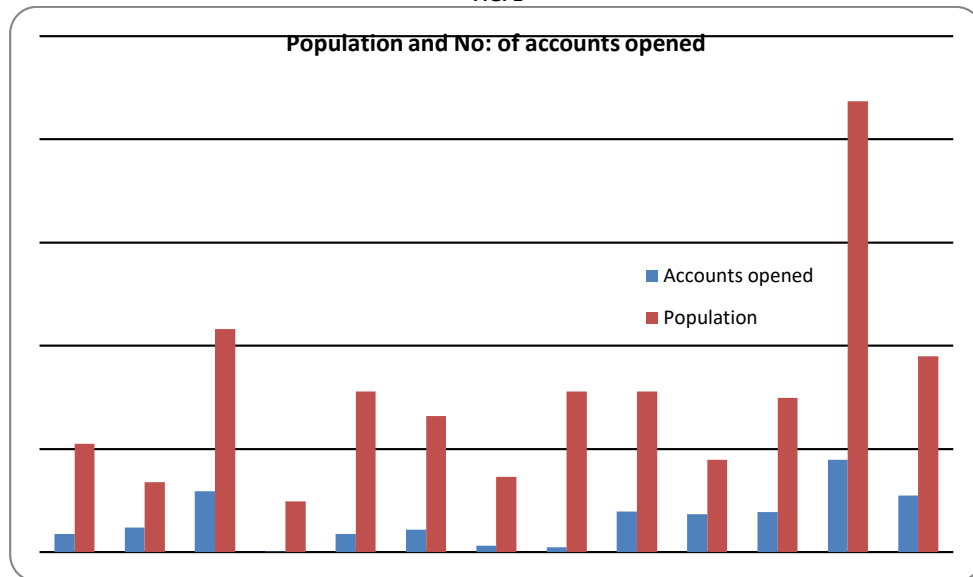
TABLE 2

States	Accounts opened	Received	% Received
Andhra Pradesh	8794318	4366	0.0496
Assam	11861840	1054	0.0089
Bihar	29516687	4456	0.0151
Chandigarh	217473	3131	1.4397
Tamil Nadu	8745359	11309	0.1293
Ahmedabad	10812810	4965	0.0459
Kerala	3248084	3024	0.0931
Madhya Pradesh	2533908	5451	0.2151
Maharashtra	19717426	10446	0.0530
Karnataka	18546923	4610	0.0249
Rajasthan	19485745	4088	0.0210
Uttar Pradesh	44671975	8818	0.0197
West Bengal	27390220	5277	0.0193

FIG. 2

Complaints received as a % of account holding
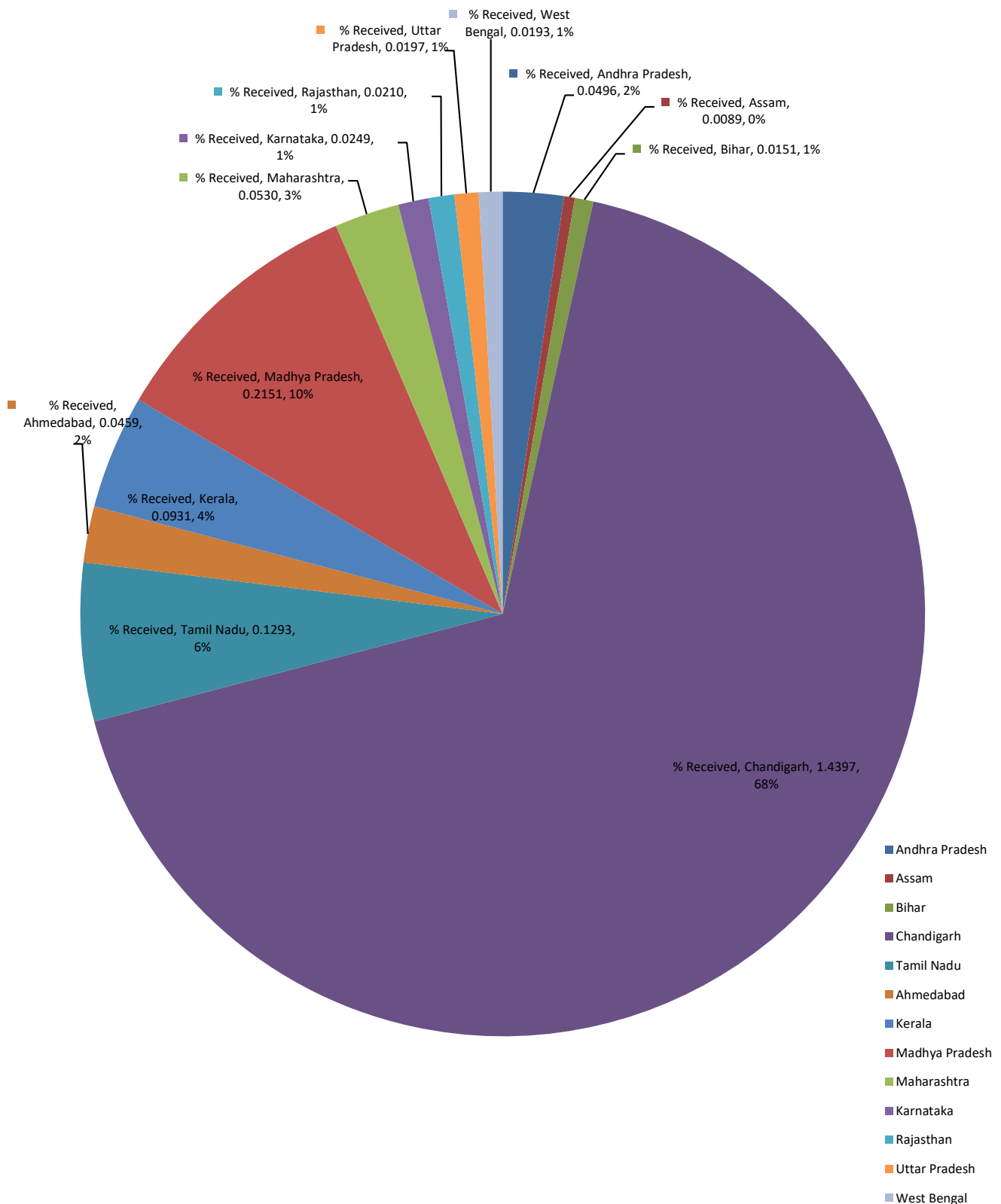
Interestingly Chandigarh from no-where in the above chart to everywhere in terms of Complaints received has occupied the highest percentage.

TABLE 3

States	Complaints Received	Complaints Disposed
Andhra Pradesh	4366	4486
Assam	1054	1077
Bihar	4456	4406
Chandigarh	3131	3288
Tamil Nadu	11309	11488
Ahmedabad	4965	5019
Kerala	3024	3049
Madhya Pradesh	5451	4616
Maharashtra	10446	10619
Karnataka	4610	4594
Rajasthan	4088	4133
Uttar Pradesh	8818	8678
West Bengal	5277	5364

FIG. 3
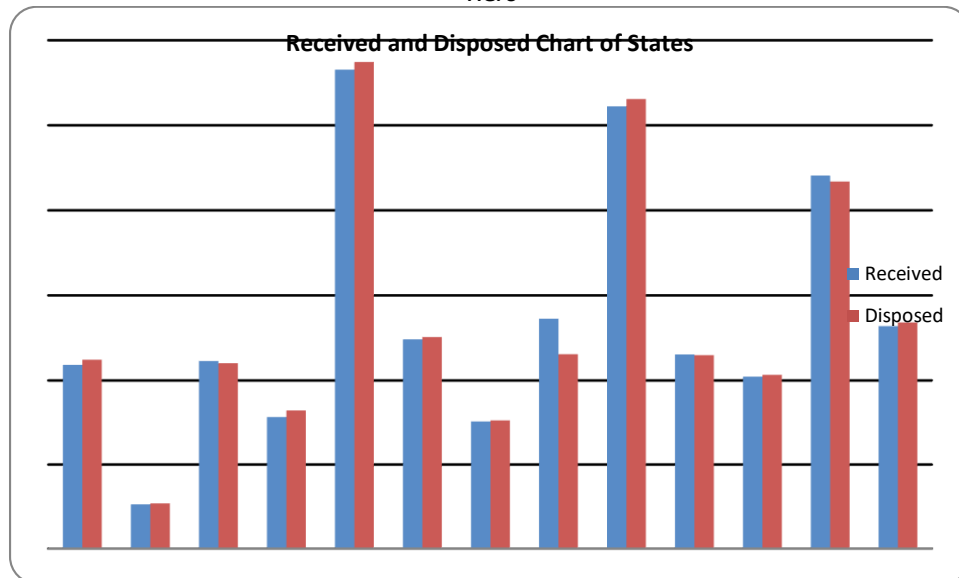
Beyond doubt every state has performed exceptionally well whatever received was disposed off. Tamilnadu and Maharashtra remain neck to neck.

TABLE 4

States	Complaints Received	Complaints Pending(End)	%
Andhra Pradesh	4366	122	2.8
Assam	1054	16	1.5
Bihar	4456	125	2.8
Chandigarh	3131	63	2.0
Tamil Nadu	11309	195	1.7
Ahmedabad	4965	0	0.0
Kerala	3024	108	3.6
Madhya Pradesh	5451	1078	19.8
Maharashtra	10446	402	3.8
Karnataka	4610	174	3.8
Rajasthan	4088	5	0.1
Uttar Pradesh	8818	589	6.7
West Bengal	5277	71	1.3

FIG. 4

Pending complaints as % of Received complaints
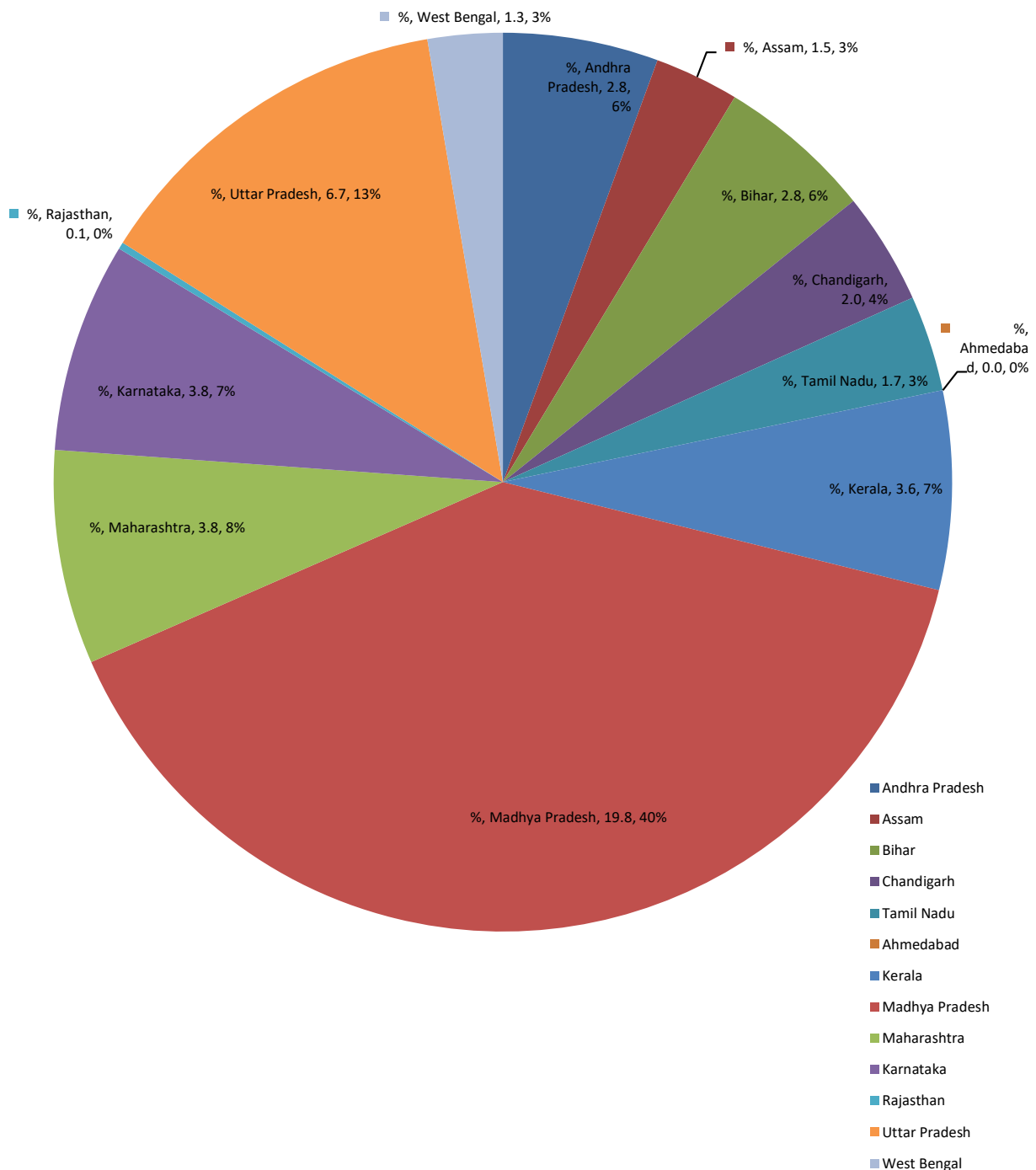
Ahmedabad and Rajasthan leave no stone unturned in bringing the number of pending to zero.

Although Mr. Subbu was happy that the Number of complaints solved as a percentage was comparatively high but at the same time carry forward of complaints to next year was fear-factor to him.

Keeping his fingers crossed he decided to lodge his complaint through Ombudsman the very next day and left everything to his belief that "God is Great". He also decided to make the General Public aware of this scheme so that no Subbu in future meets harassment.

After a week on the pleasant morning of Sarawati Puja "The Goddess of Wisdom" the postman arrived with a letter and Cheque book addressing

On this auspicious day thanks to god for providing adequate wisdom, murmured Aiyer. For whom that's still a big question to answer?

Questions:

1. What could be the probable reasons for such low complaints?

2. Do you think poor and lower middle class will get benefit from such complaint scheme?

3. List some more complaints which you think has not been covered above?

4. Discuss in detail the steps to be followed for filling the form?

5. Why according to you this topic has not been discussed at length with banking customers?

6. Suggest the suitable measures to make the scheme more popular among bank account holders.

7. You are required to fill the given form.

FORM OF COMPLAINT (TO BE LODGED) WITH THE BANKING OMBUDSMAN (TO BE FILLED UP BY THE COMPLAINANT)

To: The Banking Ombudsman Place of BO's office…………………………..)

Dear Sir, Sub: Complaint against ……………………..(Name of the bank's branch) of …………………………………………………………………………(Name of the Bank)

Details of the complaint are as under:

1. Name of the Complainant …………………..

2. Full Address of the Complainant …………………… ………………….. …………………… 27 Pin Code ……………….. Phone No/ Fax No.……………………. Email …………………….

3. Complaint against (Name and full address of the branch/bank) ……………………….. …………………………. Pin Code ……………………. Phone No. / Fax No. …………………….

4. Particulars of Bank or Credit card Account (If any) (Please state the number and the nature of account viz. Savings bank/current/cash credit/term deposit/loan account etc. related to subject matter of the complaint being made) ……………………………………………………………………

5. (a) Date of representation already made by the complainant to the bank (Please enclose a copy of the representation) ……………………….

 (b) Whether any reminder was sent by the complainant? YES/NO (Please enclose a copy of the reminder)

 6. Subject matter of the complaint (Please refer to Clause 8 of the Scheme) …………………………………………………………………………………… ……………………….

7. Details of the complaint: (If space is not sufficient, please enclose separate sheet) …………………………………………………………………………………… …………………………………………………………………………………… ………………………………………………………………

8. Whether any reply (Within a period of one month after the bank concerned received the representation) has been received from the bank? Yes/ No (If yes, please enclose a copy of the bank's reply)

9. Nature of Relief sought from the Banking Ombudsman ………………………………………………………………………… (Please enclose a copy of documentary proof, if any, in support of your claim)

10. Nature and extent of monetary loss, if any, claimed by the complainant by way of compensation Rs.……………….. (please refer to clauses 12 (5) & 12 (6) of the Scheme)

11. List of documents enclosed: (Please enclose a copy of all the documents)

12. Declaration: (i) I/ We, the complainant/s herein declare that: a) the information furnished herein above is true and correct; and b) I/ We have not concealed or misrepresented any fact stated in the above columns and in the documents submitted herewith. 29 (ii) The complaint is filed before expiry of period of one year reckoned in accordance with the provisions of Clause 9(3)(a) and (b) of the Scheme. 8 (iii) The subject matter of the present complaint has never been brought before the Office of the Banking Ombudsman by me/ us or by any of the parties concerned with the subject matter to the best of my/ our knowledge. (iv) The subject matter of the present complaint has not been decided by/pending with any forum/court/arbitrator. (v) I/We authorise the bank to disclose any such information/ documents furnished by us to the Banking Ombudsman and disclosure whereof in the opinion of the Banking Ombudsman is necessary and is required for redressal of our complaint. (vi) I/We have noted the contents of the Banking Ombudsman Scheme, 2006.

Yours faithfully, (Signature of Complainant) NOMINATION – (If the complainant wants to nominate his representative to appear and make submissions on his behalf before the Banking Ombudsman or to the Office of the Banking Ombudsman, the following declaration should be submitted.) 30 I/We the above named complainant/s hereby nominate Shri/Smt.…………………………………………….. who is not an Advocate and whose address is ……………………………………………………………………… ……………………………… as my/our REPRESENTATIVE in all proceedings of this complaint and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/us. He/She has signed below in my presence. ACCEPTED (Signature of Representative) (Signature of Complainant) Note: If submitted online, the complaint need not be signed. 1. As amended vide latest notification

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AN EMPIRICAL ANALYSIS ON ASSET QUALITY OF PUBLIC SECTOR BANKS IN INDIA: NON- PERFORMING ASSETS TO ADVANCES

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ABSTRACT
The banking sector is the lifeline of any modern economy. It is one of the important financial pillars of the financial sector, which plays a vital role of functioning of an economy. Banks performance is reflected by its asset quality. Asset quality is one of the most critical factors in determining overall financial performance of a banks. Asset quality is related to the left-hand side of the bank balance sheet. The primary factors affecting overall asset quality is the quality of loan portfolio and credit administration process. The primary objective behind measuring assets quality is to ascertain the components of Non-performing Assets. This study analyse the asset quality of public sector banks in India.

KEYWORDS
asset quality, gross NPAs to gross advances, net NPAs to net advances.

INTRODUCTION
Asset quality is an important aspect of bank management entails the evaluation of a firm asset in order to facilitate the measurement of the level and size of credit risk associated with its operation. It relates to the left-hand side of a bank balance sheet and focused on the quality of loans which provides earnings for a bank. Asset quality and loan quality are two terms with basically the same meaning while its management is considered extremely important by the banking sector. According to the Basle Committee on Banking Supervision, the core principles for effective banking supervision comprised twenty-five core principles out of which seven are designed to address the relevant issues of bank asset quality or credit risk management (Basle, 1997). This implied that asset quality is of general concern to financial supervisory authorities in every country throughout the world. The following factors which influence the Bank's asset quality are:
The level, distribution, severity, and trend of problem, classified, nonaccrual, restructured, delinquent, and nonperforming assets for both on- and off-balance sheet transactions.
The adequacy of the Allowance for Loan and Lease Losses and other asset valuation reserves.
The credit risk arising from or reduced by off-balance sheet transactions, such as unfunded commitments, credit derivatives, commercial and standby letters of credit, and lines of credit.
The diversification and quality of the loan and investment portfolios.
The extent of securities underwriting activities and exposure to counter-parties in trading activities.
The existence of asset concentrations.
The adequacy of loan and investment policies, procedures, and practices
The adequacy of internal controls and management information systems.
The volume and nature of credit documentation exceptions.

NON-PERFORMING ASSETS
Non-performing assets are one of the important phenomena that have to properly follow by the banks, to maintain the growth of the banking activity. NPA's are an inevitable burden on a banking system. Banks need to observe their standard assets regularly in order to prevent any account becoming an NPA. Now way a days a good performance of any bank depends upon the proper maintenance of the NPAs and looking them within the control level. The Reserve Bank of India has issued a parameter for a bank regarding NPA that the interest and principal remind overdue beyond 90 days i.e. the term loan, cash credit, overdraft, bill purchase or discount are all classified as NPA.

NPA AS DEFINED BY RBI
(i) interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
(ii) the account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC),
(iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
(iv) the instalment of principal or interest there on remains overdue for two crop seasons for short duration crops,
(v) the instalment of principal or interest there on remains overdue for one crop season for long duration crops,
(vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
(vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

GROSS AND NET NPAs
Before measuring the asset Quality, it is essential to study the types of NPAs which are as follows:
(A) Gross NPA:
Gross NPAs are the sum total of all asset which are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made by banks. It consists of all the nonstandard assets like as Sub-standard, doubtful and loss assets.
(B)Net NPA:
Net NPAs are those type of NPAs in which the bank has deducted the provision regarding NPAs. Net NPA is obtained by reducing the provisions from Gross NPAs and shows the actual burden of banks. Since in India, bank balance sheets contain a huge amount of NPAs and the process of recovery and write off of loans is

very time consuming, the provisions the banks have to make against the NPAs according to the central bank guidelines, are quite significant. That is why the difference between gross and net NPA is quite high.

ASSET CLASSIFICATION

Banks are required to classify nonperforming assets further into the following three categories based on the period for which the asset has remained nonperforming and the realisability of the dues:

1. Substandard Assets
2. Doubtful Assets
3. Loss Assets

Substandard Assets

With effect from March 31, 2005, a substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. Such an asset will have well defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

Doubtful Assets

With effect from March 31, 2005, an asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, – on the basis of currently known facts, conditions and values – highly questionable and improbable.

Loss Assets

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

MACRO PERSPECTIVE BEHIND NPAs

A lot of practical problems have been found in Indian banks, especially in public sector banks. Poverty elevation programs like IRDP, RREP, SUME, SEPUP, JRY, PMRY etc., failed on various grounds in meeting their objectives. The huge amount of loan granted under these schemes were totally unrecoverable by banks due to political manipulation, misuse of funds and non-reliability of target audience of these sections. Loans given by banks are their assets and as the repayment of several of the loans were poor, the quality of these assets were steadily deteriorating. Loan proposal evaluations were slack and as a result repayment were very poor. There are several reasons for an account becoming NPA. Such as Internal factors and External factors

INTERNAL FACTORS

1. Funds borrowed for a particular purpose but not use for the said purpose.
2. Project not completed in time.
3. Poor recovery of receivables.
4. Excess capacities created on non-economic costs.
5. In-ability of the corporate to raise capital through the issue of equity or other debt instrument from capital markets.
6. Business failures.
7. Diversion of funds for expansion\modernization\setting up new projects\ helping or promoting sister concerns.
8. Wilful defaults, siphoning of funds, fraud, disputes, management disputes, mis-appropriation etc.,
9. Deficiencies on the part of the banks viz. in credit appraisal, monitoring and follow-ups, delay in settlement of payments\ subsidiaries by government bodies etc.,

EXTERNAL FACTORS

1. Sluggish legal system
2. Scarcity of raw material, power and other resources.
3. Industrial recession.
4. Shortage of raw material, raw material\input price escalation, power shortage, industrial recession, excess capacity, natural calamities like floods, accidents.
5. Failures, non payment\ over dues in other countries, recession in other countries, externalization problems, adverse exchange rates etc.
6. Government policies like excise duty changes, Import duty changes etc.,

REVIEW OF LITERATURE

Prashanth K. Reddy (2002) had mentioned that financial sector reform in India has progressed rapidly on aspect like interest rate deregulation, reduction in reserve requirements, barriers to entry, prudential norms and risk-based supervision. It further looks into the effect of the reforms on the level of NPAs and suggest mechanisms to handle the problem by drawing on experiences from other countries.

Bhatia (2007) had pointed out that the NPAs are considered as an important parameter to judge the performance and financial health of banks. The level of NPAs is one of the drivers of financial stability and growth of the banking sector.

Das S (2007) had recommended that expansion of credit is a must for a country like India. It was found that high credit growth may lead to high NPAs. The paper also mentioned that the effective and regular follow-up of the credit sanctioned is necessary to ascertain any embezzlement or diversion of funds.

Suresh Kumar (2014) had viewed that NPAs have always been a big worry for the banks in India. To improve the efficiency and profitability of the banks, the NPAs have to be controlled. Required orientation towards proper handling of NPAs should be given to the bank staff by formal training. After the loan disbursement, proper follow-up strategy should also be prepared.

Vighneswara Swamy (2015) had suggested that better credit management practices need to be taken up for bank lending to adverse effect of NPAs.

Chilkuri SS (2016) had mentioned that to reduce the NPAs, bank should frequently review the outstanding advances, Wilful defaulters and take timely measures to cut down the rise in NPAs which will improve the asset quality of banks.

Vivek Rajbahadur Singh (2016) had observed that the Non-Performing Assets have always created a big problem for the banks in India. It is just not only problem for the banks but for the economy too. The money locked up in NPAs has a direct impact on profitability of the bank and study shows that extent of NPA is comparatively very high in public sectors banks.

OBJECTIVES OF STUDY

1. To Study the NPAs in Public Sector Banks in India.
2. To Study the trend level of NPAs in Public Sector Banks in India.

RESEARCH METHODOLOGY

The Secondary data were extensively used. The secondary data were collected from various published sources such as annual reports of RBI, relevant Journals and search engines.

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TABLE NO 1.1: GROSS ADVANCES AND GROSS NPAs OF PSBs (Amount in Rupees Billion)

Year	Gross Advances	Gross NPAs (Amount)	Gross NPAs as Percentage of Gross Advances
2007-2008	18190.74	404.52	2.2
2008-2009	22834.73	449.57	2.0
2009-2010	27334.58	599.26	2.2
2010-2011	30798.04	746.00	2.4
2011-2012	35503.89	1178.39	3.3
2012-2013	45601.69	1656.06	3.6
2013-2014	52159.20	2272.64	4.4
2014-2015	51667.18	2784.68	5.0

Source: dbie.rbi.org.in

The above table depicts the amount of Gross Advances, Gross NPA and the percentage of Gross NPA during the period of 2007-08 to 2014-15. The amount of advances has increased from Rs. 18190.74 Billion in 2007-08 to Rs. 51667.18 Billion in 2014-15. The amount of gross NPA has increased from Rs. 404.52 billion in 2007-08 to Rs. 2784.68 billion in 2014-15. Similarly, NPA percentage is also showing the rising trend from 2.0 in 2007 to 5.0 in 2015.

TABLE NO. 1.2: NET ADVANCES AND NET NPAs OF PSBs (Amount in Rupees Billion)

Year	Net Advances	Net NPAs (Amount)	Net NPAs as Percentage of Net Advances
2007-2008	17974.01	178.326	1.0
2008-2009	22592.12	211.05	0.9
2009-2010	27013.00	293.75	1.1
2010-2011	33056.32	360.00	1.2
2011-2012	38773.08	593.91	1.5
2012-2013	44728.45	900.37	2.0
2013-2014	51011.37	1306.35	2.6
2014-2015	54762.50	1602.08	2.9

Source: dbie.rbi.org.in

The above table depicts the amount of Net Advances, Net NPA and the percentage of Net NPA during the period of 2007-08 to 2014-15. The amount of advances has increased from Rs. 17974.01 Billion in 2007-08 to Rs. 54762.50 Billion in 2014-15. Further the amount of Net NPA has increased from 178.326 billion in 2007-08 to Rs. 1602.08 billion in 2014-15. Similarly, Net NPA percentage is also showing the rising trend from 1.0 in 2007 to 2.9 in 2015.

FIGURE 1: PUBLIC SECTOR BANKS (GROSS AND NET NPAs)
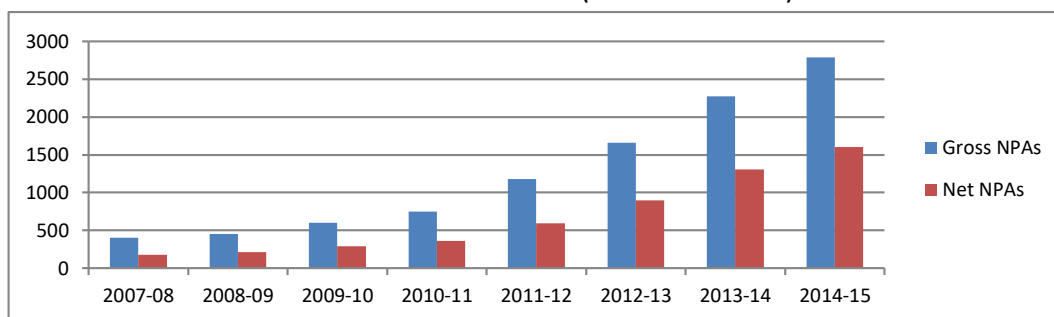
The above figure shows the trend of Gross NPA and Net NPA in billion for the period of 8 years starting from 2007-08 to 2014-15. The X-axis represent the years whereas Y-axis represent the amount of NPA. We can observe here that the Gross NPA and Net amount of PA has been showing an upward trend beginning from 2007-08 to 2014-15.

FIGURE 2: GROSS AND NET NPAs PERCENTAGE
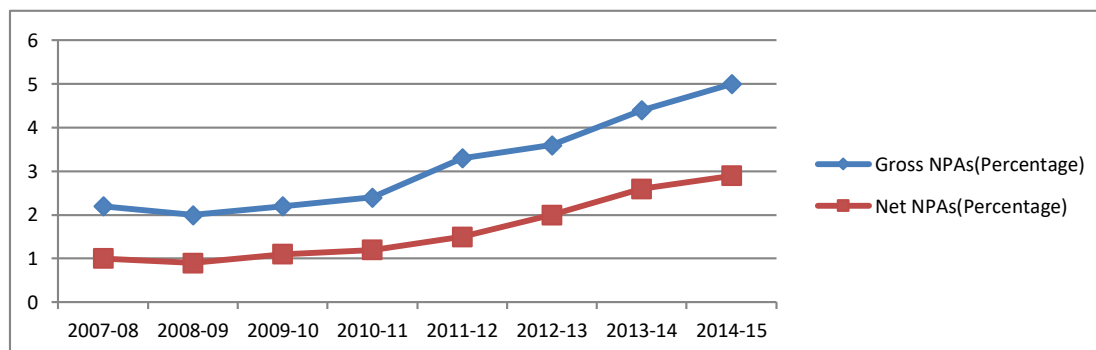
The above figure portrays the trend of Gross NPA and Net NPA in percentage for the period of 8 years starting from 2007-08 to 2014-15. The X-axis represent the years whereas Y-axis represent the percentage of NPA. We can observe here that the Gross and Net percentage of NPA has been showing an upward trend beginning from 2007-08 to 2014-15.

CONCLUSION

Asset quality is one of the important parameter which indicates operational efficiency of the banks; therefore, there is a need of managing assets quality in a bank become mandatory in all commercial banks. Asset quality is highly depending on priority sector lending which are resulting more nonperforming assets. In order to reduce NPA and improve the asset quality banks should develop efficient credit management system and also revamping the corporate debt restructuring (CDR) mechanism, creating a special resolution mechanism for the infrastructure sector, setting up a National Asset Management Company, liberalising norms to raise capitalisation of asset reconstruction companies, and improving the effectiveness of the insolvency regime. Hence, it is concluded that managing or maintaining asset quality in commercial banks are very essential to produce better result of the banks.

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EVALUATION OF FINANCIAL SOUNDNESS INDICATORS OF INDIAN LIFE INSURANCE INDUSTRY: LIC OF INDIA Vs. PRIVATE LIFE INSURANCE COMPANIES

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ABSTRACT

In the liberalized competitive landscape life insurers are exposed to the risk; this risk was classified in to the three categories namely (1) Technical Risk (2) Investment (Asset) Risk and Other Risk, these risks are considered to be a potential failure of financial system in the insurance sector. Therefore, financial stability is bearing a great concern in respect of financial soundness. Present study aims at the measuring financial soundness of the Indian life insurers (LIC of India and Private Life Insurance Companies (PLIC)) with the help of ratio analysis based on the CARAMEL framework. Financial Soundness indicators indicate the magnificent growth of the Indian life insurance industry. Since LIC of India was found sounder than the PLIC in respect of CARAMEL framework; however, there was a slower growth and some of the indicators such as Management Efficiency_1 shows decreasing trend in respect of financial soundness of LIC of India, on the other side PLIC have improved their position in area of cost effectiveness. It was also observed that PLIC shows improvement and increasing trend in the key areas of financial soundness such as Asset Quality and Cap_Ad_3 (Solvency Margin). This scenario alarms the future challenges to LIC of India and quote for the stiff competition from the PLIC in the coming days.

KEYWORDS
lic of india, insurance companies, financial ratios, financial soundness indicators.

JFL CLASSIFICATION
G22, G32.

1.   INTRODUCTION

Insurance is a one of the strong pillars of the country's economy; it is a very useful tool to mobilize domestic saving on the large scale and it works as a lubricant that comprehends a smooth and efficient functioning of the financial activities. It generates huge long term capital that facilitates the financial stability in the national economy in turn it positively influences economic growth. Therefore, the robustness of the insurance sector is a mandatory for the economic growth and development. Robustness of the insurance sector can be termed as a financial soundness of the insurers that ensures the financial stability. There is a substantial amount of debate regarding strong macroeconomic fundamentals and financial stability nexus. Some of them have argued that the strong macroeconomic fundamental does always not guarantee a financial stability in the economy. Therefore, it was argued in the study of Rana Hasan that even if macroeconomic fundamentals show no vulnerability, it is still important to monitor financial soundness (Rana Hasan, 2015). Thus, Evaluating Financial Soundness of insurers by assessing their strength and weaknesses based on the financial performance of the insurers become inevitable.

Asian currency and financial crises in the year 1997, particularly in south East Asian countries and Korea laid a foundation for the Financial Stability Assessment Programme (FSAP) that was resulted in the development of Macro Prudential Indicators (MPI); later in the September 1999 MPIs were termed as FSIs (Financial Soundness Indicators). Six criterions consist of 39 indicators were introduced in consultation with the expert group of the World Bank. In the year 2006, the International Monetary Fund (IMF) defined the FSIs to examine health and stability of financial systems in the compilation guide that provides a conceptual framework, concept and definition. However, the global financial and economic crisis in the year 2008 paved a way for the amendments in the criterion and the CAMELS [(C)apital adequacy; (A)ssets Quality; (M)anagement Capability; (E)arnings; (L)iquidity (also called asset liability management; (S)ensitivity (sensitivity to market risk, especially interest rate risk)]. Framework was introduced in the year 2009.

In the liberalized competitive landscape life insurers are exposed to the risk; Das et al classified this risk in to the three categories namely (1) Technical Risk (2) Investment (Asset) Risk and Other Risk, these risks are considered to be a potential source of failure of financial system in the insurance sector. Therefore, precisely the measuring financial soundness of insurance sector the CARAMEL framework [(C)apital adequacy; (A)ssets Quality; (R)isk Insurance and (A)ctuarial issues (M)anagement Efficiency; (E)arning and Profitability; (L)iquidity] was revealed in the working paper presented by Das et al (Das et al, 2003); this framework was an extension of the CAMELS model. Present study aims at the measuring financial soundness of Indian life insurers with the help of ratio analysis based on the CARAMEL framework.

2.   LITERATURE REVIEW

Rana Hasan pointed out that since the outbreaks of the Asian financial crisis in the late 1990s and the global financial turmoil in 2008, assessing the strengths and weaknesses of a financial sector based on a set of financial indicators has increasingly become important (Rana Hasan, 2015). Stephen enumerated the number of risks that an insurance company faces such as Underwriting Risk, Product Design and Pricing Risk, Actuarial Risk, Operational Risk, Management Risk, Liquidity Risk, Insolvency Risk, Reinsurance Risk, Regulatory Risk, Interest Rate Risk, Foreign Exchange Risk and Credit Risk in conducting its business. It was also stated that many insurance supervisors use a CARAMELS framework to assist their off-site analysts and on-site examiners in assessing and evaluating the risks run by insurance companies (Stephen Rossiter, 2016). Moorhouse provided some background to the IMF's FSI programme that explains how it links in with other international surveillance work and provides some detail about the data requested. (Andrew Moorhouse, 2004). Das et al observed recent changes in the Indian insurance industry due to the Liberalization, Privatization and Globalization (LPG) in name of economic reforms. They argued that impact of liberalization cannot be measured without reviewing the role of insurers in the economy and the threat they face; it leads to understand the implications in respect of financial soundness and stability of insurance sector. Das et al observed one of the recent changes in the insurance sector in form of the increased financial vulnerability as a potential source of failure of financial system. Further they have observed the systematic implications and presented selected financial soundness indicators (FSI) within the frame work of CARAMELS (**C**apital Adequacy, **A**sset Quality, **R**einsurance and **A**ctuarial issues, **M**anagement Soundness, **E**arnings and Profitability, and **S**ensitivity to Market Risk). They argued that recent life insurance failures occurred after financial deregulation, economic expansion and a large price fluctuation. Financial deregulation caused insurance companies to employ more bank type products to compete with other financial institutions. The Economic expansion led insurers to invest in risky assets such as real assets and junk bonds. The resulting maturity mismatch between assets and liabilities and illiquidity of assets made insurers vulnerable to economic shocks including large price fluctuations. In addition, cross-share holdings between banks and insurance companies and close business relationship between the two industries increased the risk of contagion (Das et al, 2003). Smajla argued that the insurance companies are exposed to different types of risk by doing their core business, starting from underwriting risks that are accepted from insurers, through investment risks to the non-technical risks such as management risk, business risk and legal risk. The main task of evaluating financial soundness of insurance sector is therefore to explore risks to which insurers are exposed and to find a way to manage them (Nikolina Smajla, 2014). Armida and Andreas viewed FSIs as aggregate measures of the current financial health and soundness of the financial institutions in a country and of their corporate and household counterparts. Further The FSI project grew out of the need for better data and tools to monitor financial risks and vulnerabilities of national financial systems (Armida San Jose and Andreas Georgiou, 2015). Natalja and Zoja pointed

out that Comparing actual and sufficient value of analyzed indicators of financial soundness, it is possible to approve, that both excess, and decrease of actual values against sufficient value has certain negative consequences. Thus, the growth of financial stability at the expense of the growth of owner equity should not take place uncontrolled because due to the growth of the share of owner equity its profitability may decrease, i.e., profit per unit of owner equity decreases. Further they stated that concerning liquidity two situations are possible: 1) actual values do not reach a sufficient value then the enterprises should pay attention on ability to cover short-term liabilities; 2) actual values considerably exceed a sufficient value, it testifies to inefficient use of means, freezing means in in-ventures or granting a loan to buyers. In this case use of term "sufficient" is correct. Therefore For the analysis of dynamics of financial stability the ratio of actual level of financial coefficient to sufficient should be calculated (Natalja Lace and Zoja Sundukova, 2010). Joo observed the analysis of solvency margins highlights the upper hand of public insurers over the private insurers that reflect a comparatively good financial strength for public insurers. However it was argued that the use of financial ratios and multiple regressions to see the impact of increasing financial performance on insurers' solvency does not support the fact that there is negative impact on the non-life segments of the insurance industry (Bashir Ahmad Joo, 2013). Ansari and Fola's Statistical test based on CARAMEL model indicate that; there was a significance difference between capital adequacy, asset quality, management efficiency, earnings & profitability and liquidity positions in private and public life insurance (Valeed Ansari and Wubshet Fola, 2014). Jena observed LIC's liquid ratio too high and LIC has invested more out of its internal equities than the external equities; on other side ICICI prudential, SBI, Birla Sun life and HDFC Standard life insurance Company's current ratio of various years were not satis-factory (Artta Bandhu Jena, 2014). Statistical results of the study carried away by Dar and Bhat reveal that there was a significant difference between capital adequacy, earnings and profitability and liquidity position in selected public and private life insurers. The overall results reveal that the capital adequacy level of selected private life insurers was far better than the mean capital adequacy level of public life insurer. However, in terms of earnings and profitability, the public life insurers have outperformed the private life insurers during the period under review. Further, it was also concluded that compared to private life insurers, public life insurers possess higher degree of liquidity during the period under review (Showket Ahmad Dar and Javaid Ahmad Bhat, 2015). Bava and Chattha indicate that public sector player LIC has sound liquidity position among all life insurers. So far as PLIC are concerned Companies like Future Generali, IDBI, Sahara, Shri Ram and SBI life have sound liquidity position. In case of solvency position, life insurers like Aviva, Bajaj Allianz, IDBI, Max Life, Sahara and SBI life insurance have higher solvency ratio as compared to others. Public life insurers were showing stability in its solvency position in five years. Measures of return on asset of Bajaj Allianz and ICICI prudential were sound good. The ratio was stable and presents a healthy picture of public insurer. So far as leverage analysis is concerned the performance of LIC was far better than that of private players (Sumninder Kaur Bawa & Samiya Chattha, 2013). It was concluded in the Dey et al's regression analysis that there was significant positive relationship of underwriting risk and size with financial performance (ROE) of life insurance companies in India under the study. It was also found that there was a significant negative relationship between volume of capital and leverage with ROE. Finally insignificant positive relationship of tangibility and liquidity with ROE was revealed (Dey et al, 2015). Wani and Dar concluded that capital management risk, solvency risk, liquidity risk and size of company were most important determinants of financial performance of life insurance companies in India. These microeconomic variables have a profound impact on the financial performance of life insurance companies in India. On the other hand, underwriting risk was found to have statistically insignificant relationship with financial performance of life insurance companies (Wani and Dar, 2015).

3.   CARAMEL FRAMEWORK
It is utmost essential to evaluate financial position and performance of Indian life insurers to study the Impact of liberalization on Indian life insurance industry. Das et al (Das et al, 2003) suggested two set of insurance Financial Soundness Indicators (FSI); Core set and Encouraged Set.

TABLE 1.0: INSURANCE FINANCIAL SOUNDNESS INDICATORS: CARAMEL FRAMEWORK

Category	Financial Soundness Indicators	
	Core Set	**Encouraged Set**
Capital adequacy	Capital/Total Assets	Solvency Ratio
	Capital/Technical Reserves	
Asset Quality	Equities/Total Assets	
Reinsurance and Actuarial Issues	Net Premium/Gross Premium	
Management Soundness	First Year Premiums/ Gross Premium	Operating Expenses/ Gross Premiums
Earnings and profitability	Return on equity (ROE) = Net Income to Equity	Return on Asset (ROA) = Net Income to Total Asset
Liquidity	Current Asset to Current Liability	

Source: Udaibir R Das, Nigel Davies and Richard Podpiera (2003): Insurance and Issues in Financial Soundness, IMF Working Paper No. 3/138, Compiled From p. 28 and p. 37

This study reveals analysis based on the CARAMEL framework suggested by Das et al. Various results has been found as follows.

4.   RESEARCH METHODOLOGY
4.1   PURPOSE OF THE STUDY
In the liberalized competitive landscape life insurers are exposed to the risks which are considered to be a potential source of failure of financial system in the insurance sector. Therefore, financial vulnerability is bearing a great concern in respect of financial soundness. Present study aims at the measuring financial soundness of the Indian life insurers (LIC of India (LIC) and Private Life Insurance Companies (PLIC)) with the help of ratio analysis based on the CARAMEL frame-work.
4.2   THE OMNIBUS NULL HYPOTHESIS
Examining the Financial Soundness Indicators based on the CARAMEL framework that might not differentiate between LIC and PLIC and assumes that the mean of two paired samples of FSI (LIC and PLIC) are equal ($\mu d = 0$)
4.3   RESEARCH DESIGN
The research design for this study is a descriptive in nature, followed a ratio analysis based on the CARAMEL Framework suggested by the International Monitory Fund.
Secondary data i.e. year wise financial performance statistics of the LIC and PLIC from the year 2005 to 2015 obtained, compiled and tabulated from the respective year's IRDA annual reports;
Paired Samples t test was conducted to test null hypothesis that assumes that the mean of two paired samples are equal

5.   DATA ANALYSIS
A paired-samples t-test was conducted to compare financial soundness of the Indian life insurers**.** Table – 2 reveals pair wise results of FSIs in two conditions LIC and PLIC.

TABLE 2: PAIRED SAMPLES TEST STATISTICS FOR FSI (CARAMEL) IN LIC AND PLIC

		Paired Samples Statistics (N = 11)		Paired Sample Test (df# 10)				
		Mean	SD*	Mean	SD	SE**	t	Sig.
Pair - 1	CapAd-1_LIC	0.0004	.00005	-0.152	0.059	0.018	-8.531	0.000
	CapAd-1_PLIC	0.1518	0.0589					
Pair - 2	CapAd-2_LIC	1.1054	0.1164	-5.106	6.208	1.872	-2.788	0.021
	CapAd-2_PLIC	6.2109	6.1565					
Pair-3	CapAd-3_LIC	1.4918	0.0958	-1.609	0.506	0.153	-10.55	0.000
	CapAd-3_PLIC	3.1009	0.5745					
Pair - 4	AQ_LIC	.00003	.00003	-0.123	0.079	0.024	-5.156	0.000
	AQ_PLIC	0.1233	0.0793					
Pair -5	RR_LIC	0.9995	0.0002	0.023	0.049	0.015	1.558	0.150
	RR_PLIC	0.9765	0.0489					
Pair -6	ME-1_LIC	0.0724	0.0131	0.142	0.048	0.014	-9.839	0.000
	ME-1_PLIC	0.2140	0.0391					
Pair -7	ME-2_LIC	0.3738	0.0487	-0.144	0.167	0.051	-2.851	0.017
	ME-2_PLIC	0.5177	0.1439					
Pair -8	ROE_LIC	97.207	82.07	97.25	82.27	24.81	3.920	0.003
	ROE_PLIC	-0.0429	0.231					
Pair -9	ROA_LIC	0.0011	0.0002	0.017	0.030	0.009	1.872	0.091
	ROA_PLIC	-0.0157	0.0295					
Pair -10	LiQ_LIC	3.3585	2.086	2.499	1.993	0.601	4.158	0.002
	LiQ_PLIC	0.8596	0.1445					

*SD = Standard Deviation **SE = Standard Error of Mean #df = Degree of Freedom
The results indicate that there was a statistically significant difference between LIC and PLIC conditions of FSI in respect of all the pairs except pair – 5 and pair - 9.

6. RESULTS AND DISCUSSION
6.1 Capital Adequacy Ratio (Pair -1, 2 & 3)
It was revealed in the CARAMEL framework that there are three measures of capital adequacy as an indicator of financial soundness; CapAd-1 (Capital to Total Assets), CapAd-2 (Capital to Reserves) and CapAd-3 (Solvency margin).
6.1.1 Pair – 1: CapAd - 1 (Capital to Total Assets)
Capital adequacy is considered as the key indicator of an insurer's financial soundness; prudential standards recognize the importance of adequate capitalization with solvency as key focus area of insurance supervision (Das et al, 2003).
CapAd-1 was calculated and tabulated as shown in Table – A1 (Annexure – 1) that reveals year wise position of capital adequacy of LIC and PLIC;
Table – 2 reveal scores of a paired-samples t-test for the comparison of CapAd-1 as financial soundness indicator of the Indian life insurers in LIC and PLIC
There was significant difference in the scores for PLIC (M=.15181, SD=.0589) and LIC (M=.00035, SD=.00005) conditions; t (11) = -8.531, p = 0.000.
Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC that indicates efficient use and investment of capital to create greater asset base. Therefore, it was concluded that LIC achieved best results in terms of CapAd-1 ratio than the PLIC. Data reveals that LIC shows steady growth in the total asset base; however, PLIC have enrolled significant growth in their total asset base.
6.1.2 Pair – 2: CapAd - 2 (Capital to Reserves)
Another way to measure capital adequacy is to calculate a ratio of capital to total asset and a ratio of capital to technical reserves.
Year wise CapAd-2 was calculated and tabulated as shown in Table – A2 (Annexure – 1) that reveals year wise position of Capital to Reserves of LIC and PLIC;
Table – 2 reveals scores of a paired-samples *t* - test for the comparison of CapAd-2 in LIC and PLIC.
There was a significant difference in the scores for PLIC (M=6.2109, SD=6.1565) and LIC (M=1.1054, SD=.11644) conditions; *t* (10) = -2.788, *p* = 0.021.
Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC indicates that the LIC was better in holding comparatively higher reserves than PLIC. Therefore, it was concluded that LIC achieved best results in terms of CapAd-2 ratio than the PLIC; however, the trends shows a significant improvement in CapAd-2 ratio in respect of PLIC.
6.1.3 Pair – 3: CapAd-3 (Solvency Margin)
The solvency margin is the size of capital of insurance companies to meet potential financial obligations. IRDA has made it mandatory for the insurance companies to maintain minimum solvency margin in ratio of 1.5 (not less than).
Table – A3 (Annexure – 1) that reveals year wise position of solvency margin of LIC and PLIC;
Table – 2 reveal scores of a paired-samples *t* - test for the comparison of CapAd-3 (Solvency Margin) in LIC and PLIC.
There was a significant difference in the scores for PLIC (M=3.101, SD=.575) and LIC (M=1.492, SD=.096) conditions; *t* (10) = -10.545, *p* = 0.000.
Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC indicates that the PLIC was better in holding comparatively higher solvency margin than LIC. LIC has maintained solvency ratio near by the statutory requirement prescribed by IRDA; Peer average i.e. PLIC enrolled a steady growth and strong position in maintaining solvency ratio.
6.2 Pair – 4: Asset Quality
Types of asset quality of investment portfolio determine the level of business risk of insurance companies. Equities to total asset indicate a quality of assets and it is a very important measure in credit rating and financial strength rating of insurance companies. Das et al indicated that equities to total assets ratio reveals the degree of insurer's exposure to stock market risk and fluctuations of the economy (Das et al, 2003).
Table – A4 (Annexure – 1) reveals year wise position of Asset Quality LIC and PLIC.
Table – 2 reveal scores of a paired-samples *t* - test for the comparison of Asset Quality in LIC and PLIC.
The results indicate that there was a significant difference in the scores for PLIC (M=.00003, SD=.00003) and LIC (M=.123, SD=.079) conditions; *t* (10) = -5.156, *p* = 0.000.
Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC. Lower mean indicates better asset quality; just like as CapAd-1 it reveals that the proportionately less amount invested in the more risky (Equity) or less liquid (Real Estate) assets to find better match between the yield on assets and the long tail liabilities. Therefore, it was concluded that there was a best result achieved by LIC by lower ratios than the PLIC. It indicates proportionately larger amount is invested in the total asset than the equity; however, there was a continuous decrease in the asset quality ratio of PLIC. It indicates significant improvement in the asset quality of PLIC during the study period.
6.3 Pair – 5: Reinsurance and Actuarial Issues
Risk Retention Ratio as a measure of financial soundness of life insurance companies; it reveals the risk bearing capacity of the insurance companies. Risk Retention Ratio is purely a reinsurance and actuarial issue in which underwriting strategy of insurers can be viewed that how much degree of risk they retain and how much degree of risk they pass on to the reinsurers. Risk Retention Ratio is a ratio of net premium to gross premium.
Table - A5 (Annexure – 1) shows year wise Risk Retention position that uncovers a trend of risk bearing capacity of LIC and PLIC.

Table - 2 reveals scores of a paired-samples *t* - test for the comparison of Risk Retention Ratio in LIC and PLIC.

The results indicate the test scores for LIC (M=.9765, SD=.0489) and PLIC (M=.9995, SD=.0003) conditions; *t* (10) = 1.558, *p* =.150 indicates that There was no statistically significant difference between LIC and PLIC; Therefore, it was concluded that the differences between condition Means are likely due to chance and not likely due to the independent variable manipulation.

However, the positive score of *t* statistic suggests that the LIC had exhibited higher mean than the PLIC. The result indicates that the risk passed on to the reinsurers is very negligible in respect of Indian life insurers; however private insurers have shown better results achieved as compare to LIC; Data reveals decreasing trend of ratios that indicates better use of reinsurance services by PLIC.

6.4 Management Efficiency (Pair – 6 & 7)

Financial strength of the insurer can also be viewed in respect of practice of sound management system where efficiency of operations results in to a better performance. Das et al prescribed ratio of Operating Expenses to Gross Premiums as a core set of indicator and ratio of First year premium to Gross premium as encouraged set of indicator in respect of management efficiency. They are positively correlated with the sound management system.

6.4.1 Pair – 6: Management Efficiency_1 (Operating Expenses to Gross Premiums)

Table - A6 (Annexure - 1) reveals year wise operational efficiency and new business procurement capacity of LIC and PLIC and depicts a trend of management efficiency in LIC and PLIC.

Table – 2 reveal scores of a paired-samples *t* - test for the comparison of Management Efficiency_1 in LIC and PLIC conditions.

The results indicate that there was a significant difference in the scores for PLIC (M=.2140, SD=.0391) and LIC (M=.0724, SD=.0131) conditions; *t* (10) = -9.839, *p* =.000.

Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC. There were the best results for LIC in terms of management efficiency_1 that yields larger size of gross premiums at the cost of lower proportion of the operating expenses as compare to PLIC. However, the PLIC recorded improvement by exhibiting fluctuated and decreasing trend in the ratio of management efficiency_1. During the study period LIC witnessed a fluctuating trend in the ratio; however, the increasing trend was observed during the year 2013 to 2015 in respect of LIC. In contrast to LIC; PLIC exhibit decreasing trend during the year 2013 to 2015.

6.4.2 Pair – 7: Management Efficiency_2 (First Year's Premium to Total Premium)

Table - A7 (Annexure - 1) reveals Year wise operational efficiency and new business procurement capacity of LIC and PLIC that depicts a trend of management efficiency in LIC and PLIC.

Table – 2 reveal scores of a paired-samples *t* - test for the comparison of Management Efficiency_2 in LIC and PLIC conditions.

The results indicate that there was a significant difference in the scores for PLIC (M=.518, SD=.144) and LIC (M=.374, SD=.049) conditions; *t* (10) = -2.851, *p* =.017 Negative score of *t* statistic suggests that the LIC had exhibited lower mean than the PLIC. There were the best results for LIC in terms of management efficiency_1; Table - A7 Exhibit that LIC witnessed fluctuating but increasing trend in the ratio analysis during the study period. It indicates a positive growth of new business. PLIC witnessed fluctuating but decreasing trend in the ratio analysis during the study period. It indicates a negative growth of new business.

6.5 Earning and Profitability (Pair – 8 & 9)

As noted by readyratio.com **Profitability ratios** measure a company's ability to generate earnings relative to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to some metric, often the amount of money invested. They highlight how effectively the profitability of a company is being managed (readyratios.com, 2012). There are variety of ratios but as prescribed by Das et al through CARAMEL framework; Return on Equity (ROE) as a core set indicator whereas Return on Asset (ROA) prescribed as an encouraged set indicator of earning and profitability.

6.5.1 Pair – 8: Return on Equity (Net Income (Profit after Tax) to Equity)

Return on equity (ROE) is the amount of net income returned as a percentage of shareholder's equity. It reveals how much profit a company earned in comparison to the total amount of shareholder equity found on the balance sheet. ROE is calculated by dividing Net Income by Equity. It shows the company's ability to generate profits before leverage, rather than by using leverage (readyratios.com, 2012).

Table - A8 (Annexure – 1) shows Year Wise Return on Equity that indicates a trend of earning and profitability of LIC and PLIC.

Table – 2 reveals scores of a paired-samples *t* - test for the comparison of ROE in LIC and PLIC conditions.

The results indicate that there was a significant difference in the scores for LIC (M=97.21, SD=82.07) and PLIC (M=-.043, SD=.231) conditions; *t* (10) = 3.920, *p* =.003.

Positive score of *t* statistic suggests that the LIC had exhibited higher mean than the PLIC. There were the best results for LIC in terms of ROE. Table – A8 Exhibit continuous increasing trend of Return on Equity in respect of LIC. PLIC have recorded negative ROE during the study period 2005 to 2010, fluctuating but increasing trend was observed during the study period 2005 to 2013, PLIC exhibit decreasing trend during the year 2014 and 2015. Increasing trend in ROE depicts a growth of earning and profitability.

6.5.2 Pair – 9: Return on Asset (Net Income (Profit after Tax) to Total Assets)

Return on assets is a key profitability ratio which measures the amount of profit made by a company in relation to its overall resources (total assets). ROA measurements include all of a company's assets – including those which arise from liabilities to creditors as well as those which arise from contributions by investors. So, ROA gives an idea as to how efficiently management use company's assets to generate profit (readyratios.com, 2012). ROA is calculated by dividing Net Income by Total Assets.

Table – A9 (Annexure – 1) shows year wise Return on Asset that depicts a trend of earning and profitability of LIC and PLIC.

Table – 2 reveal scores of a paired-samples *t* - test for the comparison of ROA in LIC and PLIC conditions.

The results uncover the scores for LIC (M=.0011, SD=.0002) and PLIC (M=-.-.0157, SD=.0295) conditions; *t* (10) = 1.872, *p* =.091; indicates that there was no statistically significant difference between LIC and PLIC; Therefore, it was concluded that the differences between two condition Means are likely due to chance and not likely due to the independent variable manipulation.

Positive score of *t* statistic suggests that the LIC had exhibited higher mean than the PLIC. However, Table – A9 reveals ratio of Return on Assets; it exhibits satisfactory performance of LIC as well as Pvt. Players. LIC witnessed marginally decreasing trend whereas PLIC witnessed continuous increasing trend during the study period 2005 to 2013 thereafter there was a decrease in ROA.

6.6 Pair – 10: Liquidity Analysis

Liquidity ratios are the measure of liquidity position of business entity. There are number of ratios such as Current Ratio, Working Capital Ratio, Acid Test Ratio, Quick Ratio.....so on. Das et al prescribed current ratio as a core set indicator of financial soundness to measure liquidity position. As described by readyratio.com the current ratio indicates a company's ability to meet short-term debt obligations. The current ratio measures whether or not a firm has enough resources to pay its debts over the next 12 months. The current ratio can also give a sense of the efficiency of a company's operating cycle or its ability to turn its product into cash. The current ratio is calculated by dividing current assets by current liabilities. The higher the ratio, the more liquid the company is. Commonly acceptable current ratio is 2; it's a comfortable financial position for most enterprises (readyratios.com, 2012).

Table – A10 (Annexure – 1) shows year wise trend of liquidity position to measures an ability of LIC and PLIC to meet immediate financial obligations and short term commitments.

Table – 2 uncovers the scores of a paired-samples *t* - test for the comparison ROA in LIC and PLIC conditions.

The results reveal that there was a significant difference in the scores for LIC (M=3.386, SD=2.086) and PLIC (M=.860, SD=.145) conditions; *t* (10) = 4.158, *p* =.002. Positive score of *t* statistic suggests that the LIC had exhibited higher mean than the PLIC. There were the best results for LIC in terms of Liquidity. Table – A10 shows year wise liquidity position of LIC and PLIC. Rule of thumb in respect of current ratio is 1:1. The analysis indicates that LIC recorded increasing trend with strong liquidity position as compare to PLIC. PLIC recorded poor liquidity position with decreasing trend during the study period year 2005 to 2012 and it was remained below 1:1.

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7. CONCLUSION

Evaluation of financial performance of Indian life insurance sector by CARAMEL Parameters depicts a story of growth and development of Indian life insurance sector in post liberalization landscape. The results of analytical ratios and empirical examination by paired samples *t* test were revealed that LIC has achieved better results than the PLIC; the financial soundness indicators such as capital adequacy, asset quality, management efficiency, profitability and liquidity position shows that LIC was found more financially sound than the PLIC. It was concluded that

- LIC uses and invests capital efficiently to create greater asset base that leads to steady growth in the total asset base. (Capital Adequacy_1).
- LIC kept relatively higher reserve that indicates LIC's ability to meet long tail liabilities such as future claims (Capital Adequacy_2).
- LIC Found better match between the yield on asset and long tail liabilities that reveals LIC's strength to efficiently manage market risk and fluctuations of the economy (Asset Quality)
- LIC achieved Cost effectiveness in respect of operating expenses that results into a better performance (Management Efficiency_1)
- LIC yielded positive new business growth (Management Efficiency_2)
- LIC yielded better Return on Equity (Profitability) and it shows LIC's ability to generate profits before leverage, rather than by using leverage
- LIC achieved strong Liquidity Position and it indicates LIC's ability to meet short-term debt obligations.

However, the analysis suggests that there was improvement in the financial soundness of the PLIC; it enumerates some of the potentials for the PLIC in the Indian Life Insurance Industry.

- PLIC were found better in solvency margin;
- PLIC have recorded satisfactory improvement in area of Capital Adequacy and Asset Quality;
- PLIC exposed to overall unsatisfactory performance in area of new business growth & cost effectiveness (Management Efficiency_1), Return on Equity (Profitability) and liquidity position.

LIC recorded improvement in Return on Assets; but in last three years of the study period its cost effectiveness in respect of operating expenses affected adversely; therefore, LIC recorded unsatisfactory performance in the area of Management Efficiency_1. On the other hand, PLIC have improved their position in area of cost effectiveness.

Financial Soundness indicators indicate the magnificent growth of the Indian life insurance industry. Since LIC was found sounder than the PLIC; however, there was a slower growth and some of the indicators shows decreasing trend in respect of financial soundness of LIC. On the other side PLIC shows improvement and increasing trend in the key areas of financial soundness. This scenario alarms the future challenges to LIC and indicates the stiff competition from the PLIC in the coming days.

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ANNEXURE

ANNEXURE – 1: YEAR WISE FINANCIAL PERFORMANCE STATISTICS OF THE LIC OF INDIA AND PLIC

TABLE A1: CAPITAL ADEQUACY_1 INDICATOR – CAPITAL TO TOTAL ASSETS (AMOUNT IN '000)

Year Ended	LIC of India			PLIC			Industry Total		
	Capital	Total Asset	Ratio	Capital	Total Asset	Ratio	Capital	Total Asset	Ratio
2005	1371889	4169103587	0.000329	36701733	136530134	0.268818	38073622	4305633721	0.008843
2006	1769985	5313903529	0.000333	64408268	289104230	0.222786	66178253	5603007759	0.011811
2007	2928099	6259569888	0.000468	96972897	530485105	0.182800	99900996	6790054993	0.014713
2008	3078461	7769049378	0.000396	172280358	1012086946	0.170223	175358819	8781136324	0.019970
2009	3360791	8412728692	0.000399	250585859	1348050569	0.185888	253946650	9760779261	0.026017
2010	3658732	11174161779	0.000327	293829588	2394407754	0.122715	297488320	13568569533	0.021925
2011	4037360	12821285784	0.000315	335303828	3015683197	0.111187	339341188	15836968981	0.021427
2012	5305679	13801166227	0.000384	376436342	3313653515	0.113602	381742021	17114819742	0.022305
2013	5154706	15230711834	0.000338	385639401	3593370159	0.107320	390794107	18824081993	0.020760
2014	5385953	17244575591	0.000312	431048881	3998143731	0.107812	436434834	21242719322	0.020545
2015	5625442	19920785179	0.000282	364223972	4745236175	0.076756	369849414	246660,21,354	0.014994

Source: Data pertaining to Capital and Total Assets compiled from **Public Disclosures in Life Insurers' website and IRDA Annual Reports**

TABLE A2: CAPITAL ADEQUACY_2 INDICATORS – CAPITAL TO RESERVES (Amount in '000)

Year Ended	LIC of India			PLIC			Industry Total		
	Capital	Reserve	Ratio	Capital	Reserve	Ratio	Capital	Reserve	Ratio
2005	1371889	13,21,889	1.037825	36701733	17,65,928	20.783256	38073622	30,87,817	12.330272
2006	1769985	17,19,985	1.029070	64408268	41,60,343	15.481480	66178253	58,80,328	11.254177
2007	2928099	28,78,099	1.017373	96972897	138,78,430	6.987310	99900996	167,56,529	5.961915
2008	3078461	30,28,461	1.016510	172280358	413,97,806	4.161582	175358819	444,26,267	3.947188
2009	3360791	33,10,791	1.015102	250585859	646,46,883	3.876225	253946650	679,57,674	3.736836
2010	3658732	36,08,732	1.013855	293829588	782,21,476	3.756380	297488320	818,30,208	3.635434
2011	4037360	39,50,598	1.021962	335303828	969,55,453	3.458329	339341188	1009,06,051	3.362942
2012	5305679	42,72,260	1.241890	376436342	1256,12,531	2.996806	381742021	1298,84,791	2.939082
2013	5154706	40,75,719	1.264735	385639401	1699,19,685	2.269539	390794107	1739,95,404	2.246002
2014	5385953	43,00,037	1.252536	431048881	1968,19,685	2.190070	436434834	2011,19,722	2.170025
2015	5625442	45,07,114	1.248125	364223972	1968,28,959	2.358515	369849414	2013,36,073	2.333657

Source: Data pertaining to Capital and Reserve compiled from **Public Disclosures in Life Insurers' website and IRDA Annual Reports**

TABLE A3: CAPITAL ADEQUACY_3 INDICATORS – SOLVENCY RATIO

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
LIC	1.30	1.50	1.52	1.54	1.54	1.54	1.54	1.54	1.54	1.55
Private	2.31	2.57	2.68	3.04	2.99	3.43	3.87	3.55	3.65	3.71
Industry	1.81	2.04	2.10	2.29	2.27	2.49	2.71	2.55	2.60	2.63

Source: Data pertaining to Solvency compiled from **Public Disclosures (Form No. L - 32) in Life Insurers' website and IRDA Annual Reports**

TABLE A4: ASSET QUALITY INDICATORS - EQUITY TO TOTAL ASSET (Amount in '000)

Year Ended	LIC of India			PLIC			Industry Total		
	Equity	Total Asset	Ratio	Equity	Total Asset	Ratio	Equity	Total Asset	Ratio
2005	50000	4169103587	0.000012	434,54,100	136530134	0.3183	435,04,100	4305633721	0.0101
2006	50000	5313903529	0.000012	588,57,200	289104230	0.2036	589,07,200	5603007759	0.0105
2007	50000	6259569888	0.000008	811,85,200	530485105	0.1530	812,35,200	6790054993	0.0120
2008	50000	7769049378	0.000006	1238,95,400	1012086946	0.1224	1239,45,400	8781136324	0.0141
2009	50000	8412728692	0.000006	1824,91,800	1348050569	0.1354	1825,41,800	9760779261	0.0187
2010	50000	11174161779	0.000004	2038,24,300	2394407754	0.0851	2038,74,300	13568569533	0.0150
2011	1000000	12821285784	0.00008	2365,70,135	3015683197	0.0784	2375,70,135	15836968981	0.0150
2012	1000000	13801166227	0.00007	2483,13,735	3313653515	0.0749	2493,13,735	17114819742	0.0146
2013	1000000	15230711834	0.00007	2340,74,046	3593370159	0.0651	2350,74,046	18824081993	0.0125
2014	1000000	17244575591	0.00006	2583,81,773	3998143731	0.0646	2593,81,773	21242719322	0.0122
2015	1000000	19920785179	0.00005	2613,95,574	4745236175	0.0551	2623,95,574	246660,21,354	0.0106

Source: Data pertaining to Equity and Total Assets compiled from **Public Disclosures (Form No. L – 3A BS) in respective Life Insurers' website and IRDA Annual Reports**

TABLE A5: RISK RETENTION INDICATORS – NP* TO TP (Amount in Crore)**

Year Ended	LIC of India			PLIC			Industry Total		
	NP	TP	Ratio	NP	TP	Ratio	NP	TP	Ratio
2005	75,122.07	75,127.29	0.9999	6,412.56	7727.51	0.8298	81,534.63	82,854.80	0.9841
2006	90,759.20	90,792.22	0.9996	14,977.81	15083.54	0.9930	1,05,737.01	1,05,875.76	0.9987
2007	1,27,782.26	1,27,822.84	0.9997	28,039.42	28242.48	0.9928	1,55,821.68	1,56,065.32	0.9984
2008	1,49,705.59	1,49,789.99	0.9994	51,315.14	51561.42	0.9952	2,01,020.73	2,01,351.41	0.9984
2009	1,57,186.55	1,57,288.04	0.9994	64,069.89	64497.43	0.9934	2,21,256.44	2,21,785.47	0.9976
2010	1,85,985.91	1,86,077.31	0.9995	78,962.78	79373.06	0.9948	2,64,948.70	2,65,450.37	0.9981
2011	2,03,358.05	2,03,473.40	0.9994	87,634.26	88165.24	0.9940	2,90,992.30	2,91,638.64	0.9978
2012	2,02,802.90	2,02,889.28	0.9996	83,501.33	84182.83	0.9919	2,86,304.23	2,87,072.11	0.9973
2013	2,08,589.72	2,08,803.58	0.9990	77,576.81	78398.81	0.9895	2,86,166.53	2,87,202.49	0.9964
2014	2,36,798.07	2,36,942.30	0.9994	76,391.70	77340.9	0.9877	3,13,189.77	3,14,283.20	0.9965
2015	2,39,482.77	2,39,667.65	0.9992	85,643.42	87494.69	0.9788	3,25,126.19	3,27,162.34	0.9938

| * NP = Net Premium (Total Premium - Reinsurance ceded + Reinsurance accepted) | **TP = Total Premium |

Source: Data pertaining to NP and TP compiled from **Public Disclosures (Form No. L-1-A-RA and Form No. L-4) in respective Life Insurers' website and IRDA Annual Reports**

TABLE A6: MANAGEMENT EFFICIENCY_1 INDICATOR - OPEX* TO TP (Amount in Crore)**

Year Ended	LIC of India			PLIC			Industry Total		
	OPEX	TP	Ratio	OPEX	TP	Ratio	OPEX	TP	Ratio
2005	5987.18	75,127.29	0.0797	2228.42	7727.51	0.2884	8215.6	82,854.80	0.0992
2006	6041.56	90,792.22	0.0665	3569.48	15083.54	0.2366	9611.04	1,05,875.76	0.0908
2007	7085.84	1,27,822.84	0.0554	6500.00	28242.48	0.2302	13585.84	1,56,065.32	0.0871
2008	8309.32	1,49,789.99	0.0555	11997.43	51561.42	0.2327	20306.75	2,01,351.41	0.1009
2009	9064.29	1,57,288.04	0.0576	16767.62	64497.43	0.2600	25831.91	2,21,785.47	0.1165
2010	12245.82	1,86,077.31	0.0658	16671.82	79373.06	0.2100	28917.64	2,65,450.37	0.1089
2011	16980.28	2,03,473.40	0.0835	15962.01	88165.24	0.1810	32942.29	2,91,638.64	0.1130
2012	14914.4	2,02,889.28	0.0735	14760.79	84182.83	0.1753	29675.19	2,87,072.11	0.1034
2013	16707.66	2,08,803.58	0.0800	14853.66	78398.81	0.1895	31561.32	2,87,202.49	0.1099
2014	20277.88	2,36,942.30	0.0856	14467.29	77340.9	0.1871	34745.17	3,14,283.20	0.1106
2015	22392.7	2,39,667.65	0.0934	14246.86	87494.69	0.1628	36639.56	3,27,162.34	0.1120
	* OPEX = Operating Expenses related to Insurance Business **TP = Total Premium								

Source: Data pertaining to OPEX and TP compiled from **Public Disclosures (Form No. L-1-A-RA and Form No. L-4) in respective Life Insurers' websites and IRDA Annual Reports**

TABLE A7: MANAGEMENT EFFICIENCY_2 INDICATORS - FYP* TO TP (Amount in Crore)**

Year Ended	LIC of India			PLIC			Industry Total		
	FYP	TP	Ratio	FYP	TP	Ratio	FYP	TP	Ratio
2005	20653.06	75,127.29	**0.2749**	10269.67	7727.51	**0.7201**	26217.64	82,854.80	**0.3164**
2006	28515.87	90,792.22	**0.3141**	5564.57	15083.54	**0.6809**	38785.54	1,05,875.76	**0.3663**
2007	56223.56	1,27,822.84	**0.4399**	19425.65	28242.48	**0.6878**	75649.21	1,56,065.32	**0.4847**
2008	59996.57	1,49,789.99	**0.4005**	33715.95	51561.42	**0.6539**	93712.52	2,01,351.41	**0.4654**
2009	53179.08	1,57,288.04	**0.3381**	34152.00	64497.43	**0.5295**	87331.08	2,21,785.47	**0.3938**
2010	71521.90	1,86,077.31	**0.3844**	38372.12	79373.06	**0.4834**	109894.02	2,65,450.37	**0.4140**
2011	87012.35	2,03,473.40	**0.4276**	39368.65	88165.24	**0.4465**	126381.00	2,91,638.64	**0.4333**
2012	81862.25	2,02,889.28	**0.4035**	32079.92	84182.83	**0.3811**	113942.17	2,87,072.11	**0.3969**
2013	76611.50	2,08,803.58	**0.3669**	30749.58	78398.81	**0.3922**	107361.08	2,87,202.49	**0.3738**
2014	90808.79	2,36,942.30	**0.3833**	29503.87	77340.9	**0.3815**	120319.66	3,14,283.20	**0.3828**
2015	90644.57	2,39,667.65	**0.3782**	29511.99	87494.69	**0.3373**	120156.56	3,27,162.34	**0.3673**
	* FYP = First Year's Premiums ** Total Premiums								

Source: Data pertaining to FYP and TP compiled from **Public Disclosures (Form No. L-4) in respective Life Insurers' websites and IRDA Annual Reports**

TABLE A8: EARNING AND PROFITABILITY INDICATOR – ROE* (Amount in '000)

Year Ended	LIC of India			PLIC			Industry Total		
	PAT**	Equity	Ratio	PAT**	Equity	Ratio	PAT**	Equity	Ratio
2005	7083650	50000	**141.6730**	-8765890	434,54,100	**-0.2017**	-1682240	435,04,100	**-0.0387**
2006	6315801	50000	**126.3160**	-10833235	588,57,200	**-0.1841**	-4517434	589,07,200	**-0.0767**
2007	7736203	50000	**154.7241**	-19367887	811,85,200	**-0.2386**	-11631684	812,35,200	**-0.1432**
2008	8446259	50000	**168.9252**	-43177077	1238,95,400	**-0.3485**	-34730818	1239,45,400	**-0.2802**
2009	9573488	50000	**191.4698**	-58403500	1824,91,800	**-0.3200**	-48830012	1825,41,800	**-0.2675**
2010	10607168	50000	**212.1434**	-20495160	2038,24,300	**-0.1006**	-9887992	2038,74,300	**-0.0485**
2011	11718037	1000000	**11.7180**	14756679	2365,70,135	**0.0624**	26474716	2375,70,135	**0.1114**
2012	13133429	1000000	**13.1334**	46601968	2483,13,735	**0.1877**	59735397	2493,13,735	**0.2396**
2013	14375925	1000000	**14.3759**	55107927	2340,74,046	**0.2354**	69483852	2350,74,046	**0.2956**
2014	16566813	1000000	**16.5668**	59531413	2583,81,773	**0.2304**	76098226	2593,81,773	**0.2934**
2015	18237837	1000000	**18.2378**	536,48,337	2613,95,574	**0.2052**	71886174	2623,95,574	**0.2740**
	*ROE = Return on Equity = Net Income to Equity **PAT = Profit After Tax (Net Income)								

Source: Data pertaining to Net Income and Equity compiled from **Public Disclosures (Form No. L-2-A-PL and L-3-A-BS) in respective Life Insurers' websites and IRDA Annual Reports**

TABLE A9: EARNING AND PROFITABILITY INDICATOR – ROA* (Amount in '000)

Year Ended	LIC of India			PLIC			Industry Total		
	PAT**	Total Assets	Ratio	PAT	Total Assets	Ratio	PAT	Total Assets	Ratio
2005	7083650	4169103587	**0.00170**	-8765890	136530134	**-0.0640**	-1682240	4305633721	**-0.00039**
2006	6315801	5313903529	**0.00119**	-10833235	289104230	**-0.0370**	-4517434	5603007759	**-0.00081**
2007	7736203	6259569888	**0.00124**	-19367887	530485105	**-0.0370**	-11631684	6790054993	**-0.00171**
2008	8446259	7769049378	**0.00109**	-43177077	1012086946	**-0.0430**	-34730818	8781136324	**-0.00396**
2009	9573488	8412728692	**0.00114**	-58403500	1348050569	**-0.0430**	-48830012	9760779261	**-0.00500**
2010	10607168	11174161779	**0.00095**	-20495160	2394407754	**-0.0090**	-9887992	13568569533	**-0.00073**
2011	11718037	12821285784	**0.00091**	14756679	3015683197	**0.0049**	26474716	15836968981	**0.00167**
2012	13133429	13801166227	**0.00095**	46601968	3313653515	**0.0141**	59735397	17114819742	**0.00349**
2013	14375925	15230711834	**0.00094**	55107927	3593370159	**0.0153**	69483852	18824081993	**0.00369**
2014	16566813	17244575591	**0.00096**	59531413	3998143731	**0.0149**	76098226	21242719322	**0.00358**
2015	18237837	19920785179	**0.00092**	536,48,337	4745236175	**0.0113**	71886174	246660,21,354	**0.00291**
	*ROA = Return on Assets = Net Income (PAT) to Total Assets **PAT = Profit After Tax (Net Income)								

Source: Data pertaining to Net Income and Equity compiled from **Public Disclosures (Form No. L-2-A-PL and L-3-A-BS) in respective Life Insurers' websites and IRDA Annual Reports**

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TABLE A10: LIQUIDITY INDICATOR – CA* TO CL (Amount in '000)**

Year Ended	LIC of India			PLIC			Industry Total		
	CA	CL	Ratio	CA	CL	Ratio	CA	CL	Ratio
2005	241986098	205299077	**1.179**	13271162	14876602	**0.892**	255257260	220175679	**1.159**
2006	310432807	213075592	**1.457**	21609492	25423324	**0.850**	332042299	238498916	**1.392**
2007	343157380	202667136	**1.693**	35869926	45997890	**0.780**	379027306	248665026	**1.524**
2008	427950277	220878503	**1.937**	59055942	75746034	**0.780**	487006219	296624537	**1.642**
2009	487146675	195902190	**2.487**	62628477	83983989	**0.746**	549775152	279886179	**1.964**
2010	494780941	219021982	**2.259**	67605206	106233144	**0.636**	562386147	325255126	**1.729**
2011	613449341	164777795	**3.723**	79423086	114062607	**0.696**	692872427	278840402	**2.485**
2012	992767535	321582984	**3.087**	122364124	124512987	**0.983**	1115131659	446095971	**2.500**
2013	1436201072	245150121	**5.858**	150936115	150489618	**1.003**	1587137187	395639739	**4.012**
2014	1582165388	221853969	**7.132**	164197968	160250943	**1.025**	1746363356	382104912	**4.570**
2015	1373826498	224047080	**6.132**	171944377	1613,83,144	**1.065**	1545770875	3854,30,224	**4.011**

*CA = Current Assets ** CL = Current Liabilities

Source: Data pertaining to Current Assets and Current Liabilities compiled from **Public Disclosures (Form No. L-3-A-BS) in respective Life Insurers' websites and IRDA Annual Reports**

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TQM AND QUALITY PERFORMANCE AT WORKING IRON AND STEEL FIRMS OF HYDERABAD-KARNATAKA REGION

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ABSTRACT

Steel production is considered as the forefront indicator of the economy in the contemporary world. India has been fetching an impressive share in the steel market. However, techno-economic efficiency has been somewhere pro-castigating competitive advantage of Indian iron and steel sector over competitors like China. As proved by Japanese, the left option for enhancing competitive advantage is quality management through Total Quality Management. The present study focused on extent of TQM practices and their impact on quality performance at iron and steel firms in Hyderabad –Karnataka region. The general objective of this research is to portray the picture of TQM at Iron and steel firms of India and also to address the quality issues of the firms at the backward region like Hyderabad-Karnataka. In this regard, study emphasizes relationship between widely used TQM practices and quality performance indicators using correlation and regression analysis.

KEYWORDS

steel, iron and steel industry, TQM, TQM practices, quality performance, quality performance indicators.

1. INTRODUCTION

S teel besides alloy is referred as the backbone of human civilization, as it has been serving mankind for its social, cultural, political and economic needs. At modern times, it is considered to be crucial for the development of any economy. Steel is shining up to the extent that any country's socio-economic development and standard of living is also determined by its per-capita consumption. According to World Steel Association, the global steel demand is estimated to realize 3000 million tons in 2025. The past growth in production and consumption of steel has largely been at the cornerstone of the heightened economic activity in the emerging economies, especially China, whose demand remains a pivotal factor driving the global steel industry.

The steel industry in India has also carved a rapid rise in production over the past few years through capacity enhancement. This resulted India becoming the third largest producer of crude steel (after China and Japan) and the largest producer of sponge iron in the world. However, India needs to further concentrate and improve its share in the major import markets, there are import markets where India has export competitiveness, but the exports are at relatively at lower levels. These markets are the potential growth drivers for iron and steel exports of India, which need to be strategically targeted.

However, the preceding facts in terms of techno economic efficiency of operations reveal that our steel making units are nowhere near their global competitors. In order to improve the sectoral performance and competitiveness there is an urgent need to address its basic structural and operational constraints irrespective of equity size and nature of operations. Therefore, in the epoch of buyer's market, irrespective of nature of organizations opened themselves to understand, learn and formulate a road map for quality is the only strategy left behind. This paved the way for the surge of quality and become the integral part of blood stream of the enterprises. The manifold competition of quality has pulled firms to search nitty-gritty to stay competitive. Accordingly, many enterprises made an attempt to adopt and implement a set of management practices that help them to improve the efficiency of organizational operations. One of the popular and effective management practices is TQM.

Though a lot of research work has been carried out in the field of ISO and TQM, it gives still an obscured picture of Indian iron and steel firms. This holds true too in case of regional industrial sector of Hyderabad- Karnataka region, where sponge iron firm's attrition rate is high. If no effort is made to assist the said firms especially at the Hyderabad- Karnataka region, attrition rate overtime can increase the casualties in the current business environment and make the region still weaker. Hence it is decided to carry out a detailed research with the help of a survey of iron and steel firms with a view to assess as to how are they managing the issue of Quality? And help firms to implement and practice TQM successfully and allow them to reap the benefits always been embraced by developed economies. At the outset, steel industry of Hyderabad- Karnataka region is having more than 30 registered units is competent with other developed regions of the country and have the capability to take away the tagline of backward region with the help of competitive advantage supplemented by implementing TQM in their systems of practice. Hence, the research was incepted to address these problems.

2. NEED AND IMPORTANCE OF THE STUDY

After all, the issue in Indian steel industry is not the shortage of resources, rich scientific and technical manpower but quenching the thirst of assistance and nourishment of firms through understanding and implementing TQM and allowing them gain the sustainable competitive advantage as that of the developed economies. The following two needs of the study to be accomplished are presented.

a. Upgrade the total quality aspect of iron and steel firms in terms of organizational effectiveness so as to improve the economy by meeting the growing demands of domestic and global markets, domestic consumption and exports.
b. Provide quality impetus of quality to the iron and steel firms of the economically backward regions like the Hyderabad- Karnataka region so as to debug the economy oriented regional imbalance.
c. Contribute to the knowledge of TQM effectiveness.

3. STATEMENT OF THE PROBLEM

The study makes an attempt to know the extent of TQM implementation in iron and steel firms. Accordingly, this study is embodied as 'Examination of TQM influence on quality performance at Working Iron and Steel Firms of Hyderabad-Karnataka Region'

4. OBJECTIVES OF THE STUDY

1. To perceive TQM perspective of Indian Iron and steel industry.
2. To examine TQM influence on quality performance at working iron and steel firms in the select districts of Hyderabad-Karnataka region.

5. HYPOTHESIS OF THE STUDY

H0: There is no significant impact of TQM practices on Quality Performance.
H1: There is a significant impact of TQM Practices on Quality Performance.

6. SCOPE OF THE STUDY

The scope of the study encompassed working steel industry, iron and steel firms, Total Quality Management, Implementation, Organizational Effectiveness, Respondents of all the twenty-one working firms (out of 38 firms registered, 17 were locked out) in Ballari and Koppal districts of Hyderabad- Karnataka region. It also included the environment and ecosystem of steel industry in general and iron and steel firms in particular. Going further the causal relationship between TQM implementation and quality performance were measured by using established models and theories apart from scaling techniques. Specifically, the geographical region of the study was confined to Ballari and Koppal districts of Hyderabad- Karnataka region, as iron and steel firms are located in these two districts only.

7. METHODOLOGY

TYPE OF RESEARCH

The proposed study adopted descriptive study, survey and cause and effect study.

SAMPLING

Universe: i. Working iron and steel firms in Ballari and Koppal districts

Sample units: i. Executives.

ii. Non executives.

COMPOSITION OF SAMPLES

Sl. No.	Categories of Respondents	Size	Sampling Technique
1.	Working iron and steel firms in Ballari and Koppal districts of Hyderabad Karnataka- region	21 firms	Purposive sampling
2.	Top Management and Executives. (05 respondents from each firm)	105	Judgemental Sampling
4.	Non- Executives (10 respondents from each firm)	210	Stratified Random sampling

DATA COLLECTION

a.   Secondary Data

The secondary data for the study included books, articles, reports, journals, magazines, newspapers, published and unpublished thesis, e-resources on the topic of the study.

b.   Primary Data

The primary data was collected on the TQM implementation in the working iron and steel firms of Ballari and Koppal districts of Hyderabad Karnataka region under the study. It used the research instruments of questionnaire, schedule and personal interviewing of the respondents. E mail survey was also resorted to.

PLAN OF ANALYSIS

The collected data was analyzed with the help of statistical tools and techniques such as averages, percentages, dispersion, correlation, multiple regressions, factor analysis, cluster analysis, Cronbach alfa and the like. Wherever necessary, tables, charts, graphs, diagrams and figures were used. SPSS and AAR software were also used for statistical analysis.

8. LIMITATIONS OF THE STUDY

a.   The validity and reliability assessment and analysis performed are based on 30 selected companies only.

b.   For measuring TQM examination time tested and universally acceptable measurement tools are very rare. Therefore, the measurement results under the study are only approximate are not accurate.

c.   At times "what is" (fact) is equated with "what should be" (value)

9. LITERATURE SURVEY

Zhihai Zhang (1993) in his research work investigated the effects of TQM implementation on overall business performance in Chinese manufacturing firms and obtained a TQM implementation model for Chinese manufacturing firms. The study was carried out by

- Developing TQM implementation constructs and TQM practices;
- Developing overall business performance constructs;
- Designing evaluation models, to measure the extent of TQM implementation, TQM practices and impact of TQM implementation on overall business performance.

The study found out that TQM implementation has positive effects on overall business performance and not necessarily all TQM elements to be present to ensure the success of the TQM programs and overall business performance

Shivraj Kumar (2014) in his research work tried to determine the extent to which TQM and organizational effectiveness are correlated to each other and expounded how TQM impacts various phases of business planning. The study considered very general constructs of TQM implementation and organizational effectiveness in its way. TQM constructs encompass commitment, culture, continuous improvement, co-operation, customer focus and control. As per their nature, some do not confirm the characteristics of construct

Yogesh A Chauhan (2013) in his research work gave a detailed picture of quality management issue of manufacturing SMEs in terms of TQM apart from ISO 9000 and other off –record practices. It emphasized the exploration, development and ranking of constructs in TQM, benefits and difficulties and help the SMEs to grow in terms of their business, working system, employee satisfaction, customer satisfaction etc.

Darshana S Shiroya (2015) surveyed on "TQM practices and performance in ISO certified manufacturing facilities". The researcher was curious in exploring, developing and examining TQM practices/ critical factors and their impact on quality, business and organizational performances. Extensive literature was reviewed in exploring and developing the plausible 16 elements of 10 TQM practices.

Saraph et al. (1989) conducted a study on "A Instrument for Measuring the Critical Factors of Quality Management". They explored, examined and developed eight CSFs of quality management referring to twenty-two manufacturing and service organizations in the USA.

Shekoufeh Nekoueizadeh et al. (2013) conducted a research on 'the impact of TQM on organizational performance of telecommunication industry in Iran'. The principal aim was to determine the correlation between TQM practices and the organizational, quality and innovation performances. Researchers explored, examined and developed TQM practices and variables of package of performances.

Flynn et al. (1994) conducted a research on "A framework for quality management research and an associated measurement instrument". They explored and developed six CSFs of TQM which encompasses of quality information system, process management, product design, workforce management, supplier involvement and customer involvement. They expounded that top management support creates a congenial environment for quality activities to surge.

Ali Bakhit Jaafreh. (2012) in his research work 'the effect of quality management practices on organizational performance on Jordan banking sector' set an aim to examine the extent to which quality management practices and organizational performance are correlated and to determine the impact of the practices on organizational performance.

Powell (1995) made a study on "Total quality management as competitive advantage: A review and empirical study". He revealed that the successful implementation of TQM is dependent on certain tactics, behaviour, features and TQM tools and techniques like top management commitment, effective communications, employee involvement, training in quality, flexibility in manufacturing, process management, benchmarking and performance measurements for realizing competitive advantage.

S D Kalpande et al. (2013) conducted a survey on 'Business performance of SMEs in Vidharabha and Khandesh region of India: A TQM implementation'. Researchers aimed at identifying importance of factors and sub-factors for successful implementation of TQM in SMEs. They explored and examined TQM components and factors influencing TQM implementation from the existing literature followed by using Analytic Hierarchy Process (AHP) for prioritization and operationalization.

Fuzi Abusa (2011) conducted a study on 'TQM implementation and its impact on organizational performance: a case study of Libya'. He examined the correlation among TQM elements, TQM and organizational performance, Size & ISO 9000 and TQM implementation. The result showed that none of the six TQM elements have correlated with all organizational performance indicators, except Supplier quality management.

Antony Jiju, et al. (2002) conducted a research study on "Critical success factors of TQM implementation in Hong Kong industries". This is an empirical study on the identification of the critical success factors (CSFs) of TQM implementation in Hong Kong industries. Through a thorough and detailed analysis of the literature, 11 success factors with 72 elements were identified to develop a questionnaire.

Yogesh A Chauhan et al (2014) surveyed 'Perceptions of SMEs towards the key elements of TQM'. They focused on examining and exploring the level of awareness and the importance SMEs have over key elements of TQM.

Bayazit (2003) conducted a study on "Total quality management practices in Turkish manufacturing organizations". He expounded that upper management support, employee involvement and commitment, customer focus, quality education and training, teamwork and use of statistical techniques are the most critical factors for the successful TQM implementation in Turkish manufacturing organizations.

A Al Nofal et al (2013) conducted a study on 'Critical factors of TQM: an update on the literature' with an objective to present the most important factors of TQM implementation often emphasized by researchers, supported by the discourses of quality gurus. A wide range of comprehensive elements of TQM have listed.

Z. Irani, et al. (2004) surveyed on "Total Quality Management and Corporate Culture: constructs of organizational excellence". In this effort, the researchers discuss the concept of corporate culture, place this social construct within the arena of TQM and highlight the relationships that exist among culture quality and competitiveness. T

Faisal Talib et al (2012) conducted a research on 'Pareto Analysis of TQM factors critical to success for service industries'. They made an attempt to sort out critical success factors of TQM according to frequencies of their occurrences by applying Pareto analysis tool and list out vital few critical success factors of TQM.

Phan Chi Anh & Yoshiki Matsui (2006) made a research on "An empirical analysis of Quality management practices in Japanese Manufacturing Companies". The aim was to investigate the utilization of quality management practices and its impact on quality performance and competitive performance.

Kanagi Kanapathy (2013) surveyed on 'Critical factors of quality management used in research questionnaires: a review of literature'. He opined that quality expounders and gurus have used different combinations of critical factors or constructs of TQM to design questionnaires and to measure quality management practices in different parts of the world.

10. RESULTS
1. DESCRIPTIVE STATISTICS ON TQM PRACTICES
The following table shows the distribution of the responses against the list of TQM practices.

TABLE 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

ID	TQM Practices	Frequency (Yes)	Percentage	Frequency (No)	Percentage
A	**Top Management Commitment**	311	98.7	4	1.3
B	**Customer Focus**	299	94.9	16	5.1
C	**Employee Empowerment/involvement**	301	95.6	14	4.4
D	**Supplier Partnership**	247	78.4	68	21.6
E	**Continuous improvement**	269	85.4	46	14.6
F	**Quality Management**	302	95.1	13	4.1
G	**Recognition and Reward**	266	84.4	49	15.6
H	**Education and Training**	262	83.2	53	16.8
I	**Process Management**	279	88.6	36	11.4

CHART 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

	TMC	CF	EE	SP	CI	QM	RR	ET	PM
Yes	98.7	94.9	95.6	78.4	85.4	95.1	84.4	83.2	88.6
No	1.3	5.1	4.4	21.6	14.6	4.1	15.6	16.8	11.4
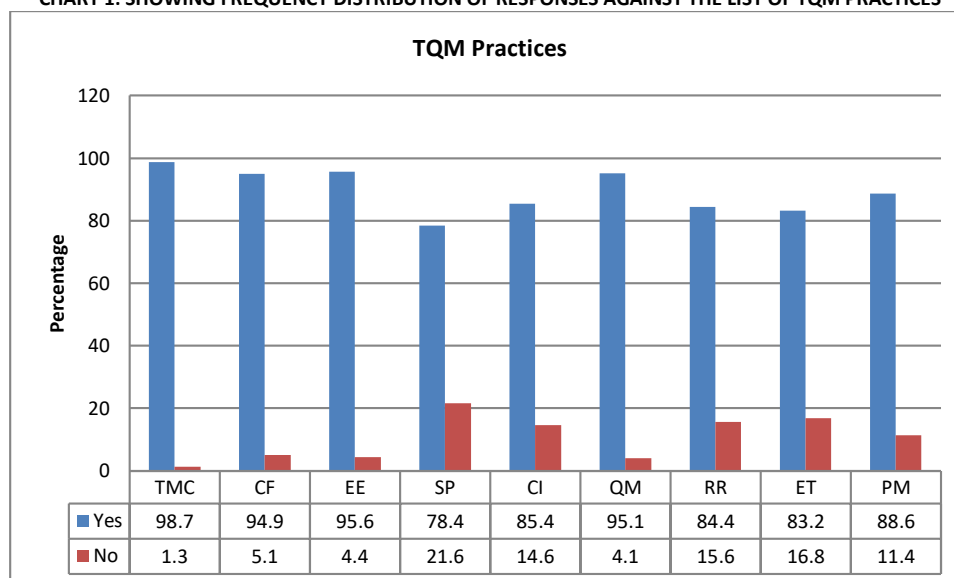
Table 1 illustrates the perception of respondents against list of TQM practices. On an average of approximately 90% of the respondents agreed that all the listed practices belonged to TQM. Among the practices, Top Management Commitment (TMC) led the response with 98.7% followed by Employee Empowerment (EE) and Quality Control (QM) with 95.6% and 95.1% respectively. The least response was given to Supplier Partnership (SP) with 78.4% followed by Education and Training (ET) and Recognition and Reward (RR) with 83.2% and 84.4% respectively. The remaining practices Customer Focus (CF), Process Management (PM) and Continuous Improvement (CI) placed in between with 94.9%, 88.6% and 85.4% respectively. This indicates most of the respondents are aware of TQM practices and have the ability to practically respond to the technicalities of TQM.

2. MEAN AND STANDARD DEVIATION OF TQM PRACTICES

TABLE 2

Variables	Maximum	Minimum	Mean	Standard Deviation
TQM Practices				
Top Management Commitment	5.00	3.14	4.24	0.35
Customer Focus	5.00	3.20	4.14	0.38
Employee Empowerment	5.00	2.25	4.07	0.42
Supplier Partnership	5.00	2.86	4.09	0.42
Continuous Improvement	5.00	3.00	4.18	0.40
Quality Control	5.00	3.00	4.34	0.52
Recognition and Reward	5.00	2.33	4.13	0.41
Education and Training	5.00	2.75	4.16	0.43
Process Management	5.00	2.71	4.08	0.36
TQM Practices (overall)	5.00	3.33	4.14	0.31

3. CORRELATION BETWEEN TQM PRACTICES AND QUALITY PERFORMANCE MEASURES

TABLE 3: CORRELATION BETWEEN TQM PRACTICES AND QUALITY PERFORMANCE MEASURES

TQM Practices (Independent Variables)	Quality Performance Measures					
	QP1	QP2	QP3	QP4	QP5	QP6
TMC	0.216**	0.247**	0.382**	0.157**	0.210**	0.195**
CF	0.407**	0.410**	0.398**	0.253**	0.195**	0.332**
EE	0.565**	0.358**	0.456**	0.464**	0.354**	0.576**
SP	0.356**	0.314**	0.341**	0.244**	0.319**	0.300**
CI	0.498**	0.335**	0.382**	0.241**	0.097	0.333**
QC	0.262**	0.285**	0.230**	0.129*	0.92	0.107
RR	0.528**	0.384**	0.413**	0.432**	0.262**	0.430**
ET	0.329**	0.211**	0.286**	0.233**	0.179**	0.264**
PM	0.307**	0.160**	0.176**	0.236**	0.253**	0.209**

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

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

(Qp1-Defect rate, QP2-Rework, QP3-Cost per product, QP4-Customer complaints, QP5- Cycle time and QP6-Delivery time)

Table 3 expounds that QP1, QP2, QP3 and QP4 led the preceding matrix by getting correlated with all the nine TQM practices followed by QP6 and QP5 with eight and seven TQM practices respectively. The Correlation matrix shows that highest correlation between variables is EE and QP1 with r=0.576. The second highest correlation is between EE and QP1 with r= 0.565. The third highest correlation is between RR and QP1 (r= 0.528). Among all independent variables TMC, CF, EE, SP, CI, ET and PM are correlated with all the six dependent variables. QC got correlated with QP1, QP2, QP3 and QP4 only.

4. REGRESSION ANALYSIS

To test the hypothesis first researcher has tested over all regression model by taking all the dependent variables (i.e. Defect rate, Rework, Cost per product, Customer complaints, Cycle time and Delivery time) and check that whether they are individually affected by conducting multiple regression analysis. The results are discussed below:

4.1 REGRESSION MODEL

H10: There is no significant effect of TQM practices on quality performance.

TABLE 4: SIGNIFICANT RELATIONSHIP BETWEEN TQM PRACTICES AND ORGANIZATIONAL EFFECTIVENESS IN TERMS OF QUALITY PERFORMANCE MEASURES

TQM Practices (Independent Variables)	Quality Performance Measures			
	B	Std. Error	B	t
Constant	-1.316	0.518		-2.541
Top Management Commitment (TMC)				
Customer Focus (CF)				
Employee Empowerment (EE)	1.086	0.147	0.564	7.372*
Supplier Partnership (SP)				
Continuous Improvement (CI)				
Quality Control (QC)				
Recognition and Reward (RR)	0.582	0.149	0.290	3.910*
Education and Training (ET)				
Process Management (PM)	-0.362	0.138	-0.160	-2.623**
R	0.639			
R2	0.408			
F	23.331			
Sign. (p value)	0.000			

Note: Significance: * p<.001; ** p <.01; *** p<.05.

Table 4 shows that quality performance is explained by the regression model as evident from R-square value of 0.408. The model indicates that 40.8% of the variations in quality performance can be explained using TQM practices. The p-value is less than 0.05; it can be argued that the model is valid for using linear regression. Since p-value is less than 0.05, the null hypothesis has been rejected and there exists the relationship between quality performance and TQM practices. The regression coefficient expounds that the TQM practices are having capacity to predict quality performance and the extent of the contribution power. Employee Empowerment, Recognition and Reward and Process Management are statistically significant with p-value less than 0.05. So at 5% significance level of significance null hypothesis is rejected which shows that there is a relationship between these three factors and quality performance and alternative hypothesis is accepted which is as under.

H1: There is statistically significant impact of TQM practices on quality performance measures.

11. FINDINGS WITNESSED BETWEEN TQM PRACTICES AND QUALITY PERFORMANCE

In this study Quality performance improvement is measured by,

a. Decrement in defect rates

b. Decrement in rework

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c.   Decrement in cost per unit
d.   Decrement in customer complaint
e.   Decrement in cycle time and
f.   Decrement in delivery time

Out of the nine TQM practices empirically identified in the study, the TQM practices which have influenced on quality performance are varied as discussed below:

TABLE 5: REGRESSION COEFFICIENT BETWEEN SIGNIFICANT TQM PRACTICES AND QUALITY PERFORMANCE

ID	Organizational Effectiveness Indicators	Regression coefficient (R Square)	Variance in%	Significant TQM Practices
QP	Quality Performance	0.408	40.8	EE, RR
QP1	Defects rate	0.4040	40.4	TMC, EE
QP2	Rework	0.219	21.9	CF
QP3	Cost per product	0.289	28.9	EE, PM
QP4	Customer complaints	0.297	29.7	EE, RR
QP5	Cycle time	0.195	19.5	EE, CI
QP6	Delivery time	0.400	40.0	EE, PM

1.   TQM practice, Employee Empowerment has an effect on quality performance in terms of:
a.   Decrement in defects rate (QP1)
b.   Decrement in cost per unit (QP3)
c.   Decrement in cost per product (QP4)
d.   Decrement in cycle time (QP5)
e.   Decrement in delivery time (QP6)
2.   TQM practice Recognition and Reward has an effect on quality performance in terms of:
a.   Decrement in defects rate (QP1)
b.   Decrement in rework (QP2)
c.   Decrement in cost per unit (QP3)
d.   Decrement in cost per product (QP4)
e.   Decrement in delivery time (QP6)
3.   TQM practice Supplier Partnership has an effect on quality performance in terms of:
a.   Decrement in cost per product (QP4)
b.   Decrement in cycle time (QP5)
c.   Decrement in delivery time (QP6)
4.   TQM practice Continuous improvement has an effect on quality performance in terms of:
a.   Decrement in defects rate (QP1)
b.   Decrement in cost per product (QP4)
c.   Decrement in cycle time (QP5)
5.   TQM practice Process Management has an effect on quality performance in terms of:
a.   Decrement in rework (QP2)
b.   Decrement in cost per unit (QP3)
c.   Decrement in delivery time (QP6)
6.   TQM practice Top Management Commitment has an effect on quality performance in terms of:
a.   Decrement in defects rate (QP1)
b.   Decrement in cost per unit (QP3)
7.   TQM practice Customer Focus has an effect on quality performance in terms of:
a.   Decrement in rework (QP2)
8.   TQM practices Quality control and Education and Training have no an effect on quality performance.

Thus, these findings show that out of nine TQM practices seven play role in improving quality performance of the organization. They are:
1. Employee Empowerment (EE),
2. Recognition and Reward (RR),
3. Supplier Partnership (SP),
4. Continuous Improvement (CI),
5. Process Management (PM),
6. Top Management Commitment (TMC), and
7. Customer focus (CF),

The overall regression model showing relationship of TQM practices and quality performance (Table 6.) shows that out of the above seven, TQM practices EE, RR and PM are significant. SP, CI, TMC and CF are not statistically significant. They explain 40.8% variance (F= 23.331, t= 2.541 p<.001).

12. CONCLUSION

TQM is not confined to production process and production &quality departments only; instead it is beyond all these. The employees of Indian iron and steel industry are aware of the holistic and strategic nature of TQM. Most of firms of the industry follow, quality management practices; but with different nature. Among the contemporary TQM practices, Top management commitment and Employee empowerment are popular ones in the industry; but the firms have no idea of the impact of practices supplier partnership in quality management. Among the contemporary TQM tools and techniques, the firms still are fond of tradi-tional tools such as cause and effect diagram, quality circles; but the modern and advanced techniques such as quality function deployment, failure mode effect analysis are remote in their knowledge base. The TQM practices namely Employee empowerment and Recognition and reward jointly helps to improvise organi-zational effectiveness in terms of quality performance by reduced defects rate and rework, thereby reduced cycle time and improved delivery time and ulti-mately reduced cost per product and customer complaints. The study reveals that there is need for focusing over empowering and rewarding the employees of the iron and steel firms along with support in process management, which are acting as the nerves of quality management as per the study.

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PRODUCT PLACEMENTS AS A MARKETING TOOL: FROM TRADITIONAL TO SOCIAL MEDIA

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ABSTRACT

Promotion, the fourth 'P' of marketing, holds the key to the success of a given marketing strategy as it involves communication with the prospective customers. The marketers need to select the most appropriate communication model to plan for promotional strategy for the success of the business. The range of options available to a marketer to plan the media for communication has widened with the advent of information technology and its all-pervasive applications. The options for traditional media selection have been: Print Media, Electronic Media (T.V, Radio, internet, cell phones, video games, electronic billboards, telephone, etc.), Celebrity Endorsements, using Storyline of the Film, Events, Direct Mail, and so on. The marketer needs to assess the effectiveness of a particular medium for communication before selecting the most appropriate and effective medium for planning the promotional strategy for the product(s) of the enterprise. Although product placements have emerged and being increasingly used along with traditional media, its popularity is growing with the growth of internet based promotion. The present study makes a modest attempt to assess the popularity of 'Product Placements' as a medium for advertising in the wake of growing digital space.

KEYWORDS
product placements, marketing tool, promotion, advertising media, social media.

INTRODUCTION
Product Placements (**PPL**) is a promotional tactic used by marketers in which a real commercial product is used in fictional media, and the presence of the product is a result of an economic exchange. When featuring a product is not part of an economic exchange, it is called a **product plug** (Ginosar and Levi-Faur, 2010). Wikipedia defines product placement in movies as, "A promotional tactic used by marketers in which characters in a fictional play, feature film, television series, music video, videogame or book use a real commercial product. Typically, either the product or logo or both are shown or favorable qualities of the product are mentioned." The advertiser or company produces an engaging content in order to promote it (Falkow, 2010). In such cases, either the product logo or the product itself is flashed and some features of the product may be highlighted. This is done without disclosure, and under the premise that it is a natural part of the work. The price of the product and its comparison with other brands are not mentioned.

Product placement on social media platforms is nothing new. For the past couple of years' celebrities have been endorsing an endless variety of products to their name. They have been doing this in a variety of ways for example, through video games, TV Serials, Best seller books, etc. but since product placements involve the product being used naturally in the script/plot of the media used, it is generally being embedded more within movies of popular celebrities. This ensures a captivated audience who has a favorable attitude towards the celebrity who is paid for the product placement as well as the film producer.

PRODUCT PLACEMENT IN MOVIES
Product Placement in movies or In-Film Advertising is gaining prominence since the advertisers feel that the audience has got bored with the traditional media and try to escape by skipping the channels. It has become a cluttered alternative to the traditional media. But it is not clear whether this type of advertising would replace traditional advertising. A strong alternative to in-film advertising in the traditional media is the celebrity endorsement which began in India in the mid-1980's. Depending upon the product life cycle and category, the prime purpose of corporates to go in for celebrity endorsements could be to ensure that the brand gets instant attention. Using celebrities has the effect of drawing quick sight of the public towards the product as these celebrities can build the brand image and at the same time, create awareness. Employing a star gives a new dimension and at the same time, credibility to the brand, almost rendering guarantee to the product. However, the success of an endorsement depends on the celebrity-product association known as the *congruency drive.* Also this medium is affected by *vampirism*, that is when the celebrity overshadows the product. Firms have to be careful when hiring the celebrity as celebrity fatigue or loss of popularity of the celebrity due to moral conduct or ethical grounds can hamper the image of the product. Celebrity value when not matched with product's expected delivery of results can lead to *over exposing*.

In-Film Advertising has become an alternative to the cluttered traditional media. The audience is captive, which is just not in the position to use the remote control to skip an ad by changing the channel. Due to too much advertising in between programs on audio-visual media as well as a lot of clutter in the print media, viewers as well as readers ignore or fail to retain some or most of the ads. However, in the case of an advertisement as part of a film, it is difficult to ignore it as compared to traditional forms of advertisement, where captivating attention is always difficult. This generates strong need for placing the product as part of a film. The placement of any product or service in the films can vary from its minor display one or more times in the film to the extent of putting it as the central part of a film where the story revolves around the product or service. It has to be decided whether an advertisement should go into the film or the product is placed in the backdrop or as a prop used by the actors or actresses. It is the qualitative aspect of the message which normally carries on and settles in the mind of the viewer trying to affect the viewer's thinking. Many times, the viewers may or may not use, or start using, the product placed in the advertisement; but the subtle or obvious message which goes along with it embeds itself deeply within the viewer. It adds up to a complete identification with a film-goer when he or she finds the product used by a current leading star many times in the film. Thus by seeing a favorite celebrity using a product in a film, the opinions and perceptions vis-à-vis the product usage and consumption by the viewer may change and that may get reflected in his or her purchasing or buying behavior (Redondo and Bernal, 2016). To explore the product placement done traditionally through movies, it is worth citing some trends from the Hollywood and Bollywood (Indian movies).

PRODUCT PLACEMENT IN MOVIES: THE HOLLYWOOD WAY
The earliest attempts at using the strategy of product placement in the movies can be traced to a Hollywood movie, "It Happened One Night" released in 1938 where the focus was on not using undershirt and this led to a sharp decline in the undershirt sales. Another example of Product placement in movies is the 1949 Hollywood movie titled Love Happy, in which Harpo Marx cavorts on a rooftop among various billboards and at one point escapes from the villains on the old Mobil logo, the "Flying Red Horse". It is interesting to note that this trend continued till the 50's but thereafter the sales of undershirts began to rise after James Dean and Marlon Brandon rode their Harleys in T-shirts. This trend continues in recent times (see Table 1).

TABLE 1

HOLLYWOOD MOVIES FEATURING PRODUCT PLACEMENTS (2005 onwards)		
MOVIE	RELEASE YEAR	BRANDS FEATURED
Meet the Fockers	2005	Apple, Ford, Jaguar, Panasonic, Pontiac, Starbucks
Coach Carter	2005	7-Eleven, Band-Aid, BMW, Casio, ESPN, Fila, Gatorade, Honda, Mercedes, Nike, Olympus, Pepsi. Polaroid, Polo Ralph Lauren, Reebok, Xbox
Boogeyman	2005	Coca cola, Ford, Ford Mustang, Mack, Mercedes, Red Bull
Hitch	2005	Adidas, Benadryl, Blackberry, Canon, Citibank, Coca-Cola, Ericsson, FedEx, Ford, GE, Google, Gucci, Johnson & Johnson, Lacoste, Mercedes, Motorola, Nike, Nikon, Polaris, Sony, Starbucks, Subway
The Pacifier	2005	Adidas, Apple, Apple, Domino's Pizza, Ford, Huggies, Intel, Johnson & Johnson, Lay's, Microsoft, Minute Maid, Nike, Panasonic, Pantene, Sony, Toyota
The Ring Two	2005	Apple, Aquafina, Bose, Ford, Philips, Volkswagen
Sin City	2005	American Express, Beretta, Cadillac, Chevrolet, Chrysler, Ferrari, Ford, Jaguar, Master Card, Mercedes, Motorola, Porsche
The Interpreter	2005	Apple, Audi, British Airways, Carlsberg, Chevrolet, Coca-Cola, Dell, FedEx, Ford, Frito Lay, HP, Land Rover, Lipton, Mercedes, Motorola, New York Times, Nikon, Pepsi, Sony, Sprite, Starbucks
Mr. and Mrs. Smith	2005	BMW, Cadillac, Chevrolet, Coca-Cola, Johnnie, Walker, Mercedes, MTV, New York Times, Nokia, Panasonic, Pepsi, Samsung, Tissot
Batman Begins	2005	Bacardi, Budweiser, Ford Mustang, Heinz, Jeep, Motorola, Nike, Nokia, Omega, Sony, Toyota
War of the Worlds	2005	Apple, Coca-Cola, Ford Mustang, Heinz, Jeep, Motorola, Nike, Nokia, Omega, Sony, Toyota
Fantastic Four	2005	Burger King, Business Week, Corvette, Dell, ESPN, Ford, HSBC, Kellogg's Corn Flakes, Lay's, Mountain Dew, MSN, Nestle, Nike, Pepsi, Samsung, Victoria's Secret, Wal-Mart, Xbox
King Kong	2005	Cadillac, Chevrolet, Coca-Cola, Johnnie Walker, Listerine, Nestle, Pepsodent, Universal Studios
The Chronicles of Narnia: The Lion, the Witch and the Wardrobe	2005	Austin, Bradley Manor, Great Western Railway
Underworld: Evolution	2005	Land Rover, Sony
Big Momma's House 2	2005	Apple, BMW, Coca-Cola, Dell, Ford, HP, LG, Mercedes, Motorola, Panasonic, Philips, Playboy, Polo Ralph Lauren, Ray-Ban, Rolex, Samsung, Sony, Victoria's Secret
The Pink Panther	2005	Adidas, Apple, Axe, Dell, Kodak, McDonald's, MSN, Nikon, Philips, Toyota, Volkswagen
Demolition Man	2005	Taco Bell Restaurant chain. They changed it to Pizza Hut – for Pepsi – in the Japanese release!!
Analyze This	*2005*	*Merrill Lynch investments*
You've got Mail	*2005*	*AOL*
WALL-E	2007	Wall-E has a Rubik's cube and an IPod in his house. This video proves that the iPod will still work in the year 2700! Also, don't you think that Eve looks like an Apple product? Should we see an insidious manipulation from Apple? For if Eve is a mac, no doubt Wall-E is an old rusty and outdated PC. Eve is eco-responsible. She was built to find the last plant on Earth, and can solve the Rubik's cube within a few seconds!
The Pursuit of Happyness	2007	Let's stay with the famous Rubik's cube. Will Smith is a smart single dad, ready for everything to become a Wall Street trader in the 80's. Also ready to impress a headhunter by solving the Rubik's cube, very popular game in the 80's.
The Dark Knight	2008	The bat mobile is a Lamborghini Murcielago, which means bat in Spanish!
Source code	2011	In the virtual reality, we are all using Bing rather than Google!

PRODUCT PLACEMENT IN MOVIES: THE BOLLYWOOD EXPERIENCE

Films are a prominent medium of entertainment in India. Impact of films is evident from the fact that film stars have iconic status in India (Kripalani, 2007) The Indian film industry is 100 years old and world's largest producer of films in volumes, producing around 1,000 films per annum and accounted for 1% of the global film industry revenue (Dwyer, 2005). Leveraging on the emotional value attached with a movie and diverse genre of films produced, corporates and advertisers have the opportunity to associate their brands with the right movies through "in-film advertisements". Advertising agencies thus play a crucial role between film producers and corporates who want to associate their brand with a movie. Product placement in Indian movies is not something new. A discernible trend as regards using storyline of the film to advertise products has been noticed in the recent past. The products chosen for advertising through this medium have varied from automobiles to soft drinks, garments, gift items, services, pharmaceuticals to name a few. In this context, it will be interesting to cite some of the recent Indian movies in which products and services have been advertised (Table 2).

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TABLE 2: PRODUCT PLACEMENT IN MOVIES: THE BOLLYWOOD EXPERIENCE

MOVIE	RELEASE YEAR	BRANDS FEATURED
An Evening in Paris	1967	Sharmila Tagore was seen sipping delicately from a 200 ml bottle of Coke, struggling to make sure the logo was visible
Bobby	1973	The Rajdoot motorbike from Enfield Motors was launched in the movie
Awwal Number	1990	The Dev Anand flick released in starring Aamir Khan, every time the hero hit a four, the ball bounced off a poster saying Garware!
Prem Diwane	1992	A lot of people unrelated to the story line were shown carrying Benzer bags where an entire sequence with Madhuri Dixit was shot inside the famous Benzer stores of Bombay
Love Ke Liye Kuch Bhi Karega	2001	Mc Donald's India has been quite active on the product placement front. The hero strategically holds a ball with the Mac 'M' on it
Kaho Na Pyar Hai	2000	Hritik Roshan flexes biceps etc and asks irritably, "McDonald's ka burger laaon kya?"
Taal	1999	Coke
Dilwale Dulhania le Jayenge	1995	Stroh's Beer
Fiza	2000	Close Up
Yaadein	2001	Coke and Pass Pass
Baghban	2003	Amitabh Bachchan endorsed a multiplicity of brands, namely Ford Ikon, ICICI Bank and Tata Tea
Chalte-Chalte	2003	Castrol engine oil, Santro and Versache
Dhoom	2004	Suzuki
Bunty Aur Babli	2005	Maruti Suzuki launched its new model "Swift"
Viruddh	2005	promoted Asian Paints and Calcium Sandoz tablets
Parineeta	2005	the actress Vidya Balan promotes Saridon tablets
Yaaran Naal Baharaan	2005	Karizma
Dabbangg	2010	Zandu Balm pain reliever rub and BoroPlus anti-septic cream have been part of the superhit songs.
Cocktail	2012	online shopping address myntra.com was effectively emphasized

REVIEW OF EXISTING LITERATURE

THE TRADITIONAL WAY OF PRODUCT PLACEMENT IS LOSING ITS SHEEN

Promotion has always been the trickiest part of the marketing mix. It has never been easy to capture the thought process of the consumers. Researchers have studied product placement in various media: advergames, computer/video games, digital games, movies, television, television magazines (Matthes, Schemer, and Wirth, 2007), novels (Brennan, 2008), online games, simulation games, sporting events, game shows (Gupta and Gould, 2007), radio, physical environments such as hotel rooms, rental cars, or ships (Weaver, 2007), virtual/online environments (Yaveroglu and Donthu, 2008), and songs (Delattre and Colovic, 2009).

However innovative the marketers become, the consumers still figure out after some time how they are being targeted. As we have seen, product placements have been quite popularly used for a captive audience of movies (Ref: Table 1, Table 2). In addition to that, the favoritism the celebrity already enjoys is able to give the marketer an edge in influencing the complex decision making process of the consumer (Trusov, Bucklin and Pauwels, 2009).

The study of existing studies points out that though product placements through movies is a good medium for generating awareness and reminding the consumers about the product (Kaur B, 2014). there is also an increasing appreciation by the consumers about the placement being a sponsored item in the movie (Gillespie and Joireman, 2016). It is difficult to ascertain the effectiveness because even though the product placements are widely used, the related data is usually proprietory and not accessible freely. Product placements have been analysed in the way they have been included in the movies and it has been found that this affects their effectiveness (Bhatnagar, Aksoy, & Malkoc, 2004). Different types of product placements such as visual or verbal have different effects on the consumer (Russell, 2002). With the ever increasing knowledge of the consumer, it is hard for the marketers to camouflage the sponsored content without the customer realizing that the product has been purposely put for selling it.

Law and Braun (2000) suggest that although products central to the plot were remembered and recalled more than products placed more subtly, no reliable effect of centrality of placement was observed on the choice measure. This dissociation also occurred with modality of placement—where seen-only products most influenced choice but were least recalled.

PRODUCT PLACEMENTS THROUGH SOCIAL NETWORKING: THE NEW WAY OF DOING IT

With the growth of internet and changed consumer preferences, the marketing, advertising and PR industries are taking advantage of the opportunities that lie unexplored in the social media platform and have essentially created a new form of product placement. The number of internet users exceeds 3 billion people (Internet Live Stats, 2017/1/1) a majority of whom belong to "generation Y" and are spread across different socio economic layers, (Bolton, Ruth et.al.,2013). They are actively present on popular social networking sites such as Facebook, Twitter and Instagram. Social Networking sites are web- based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system (Danah, Nicole, 2007). Social networking has its advantages with high speed internet connections, with more visual features that a marketer can use. Because of its growing potential, marketers are realizing the importance of social media and social networking. Product placement is essentially integrating the brand or product in the entertainment item (Russell & Belch, 2005) and is gaining popularity through increasing presence in social media (La Ferle, Steven & Lee, 2008). Through product placement, marketers aim to create consumer awareness for the brands and intend to affect consumer behavior (Babacan et al., 2012; Chang, Newell and Salmon 2009). The idea is that once viewers already recognise a product, showing it in a context in which it is being used (by characters in the music video) encourages them to purchase the product, which is the ultimate marketing objective (Omarjee & Chiliya 2014). Networking through social media enables the users to share and discuss easily about the product within their influencer group. The marketer and advertisers try to locate their brands in videos or games that fit well with their products (Okazaki and Taylor, 2013).

METHODOLOGY

This study is a qualitative study based on a primary survey. A structured questionnaire was administered to a sample of 150 respondents selected on the basis of qualitative criteria. The responses were analysed for 100 respondents only due to various reasons. The sample was selected having a homogeneous mix of age, gender and socio-professional background. The methodology uses convenience random sampling. To get the basic data, the method of survey questionnaire with the population has been used. The structured questionnaire comprised of closed-ended questions, hich were used to get basic information of the sample as a method of data collection. The survey uses both descriptive and statistical methods to find the current situation regarding the use and impact of product placement using social media networking towards consumer behavior. Statistical tools such as tables, frequency, charts have been used to depict the data.

Age of the respondents: This study also represents more young adults (15-25 year olds) as the research data proves that internet usage is highest amongst this age group. This age group also makes for an important online consumer group (Figure 1). The aim was to first enquire about the use of mobiles and presence of the user on popular social networking sites. The respondents were questioned for their usage patterns (Figure 2). The respondents were asked for the number of celebrities they followed online (Figure 3).

Figure 1 Age of the Respondents (in years)
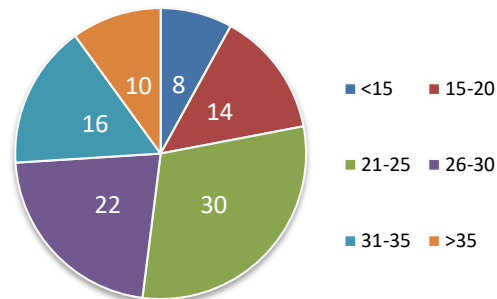
Figure 2: Popular social media sites :
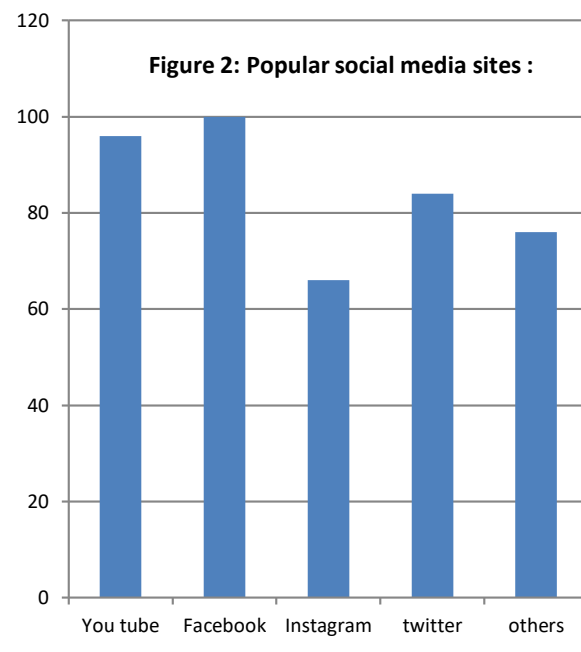
Figure 3: Number of celebrities Followed Through Social Networking Sites
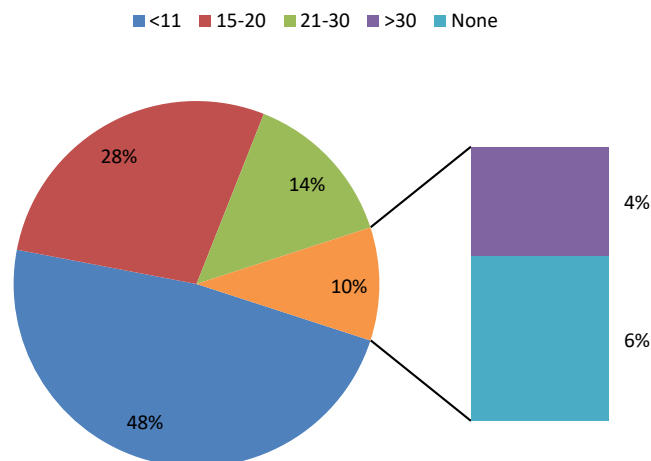
The study of responses from respondents showed the usage of social media to be more with young adults with an age bracket of 21-35 years. YouTube, Facebook, Instagram, Twitter were the most popular sites with the users. 48% of the respondents seem to be following around 10 celebrities at least via social media.

FINDINGS

The study of responses revealed the following findings.

REASON FOR FOLLOWING CELEBRITIES OVER SOCIAL NETWORKING SITES

When asked this question, 16/100 respondents strongly agreed that they were inspired by them, whereas 28/100 disagreed and 24/100 remained neutral to the statement. Although 58/100 of them knew that the celebrity was being paid for the product placements, 68/100 were interested to know more about the product

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because their favorite celebrity was claiming to be using it. Majority of respondents (36/100) strongly agreed that they did so because they were curious about their favorite celebrities and wanted to know about them more.

Figure 4:Reason for following Celebrities over Social Networking Sites
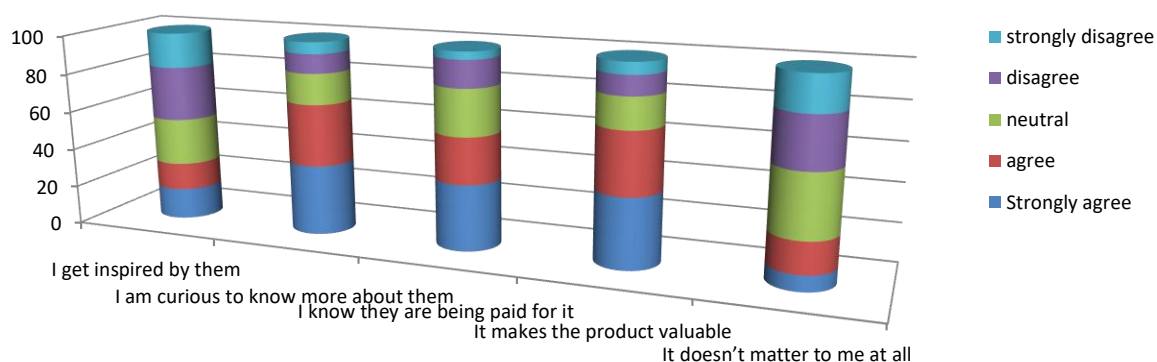
ATTITUDE TOWARDS CELEBRITIES ENDORSING PRODUCTS IN SOCIAL MEDIA

The respondents were asked whether the exposure to product placements over their favorite celebrities' social networking post would make them change their purchase intention. 23% felt they will definitely think about the product and its usefulness whereas 32% said they want to know more about the product. 24% of the respondents said they will think of reasons for buying the product and 21% would be endorsing the celebrities' association to the brand in their own circles.

Figure 5:Purchase Intention
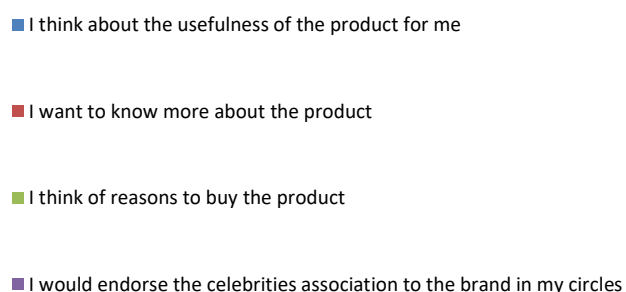
Brand Perception: The respondents were asked what effect do celebrity endorsements have on brand perceptions. 18% of the respondents want to know more about the product, 11% are convinced for quality of the product because of the fact a celebrity was endorsing it. 14% of the respondents feel annoyed with their celebrity endorsing it. This may be because the product may not be the right fit for the celebrity chosen hence leading to a low brand perception. A large section of the respondents is inspired to try the product being endorsed by their favorite celebrity. 7% of the respondents also felt they were misled for the product.

Figure 6: Brand Perception
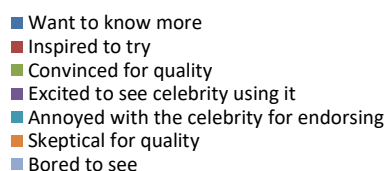
Ethics and Product placement on social media. 28 out of 100 respondents strongly disagreed to the statement that the endorsement by celebrities on social media are truthful. 36 respondents disagreed to the statement that social media is a reliable source of information about the quality and performance of the products. 40 were neutral when asked whether product placement on social media presents a true picture of the product being advertised. 28% of respondents actually considered it to be a source of reliable information about the quality and performance of products. 18% strongly agreed that whatever was being said in the placement was believable.

FIG. 7
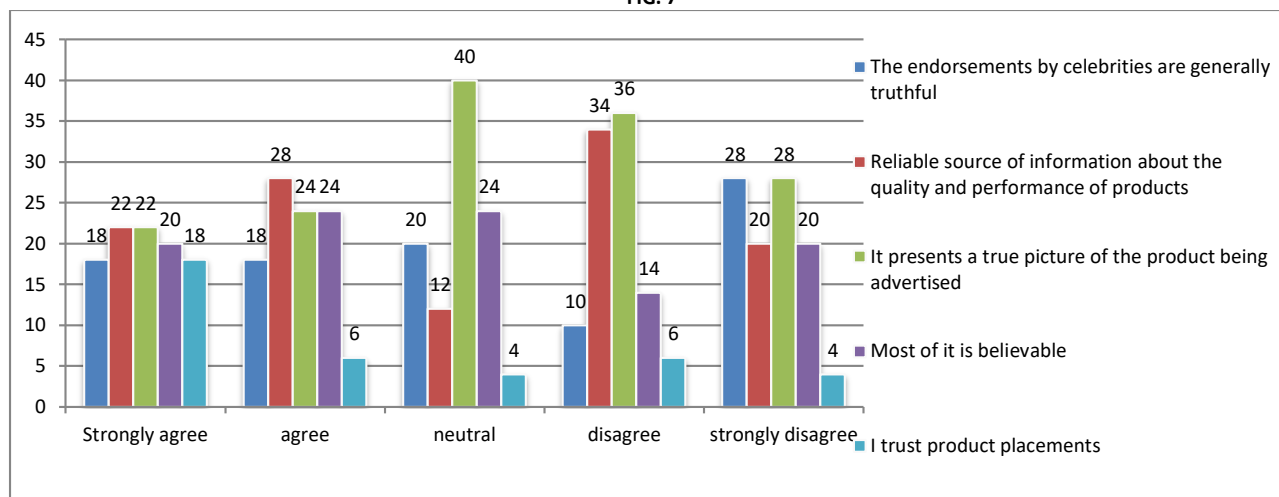
CONCLUSION

Traditionally, product placements have been effective because of their novelty. With time, the consumers have become aware of this being used by the marketer as an advertising strategy where the celebrity is paid to place the product. Today's consumer is much more sophisticated and makes conscious decisions. Traditional ways of advertising will continue to diminish with the changing dynamics of the consumer environment.

The advancements in technology and the rise and rise of smart phone usage, this style of advertising through product placements has made its way to the social media, for better or worse. The marketer thus, has to come up with new ideas using smart technology which has engaged the consumer. It has opened new revenue streams for popular bloggers, Twitter and Facebook users who have a large page following. If it is done effectively, using product placement and brand ambassadors on social media proves to be extraordinarily effective way of spreading a message and marketing a brand. Tweeting about your product or service from your own Twitter account is one thing, but having an "impartial" influencer tweet about you is quite another.

It comes with a caution. Sometimes, product placement can backfire. For example, Indian Tennis player Sania Mirza posted a promotional tweet on Wednesday about the smartphone One Plus 3T. But this promotional tweet went wrong when she didn't realise that she was making the tweet from her I-Phone. Twitteratti was quick to spot this and they didn't really take much time to troll the tennis player (via IE/Sports, 2017).

Although the smart consumer has started to realize that this is a sponsored way of advertising, but still they have not yet completely caught on to this marketing technique. Brand ambassadors never push their followers to buy products; instead, they lead people to a lifestyle page or blog post to gently introduce their tribe to the advertiser's message or brand. The landing page does the rest. It works because when it comes to purchasing a product and consumer interest it all comes down to trust.

This study has **future implications** for further research for innovative and creative methods to keep the viewer's attention engaged. As the technology improvises further and the consumer becomes more and more tech savvy, the marketer who is able to think out of the box will be able to win over the attention of the consumer.

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RELATIONSHIP BETWEEN SERVICE QUALITY, CUSTOMER TRUST, SATISFACTION AND LOYALTY IN E-RETAILING

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ABSTRACT

In order to retain loyal consumer, E-service quality is an important tool to adopt and utilize while doing business online via Internet. Initially, present work verified validity and reliability of the instrument used through factorability procedures (exploratory and confirmatory factor analysis) along with model fit statistics. Through this procedure few items were eliminated from the instrument and were extracted while carrying further analysis. After that dependency effects were examined resulting significant positive effects between e-service quality, customer trust, customer satisfaction and customer loyalty. Further, from fifteen identified correlations, six were found to be correlated at higher level and remaining were found to be correlated either at medium or lower levels with each other. However, outcome quality and customer loyalty are not found to be correlated with each other. Limitations of the present study were also discussed in the conclusion portion with scope for future work.

KEYWORDS
service quality, e-retailing, customer trust, satisfaction & loyalty.

INTRODUCTION
E-SERVICE QUALITY
According to Zeithaml et al. (2002), e-services quality can be believed as how efficiently and proficiently a service provider will facilitates advantageous purchase and delivery of goods or services to online buyers. It can be pragmatic that the key to success of e-Retailers does not simply include low price strategy, but rather level of quality service offered online (e-Service Quality). So, it can be understood that service quality is most important concern that e-Retailers should focus on priority basis in order to satisfy and retain loyal customer (Zeithaml et al., 2000).

CUSTOMER TRUST
Customer trust in online is viewed as a belief of customer that service provider will conduct fair and secure e-transaction up to the expectation of the customer (Romadhoni et al., 2015). Moreover, customer feels secure and is eager to depend or plan to depend on the service provider. Trust is a belief of customer that e-Retailer will carry out e-transaction related formalities according to the expectations of the customers.

CUSTOMER SATISFACTION
The summation of the overall process right from buying of goods or services and other coupled features of the e-Retailers results in customer satisfaction. Some scholars believe that customer satisfaction is the straight result of the overall service quality adopted by e-Retailers (Caruana, 2002). Moreover, most of the researcher views customer dissatisfaction as shortfall of performance in comparison with expectation. So, customer satisfaction is understood as when performance matches or exceeds their expectations (Brillant and Achyar, 2013).

CUSTOMER LOYALTY
Customer loyalty can be viewed as retention of existing customer or making purchase again in future from the existing e-Retailer. It can also be considered as financial contribution of customer by making re-purchase (Roostika, 2011). In other words, loyalty can be defined as "a deeply held commitment to re-buy or re-patronize a preferred product/service from the existing e-Retailer consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences".

RELATED STUDIES
The effects of e-service quality on e-trust and e-satisfaction were identified and reported by *Ghalandari (2012)* through a survey by collecting data from 382 online buyers. He performed linear regression model and identified that customer loyalty to e-shops is directly influenced by e-trust and e-satisfaction with e-shops which in turn are determined by e-service quality. Further, the study mentions that situational variables can moderate relationship between e-trust and/or e-satisfaction and e-loyalty. To know the Impact of service quality, trust and customer satisfaction on customer loyalty, *Akbar and Parvez (2009)* made an attempt to probe into it, based on the analysis of the collected data from 304 customers in Bangladesh, study reveals that trust and customer satisfaction are significantly and positively related to customer loyalty. Also it has been found that customer satisfaction plays a mediator role between perceived service quality and customer loyalty. Hence, study encourages the service providers to find out suitable path of action to gain customers trust by providing better quality in their service to retain existing customers.

Kim and Jackson (2009), explores e-Service Quality and its effects on e-satisfaction and e-loyalty in online shopping. The result of work reveals that the factor, system availability was found to have direct and positive effect on e-loyalty, whereas factor, efficiency had a negative effect on e-loyalty for online shopping. This indicates that service quality dimension system availability was likely to increases customer satisfaction. However, variables compensation and responsiveness were found to be having significant effect indirectly on e-loyalty. Further, the above study mentions that for retaining loyal customers, recovery services or post purchase services plays an essential role for consumers purchasing online. Also, for getting competitive edge is to provide enhanced service quality, increase customer satisfaction and motivate consumers to re-purchase. So in this regard Behjati et al, (2012) while trying to find out the relation between e-service quality, e-satisfaction and e-loyalty investigates reliability and validity tests of the scale for the measurement of e-loyalty and satisfaction. Further, the study reveals that nine factors such as trustworthiness, reliability, ease of use, security, personalization, responsiveness, accessibility/convenience, aesthetic and utilitarian are found to be having positive effect on customer loyalty and satisfaction.

METHODOLOGY
To test the conceptual framework (Fig. 1) of the present work, descriptive research design and self-administered questionnaire were used to collect data from online buyers, who were identified on random basis from Chandigarh state by contacting different logistic partners (Courier companies) of different e-Retailing shops. Out of total 500 questionnaires distributed, 233 were collected successfully after eliminating incomplete and non usable data.

The detail of items (**check Appendix-1**) with 5-point Likert scale, employed for measuring e-Service Quality dimensions, customer trust, customer satisfaction and customer loyalty were taken from previous studies. More specifically, three factors such as ease of use (with three items), responsiveness (with three items) and information quality (with three items) were employed for measuring service quality dimension interaction quality. Also, two factors such as visual appearance (with three items) and clarity of layout (with three items) were used for measuring service quality dimension environment quality and service quality dimension outcome quality was measured with three factors such as order fulfillment (with three items), reliability (with three items) and emotional benefits (with three items). Further, customer perceived trust, satisfaction and loyalty were measured with four items each.

OBJECTIVES AND HYPOTHESIS

Objective	S no.	Hypothesis
To identify the effects of service quality dimensions on customer trust in e-Retailing.	1	Customer trust does not depend on service quality dimensions such as interaction quality, environment quality and outcome quality.
To identify the effects of service quality dimensions on customer satisfaction in e-Retailing.	2	Customer satisfaction does not depend on service quality dimensions such as interaction quality, environment quality and outcome quality.
To identify the effects of customer trust and satisfaction on customer loyalty in e-Retailing.	3	Customer loyalty does not depend on customer trust and satisfaction.
To find out the kind of inter relationship existing between different study variables.	4	Study variables in e-Retailing are not related with each other.

FIGURE 1: CONCEPTUAL FRAMEWORK
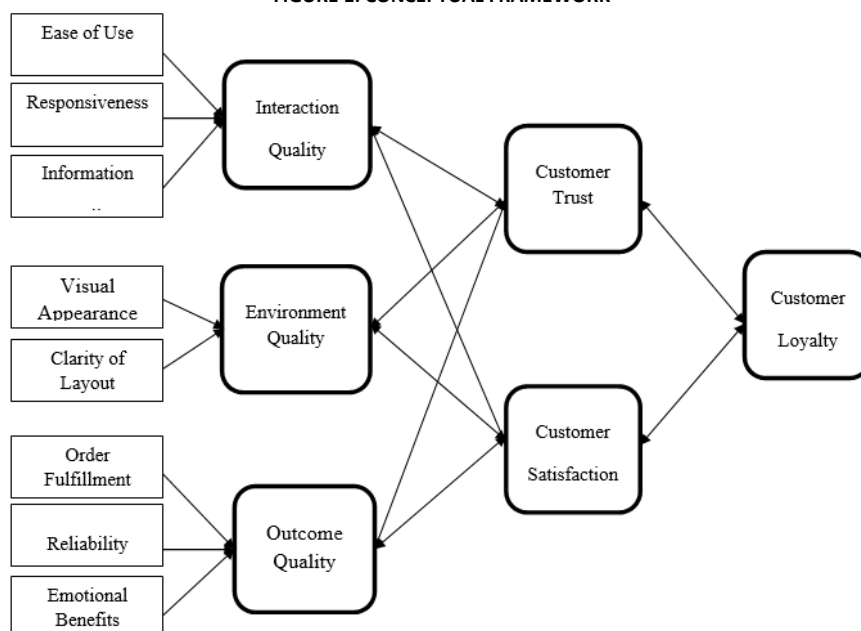
ESTABLISHING CONSTRUCT VALIDITY OF THE STUDY VARIABLES

To establish construct validity for the study variables, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were conducted and results are as follows:

Exploratory Factor Analysis on the scale for measuring customer trust

Four items were used for measuring customer trust with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the **Exhibit-1**. The factorability of these four items was examined through several well-recognized criteria on the basis of item correlations. Three of the four items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.693obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent level with a Chi-Square Value of 174.032 as shown in table-1. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5(Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed through the values of communalities which are well above the suggested value 0.3 as shown in table-1. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all four items originally considered.

EXHIBIT - 1: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING CUSTOMER TRUST

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	CT1	E-product/service provider is trustworthy and honest.	5 point Likert scale	Moorman, 1993; Kolsaker & Payne, 2002; Merrilees & Fry, 2003; Eid, 2011
2	CT2	E-product/service provider instills the confidence in his customers.	5 point Likert scale	
3	CT 3	E-product/service provider does not usually fulfill the promises and commitments he assumes.	5 point Likert scale	
4	CT 4	It is a problem to give the private information and the credit card number to the E-product/service provider.	5 point Likert scale	

In order to compute scores for the factors underlying customer trust, principle components analysis was used and the initial Eigen values showed that the factor explained 61 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 61 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-1.

TABLE 1: RESULTS OF THE EFA FOR MEASURING CUSTOMER TRUST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.693		
Bartlett's Test of Sphericity	Approx. Chi-Square		174.032		
	df		16		
	Sig.		0.000		
Variance Explained			61%		
Item no.	Assigned Item Name	Item Detail	Component Extracted	Communalities	Alpha
			Factor 1		
1	CT2	E-product/service provider instills the confidence in his customers.	0.665	0.640	0.807
2	CT 3	E-product/service provider does not usually fulfill the promises and commitments he assumes.	0.719	0.731	
3	CT 4	It is a problem to give the private information and the credit card number to the E-product/service provider.	0.790	0.601	
4	CT1	E-product/service provider is trustworthy and honest.	0.611	0.664	

Extraction Method: Principal Component Analysis.
Item Excluded: None

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-1. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.807 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978).

Exploratory Factor Analysis on the scale for measuring customer satisfaction

Four items were used for measuring customer satisfaction with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the Exhibit-2. The factorability of these four items was examined through several well-recognized criteria on the basis of item correlations. All items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.677 obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent level with a Chi-Square Value of 120.110 as shown in table-2. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5(Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed through the values of communalities which are well above the suggested value 0.3 as shown in table-2. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all four items originally considered.

EXHIBIT - 2: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING CUSTOMER SATISFACTION

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	CS 1	The performance of Web site meets my expectation.	5 point Likert scale	Oliver, 1997; Giese & Cote, 2000; Eid, 2001
2	CS 2	The Web site does not have sufficient experience in the marketing of the products and service that it offers.	5 point Likert scale	
3	CS 3	The Web site knows its users well enough to offer them products and services adapted to their needs.	5 point Likert scale	
4	CS 4	The Web site does not have the necessary resources to carry out its activities successfully.	5 point Likert scale	

In order to compute scores for the factors underlying customer satisfaction, principle components analysis was used and the initial Eigen values showed that the factor explained 66 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 66 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-2.

TABLE 2: RESULTS OF THE EFA FOR MEASURING CUSTOMER SATISFACTION

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.677		
Bartlett's Test of Sphericity	Approx. Chi-Square		120.110		
	df		15		
	Sig.		0.000		
Variance Explained			66%		
Item no.	Assigned Item Name	Item Detail	Component Extracted	Communalities	Alpha
			Factor 1		
1	CS 3	The Web site knows its users well enough to offer them products and services adapted to their needs.	0.772	0.543	0.890
2	CS 4	The Web site does not have the necessary resources to carry out its activities successfully.	0.600	0.781	
3	CS 1	The performance of Web site meets my expectation.	0.733	0.662	
4	CS 2	The Web site does not have sufficient experience in the marketing of the products and service that it offers.	0.759	0.713	

Extraction Method: Principal Component Analysis.
Item Excluded: None

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-2. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.890 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978).

Exploratory Factor Analysis on the scale for measuring customer loyalty

Four items were used for measuring customer loyalty with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the Exhibit-3. The factorability of these four items was examined through several well-recognized criteria on the basis of item correlations. All items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.809 obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent level with a Chi-Square Value of 221.003 as shown in table-3. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5 (Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed

through the values of communalities which are well above the suggested value 0.3 as shown in table-3. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all four items originally considered.

EXHIBIT 3: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING CUSTOMER LOYALTY

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	CL1	I will continuously purchase from the Web site in the near future.	5 point Likert scale	Oliver, 1997; Barroso & Martin, 1999; Asuncioet al., 2004;Eid, 2011
2	CL 2	I do recommend that others use the Electronic Commerce services.	5 point Likert scale	
3	CL 3	My preference for the Electronic Commerce would not willingly change.	5 point Likert scale	
4	CL 4	Changing my preference from the Electronic Commerce requires major rethinking.	5 point Likert scale	

In order to compute scores for the factors underlying customer loyalty, principle components analysis was used and the initial Eigen values showed that the factor explained 59 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 59 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-3.

TABLE-3: RESULTS OF THE EFA FOR MEASURING CUSTOMER LOYALTY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.809		
Bartlett's Test of Sphericity	Approx. Chi-Square		221.003		
	df		17		
	Sig.		0.000		
Variance Explained			59%		
Item no.	Assigned Item Name	Item Detail	Component Extracted Factor 1	Communalities	Alpha
1	CL 4	Changing my preference from the Electronic Commerce requires major rethinking.	0.663	0.609	0.796
2	CL1	I will continuously purchase from the Web site in the near future.	0.825	0.604	
3	CL 2	I do recommend that others use the Electronic Commerce services.	0.643	0.601	
4	CL 3	My preference for the Electronic Commerce would not willingly change.	0.705	0.717	

Extraction Method: Principal Component Analysis.
Item Excluded: None

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-3. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.796 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978).

Confirmatory Factor Analysis on the scale for measuring customer trust, satisfaction and loyalty

The details of the model fit for the factors customer trust, satisfaction and customer loyalty is shown in the table-1, table-2 and table-3 and the corresponding metrics of the model fit is provided in table-4. From the model fit diagram shown in Figure-2, it can be observed that all the items taken up in the model fit process have the loading in the range between 0.62 and 0.97 well above the recommended value of 0.5 (Nunnally and Bernstein, 1994).The value of CMIN/DF obtained for this model is 1.230 and this value is well below the suggested maximum value of 5.0 for a good model fit (Bagozzi and Yi, 1988). Further, the CFI value of 0.981 and the AGFI value of 0.973 are well above the suggested value of 0.95.

TABLE 4: MODEL FIT SUMMARY ON THE SCALE FOR MEASURING CUSTOMER TRUST, SATISFACTION AND LOYALTY

S.no	Goodness-of-Fit Statistics	Model
1	CMIN/DF	1.230
2	CFI(Comparative Fit Index)	0.981
3	AGFI(Adjusted Goodness-of-Fit-Index)	0.973
4	RMSEA(Root Mean Square Error of Approximation)	0.042

Source: Computed from primary data

Also, the RMSEA value of 0.042is below the suggested maximum value of 0.07 (Baumgartner and Homburg, 1996). Thus, the Confirmatory Factor Analysis procedure through a Model fit Process establishes a strong construct validity and reliability for the scale to measure customer trust, satisfaction and customer loyalty.
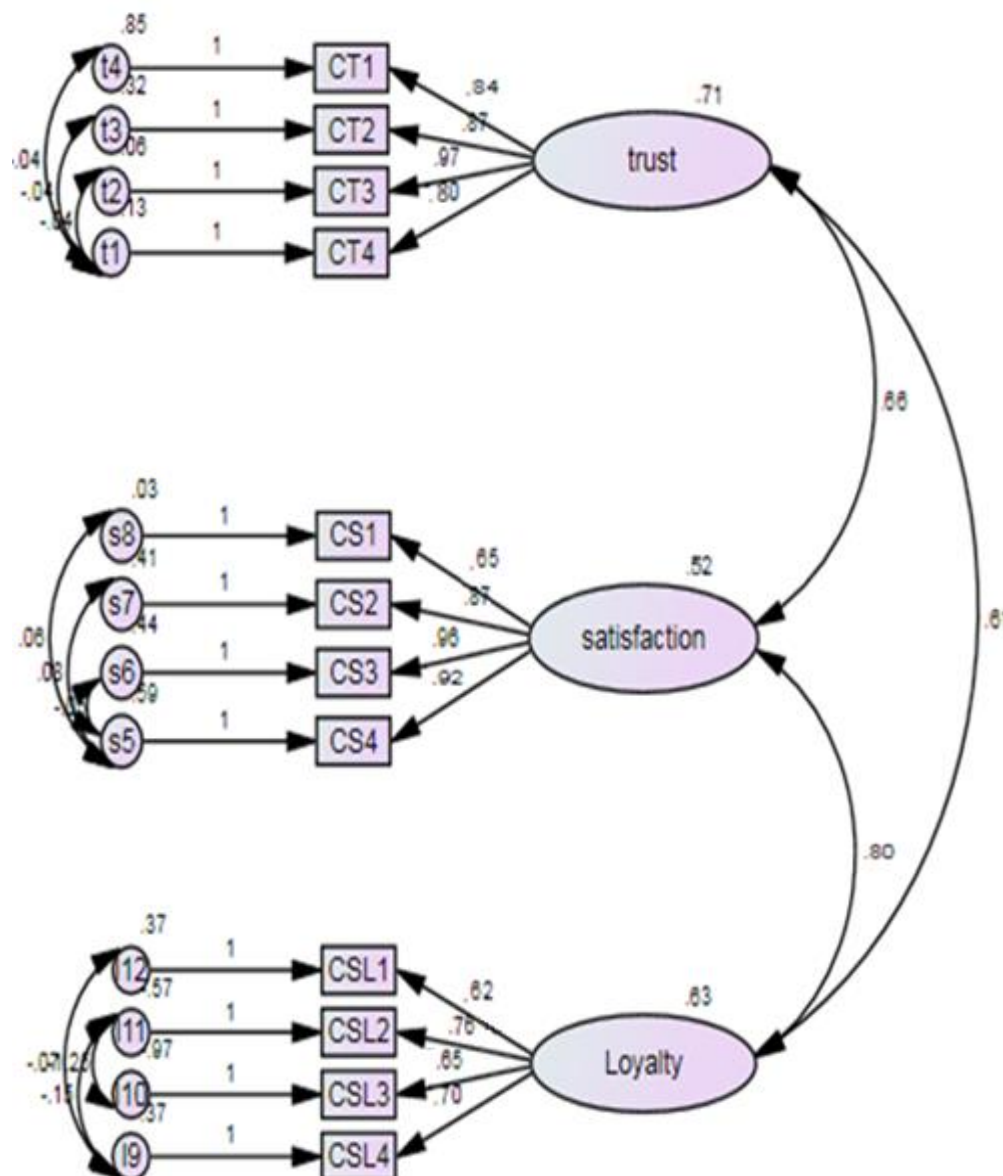
MODEL FIT FOR CUSTOMER TRUST, SATISFACTION AND LOYALTY

FIGURE-2

Exploratory Factor Analysis on the scale for measuring Service Quality dimension Interaction Quality

Nine items were used for measuring overall interaction quality with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the Exhibit-4. The factorability of these nine items was examined through several well-recognized criteria on the basis of item correlations. Seven of the nine items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.807 obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent level with a Chi-Square Value of 134.054 as shown in table-5. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5(Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed through the values of communalities which are well above the suggested value 0.3 as shown in table-5. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all nine items originally considered.

EXHIBIT 4: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING SQ INTERACTION QUALITY

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	EU1	It is easy to get access to this e-Retailer's Web site.	5 point Likert scale	Ribbink et al., 2004; Lee & Lin, 2005; Yang et al., 2003; Fassnacht & Koese, 2006 and Chen et al., 2013
2	EU2	This site is user friendly.	5 point Likert scale	
3	EU3	Navigation on this site is easy.	5 point Likert scale	
4	RS1	This e-Retailer is willing to quickly solve problems for me.	5 point Likert scale	
5	RS2	I think this e-Retailer gives prompt service.	5 point Likert scale	
6	RS3	I believe this e-Retailer is always willing to help customers.	5 point Likert scale	
7	IQ1	This e-Retailer provides up-to-date information.	5 point Likert scale	
8	IQ2	This e-Retailer presents information that is easy to understand.	5 point Likert scale	
9	IQ3	This e-Retailer provides all the information necessary.	5 point Likert scale	

In order to compute scores for the service quality dimension interaction quality, principle components analysis was used and the initial Eigen values showed that the factor explained 68 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 68 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-5.

TABLE 5: RESULTS OF THE EFA FOR MEASURING SQ INTERACTION QUALITY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.807		
Bartlett's Test of Sphericity	Approx. Chi-Square		134.054		
	df		16		
	Sig.		0.000		
Variance Explained			68%		
Item no.	Assigned Item Name	Item Detail	Component Extracted Factor 1	Communalities	Alpha
1	EU1	It is easy to get access to this e-Retailer's Web site.	0.773	0.517	0.789
2	RS1	This e-Retailer is willing to quickly solve problems for me.	0.835	0.681	
3	EU3	Internet Usage Experience	0.657	0.513	
4	IQ1	Navigation on this site is easy.	0.668	0.603	
5	RS3	I believe this e-Retailer is always willing to help customers.	0.665	0.702	
6	RS2	I think this e-Retailer gives prompt service.	0.664	0.590	
7	IQ2	This e-Retailer presents information that is easy to understand.	0.665	0.568	
8	IQ3	This e-Retailer provides all the information necessary.	0.672	0.599	

Extraction Method: Principal Component Analysis.

Item Excluded: Item 2 Shown in Exhibit-4 named as EU2

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-5. During such procedures an item with a factor loading value of below 0.5 was eliminated following the standard guidelines. So, further analysis was carried out with eight items only. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.789 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978). The item EU2 that got listed in Exhibit-4 are eliminated in the process and hence, not contributing to the measurement of the factor extracted in table-5.

Exploratory Factor Analysis on the scale for measuring Service Quality Dimension Environment Quality

Six items were used for measuring overall environment quality with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the Exhibit-5. The factorability of these six items was examined through several well-recognized criteria on the basis of item correlations. Five of the six items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.698 obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent level with a Chi-Square Value of 294.770 as shown in table-6. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5(Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed through the values of communalities which are well above the suggested value 0.3 as shown in table-1. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all six items originally considered.

EXHIBIT 5: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING SQ ENVIRONMENT QUALITY

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	VA1	This e-Retailer's site is aesthetically appealing.	5 point Likert scale	Lee & Overby, 2004; Fassnacht & Koese, 2006; and Chen et al., 2013
2	VA2	The "look" of this Web site is appealing.	5 point Likert scale	
3	VA3	This e-Retailer's site is visually appealing.	5 point Likert scale	
4	CL1	The layout of the Web site enables the user to find important things at first sight.	5 point Likert scale	
5	CL2	Everything on this Web site is clearly arranged.	5 point Likert scale	
6	CL3	The layout of this Web site provides a clear structure.	5 point Likert scale	

In order to compute scores for the service quality dimension environment quality, principle components analysis was used and the initial Eigen values showed that the factor explained 57 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 57 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-6.

TABLE 6: RESULTS OF THE EFA FOR MEASURING SQ INTERACTION QUALITY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.698		
Bartlett's Test of Sphericity	Approx. Chi-Square		294.770		
	df		15		
	Sig.		0.000		
Variance Explained			57%		
Item no.	Assigned Item Name	Item Detail	Component Extracted Factor 1	Commu-nalities	Alpha
1	VA2	The "look" of this Web site is appealing.	0.657	0.617	0.801
2	CL2	Everything on this Web site is clearly arranged.	0.720	0.743	
3	VA1	This e-Retailer's site is aesthetically appealing.	0.820	0.661	
4	CL3	The layout of this Web site provides a clear structure.	0.832	0.883	
5	VA3	This e-Retailer's site is visually appealing.	0.730	0.804	
6	CL1	The layout of the Web site enables the user to find important things at first sight.	0.722	0.755	

Extraction Method: Principal Component Analysis.

Item Excluded: None

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-6. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.801 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978).

Exploratory Factor Analysis on the scale for measuring Service Quality Dimension Outcome Quality

Eight items were used for measuring overall environment quality with 5 point likert scale containing quantified values ranging between 1 and 5 is shown in the Exhibit-6. The factorability of these six items was examined through several well-recognized criteria on the basis of item correlations. Six of the eight items were correlated at minimum value 0.3 obtained with the pattern of correlation indicating realistic factorability of the model. Also, Kaiser-Meyer-Olkin value of 0.901 obtained is well above the suggested value of 0.60 (Nunnally and Bernstein, 1994) measures sample adequacy and the test of sphericity was significant at 5 percent

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level with a Chi-Square Value of 230.001 as shown in table-7. Further, all diagonal values of anti-image correlation matrix obtained were well above the recommended value of 0.5 (Bagozzi and Yi, 1988) indicates inclusion of each item considered in the model. Also, existence of the common variance among the items taken up in the model is confirmed through the values of communalities which are well above the suggested value 0.3 as shown in table-7. Therefore, such obtained details provide explanation for conducting factor analysis and hence, factor analysis was conducted with all eight items originally considered.

EXHIBIT 6: DETAILS OF THE ITEMS CONSIDERED FOR MEASURING SQ OUTCOME QUALITY

Item no.	Assigned Item Name	Item Detail	Measurement Scale	References
1	OF1	This e-Retailer's orders are protectively packaged when shipped.	5 point Likert scale	Collier & Bienstock, 2006; Lee & Lin, 2005; Petrick, 2004 and Chen et al., 2013
2	OF2	My orders from this e-Retailer rarely contain the wrong items.	5 point Likert scale	
3	OF3	The time between placing and receiving an order is short.	5 point Likert scale	
4	RE1	Transactions with this e-Retailer are error-free.	5 point Likert scale	
5	RE2	This e-Retailer has adequate security.	5 point Likert scale	
6	EB1	Making a purchase from this e-Retailer is enjoyable.	5 point Likert scale	
7	EB2	Making a purchase from this e-Retailer makes me feel good.	5 point Likert scale	
8	EB3	Making a purchase from this e-Retailer gives me happiness.	5 point Likert scale	

In order to compute scores for the service quality dimension outcome quality, principle components analysis was used and the initial Eigen values showed that the factor explained 60 percent of the variance. Also, the details of screen plot suggested the existence of only single factor in the solution model. Hence, further examinations with this factor alone were made through varimax and oblimin rotations and little difference were established between these two rotation procedures on this factor model that explained 60 percent variance. However, for the final solution the results corresponding to oblimin rotation was used and provided in table-7.

TABLE-7: RESULTS OF THE EFA FOR MEASURING SQ INTERACTION QUALITY

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.901		
Bartlett's Test of Sphericity	Approx. Chi-Square	230.001		
	df	10		
	Sig.	0.000		
Variance Explained		60%		

Item no.	Assigned Item Name	Item Detail	Component Extracted Factor 1	Communalities	Alpha
1	OF3	The time between placing and receiving an order is short.	0.801	0.638	0.812
2	RE1	Transactions with this e-Retailer are error-free.	0.834	0.739	
3	RE2	This e-Retailer has adequate security.	0.754	0.832	
4	OF2	My orders from this e-Retailer rarely contain the wrong items.	0.783	0.911	
5	EB2	Making a purchase from this e-Retailer makes me feel good.	0.954	0.746	
6	OF1	This e-Retailer's orders are protectively packaged when shipped.	0.634	0.755	
7	EB1	Making a purchase from this e-Retailer is enjoyable.	0.683	0.767	

Extraction Method: Principal Component Analysis.
Item Excluded: Item 8 Shown in Exhibit-6 named as EB3

Source: Computed from Primary data.

The results of factor loading and factor extraction obtained during repeated procedures on the basis of principal component analysis are shown in table-7. During such procedures an item with a factor loading value of below 0.5 was eliminated following the standard guidelines. So, further analysis was carried out with eight items only. All items got loaded with the value of above 0.5 resulting in single factor extraction for the final solution. The Cronbach Alpha values of 0.812 obtained for the factor confirms the reliability of the Scale (Nunnally, 1978). The item EB3 that got listed in Exhibit-6 are eliminated in the process and hence, not contributing to the measurement of the factor extracted in table-7.

Confirmatory Factor Analysis on the scale for measuring service quality dimensions

The details of the model fit for Service Quality dimensions such as are shown in the table-5, table-6 and table-7 respectively and the corresponding metrics of the model fit is provided in table-8.

TABLE 8: MODEL FIT SUMMARY ON THE SCALE FOR MEASURING SERVICE QUALITY DIMENSIONS

S.no	Goodness-of-Fit Statistics	Good Fitness	Model
1	CMIN/DF	< 5.0	1.765
2	CFI(Comparative Fit Index)	≥0.95	0.982
3	AGFI(Adjusted Goodness-of-Fit-Index)	≥ 0.95	0.977
4	RMSEA(Root Mean Square Error of Approximation)	< 0.07	0.040

Source: Computed from primary data

From the model fit diagram shown in Figure-3, it can be observed that all the items taken up in the model fit process have the loading in the range between 0.51 and 0.92 well above the recommended value of 0.5(Nunnally and Bernstein, 1994). The value of CMIN/DF obtained for this model is 1.765 and this value is well below the suggested maximum value of 5.0 for a good model fit (Bagozzi and Yi, 1988). Further, the CFI value of 0.982 and the AGFI value of 0.977 is well above the suggested value of 0.95. Also, the RMSEA value of 0.040 are below the suggested maximum value of 0.07 (Baumgartner and Homburg, 1996). Thus, the Confirmatory Factor Analysis procedure through a Model fit Process establishes a strong construct validity and reliability for the scale to measure Service Quality dimensions.

MODEL FIT FOR SERVICE QUALITY DIMENSIONS

FIGURE 3
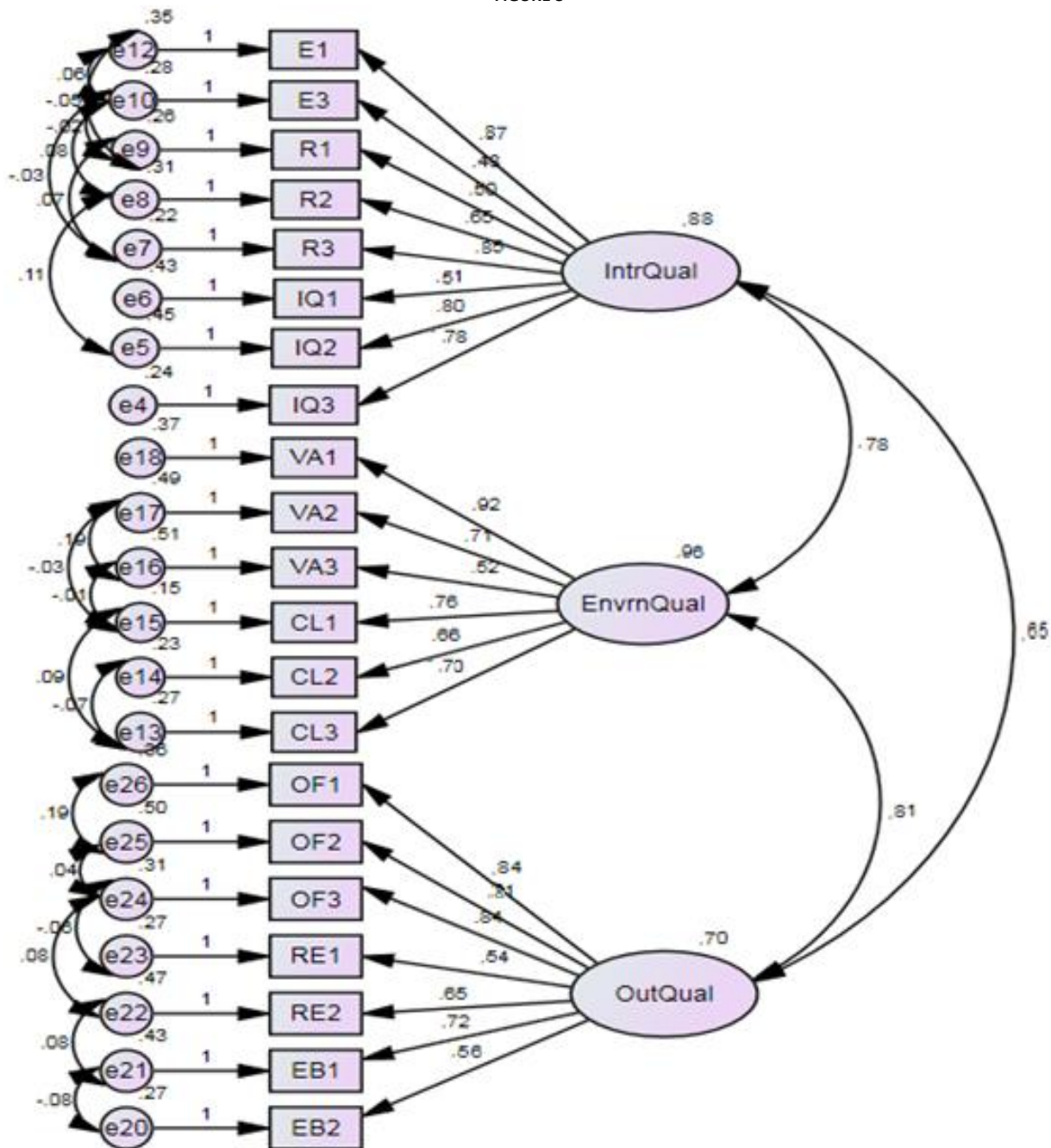
5. FINDINGS & DISCUSSION

5.1 CUSTOMER TRUST DEPENDENCY WITH SERVICE QUALITY DIMENSIONS

TABLE 3: RESULT OF REGRESSION FOR HYPOTHESIS-1

Model	Unstandardized Coefficients		Standardized Coefficients	t	F	Adjusted R square
	B	Std. Error	Beta			
(Constant)	8.259	1.428		5.782*		
Interaction Quality	0.082	0.033	0.171	4.113 *	57.281*	0.690
Environment Quality	0.173	0.042	0.295	2.456*		
Outcome Quality	0.030	0.039	0.049	0.780*		

Dependent Variable: customer trust; *Significant at 5 percent level;

Source: Computed from Primary data

The dependency effects of customer trust on service quality dimensions like interaction quality, environment quality and outcome quality among Online Buyers in e-Retailing is defined in hypothesis-1, taken up and its results are shown in the table-3, as an outcome of multiple regression model conceptualized. From the results, it can be inferred that the F value of 57.281 is found to be significant at 5 percent level and hence, the hypothesis-1 is rejected. These results suggest that customer trust depends on the group of service quality dimensions in e-Retailing. On the other hand, the finding of Ghalandari (2012) mentions that information quality, system quality and web-service quality influences positively on customer trust among online buyers.

 Further, the adjusted R square value of 0.690 from the table-3 indicates that 69 percent of customer trust among online buyers significantly depends on this group of service quality dimensions in e-Retailing. Also the 't' values of 4.113, 2.456 and 0.780 corresponding to the factors interaction quality, environment quality and outcome quality are found to be having significant effects on the model conceived.

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More specifically service quality dimension interaction Quality among Online Buyers is found to be having significant superior effect on customer trust with highest value of 4.113. This clearly indicates positive effect of e-Retailing websites with manageable and not as much of difficulty to use e-Retailer's web site by means of effortlessness navigation and user friendly display. It also confirms eagerness to help customer and provide prompt service, accentuate in handling customers complaint and problems. Further, this specifies the availability and depth of up-to-date information available at e-Retailers web site. Such features contribute towards enhanced customer loyalty in e-Retailing.

Also, dimension environment quality among Online Buyers causes significantly good effect on customer trust in e-Retailing with the next higher t value of 2.456. This clearly confirms the positive effects of e-Retailing websites by appealing aesthetically and visually. Graphic styles like layout, color, photographs, graphics and perfect arrangement of the e-Retailing websites facilitate the user to find things at the first sight. Such options are contributing towards building customer trust in e-Retailing format.

The service quality dimension outcome quality with 't' value of 0.780 also causes significant substantial effect on customer trust in e-Retailing. This confirms the positive effects of e-Retailing websites with ability to perform the promised service dependably and accurately (Parasuraman et al., 1988) including on time and accurate delivery, perfect product representation, adequate & innovative security, error free e-transactions and mostly order placed from e-Retailers web site rarely contain wrong product. Availability of such facilities results in enjoyable purchase and makes customers feel good, therefore contributing towards enhanced and positive customer trust among online buyers.

Hence, the above result confirms that higher interaction Quality, higher environment quality and higher outcome quality in online web portals contribute to higher customer trust levels in e-Retailing.

5.2 CUSTOMER SATISFACTION DEPENDENCY WITH SERVICE QUALITY DIMENSIONS

TABLE 3: RESULT OF REGRESSION FOR HYPOTHESIS-2

Model	Unstandardized Coefficients		Standardized Coefficients	t	F	Adjusted R square
	B	Std. Error	Beta			
(Constant)	4.931	1.846		2.671*		
Interaction Quality	0.174	0.043	0.275	4.051*	51.683*	0.713
Environment Quality	0.195	0.054	0.251	3.591*		
Outcome Quality	0.033	0.051	0.040	0.652*		

Dependent Variable: customer satisfaction; *Significant at 5 percent level;

Source: Computed from Primary data

The dependency effects of customer satisfaction on service quality dimensions like interaction quality, environment quality and outcome quality among Online Buyers in e-Retailing is defined in hypothesis-2, taken up and its results are shown in the table-3, as an outcome of multiple regression model conceptualized. From the results, it can be inferred that the F value of 51.683 is found to be significant at 5 percent level and hence, the hypothesis-2 is rejected. These results suggest that customer satisfaction depends on these service quality dimensions in e-Retailing. However, Behjati et al. (2012) found that nine dimensions such as trustworthiness, reliability, ease of use, security, personalization, responsiveness, accessibility/convenience, aesthetic and utilitarian shows positive effect on customer satisfaction and loyalty.

Further, the adjusted R square value of 0.713 from the table-3 indicates that 71 percent of customer satisfaction among online buyers significantly depends on these service quality dimensions in e-Retailing. Also the 't' values of 4.051, 3.591 and 0.652 corresponding to the factors interaction quality, environment quality and outcome quality are found to be having significant effects on the model conceived.

More specifically service quality dimension interaction Quality among Online Buyers is found to be having significant superior effect on customer satisfaction with highest value of 4.051. This clearly indicates positive effect of e-Retailing websites with manageable and not as much of difficulty to use e-Retailer's web site by means of effortlessness navigation and user friendly display. It also confirms eagerness to help customer and provide prompt service, accentuate in handling customers complaint and problems. Further, this specifies the availability and depth of up-to-date information available at e-Retailers web site. Such features contribute towards enhanced customer satisfaction in e-Retailing.

Also, dimension environment quality among Online Buyers causes significantly good effect on customer satisfaction in e-Retailing with the next higher t value of 3.591. This clearly confirms the positive effects of e-Retailing websites by appealing aesthetically and visually. Graphic styles like layout, color, photographs, graphics and perfect arrangement of the e-Retailing websites facilitate the user to find things at the first sight. Such options are contributing towards increasing customer satisfaction in e-Retailing format.

The service quality dimension outcome quality with 't' value of 0.652 also causes significant substantial effect on customer satisfaction in e-Retailing. This confirms the positive effects of e-Retailing websites with ability to perform the promised service dependably and accurately (Parasuraman et al., 1988) including on time and accurate delivery, perfect product representation, adequate & innovative e-security, error free e-transactions and mostly order placed from e-Retailers web site rarely contain wrong product. Availability of such facilities results in enjoyable purchase and makes customers feel good, therefore contributing towards enhanced and positive customer satisfaction among online buyers.

Hence, the above result confirms that higher interaction Quality, higher environment quality and higher outcome quality in online web portals contribute to higher customer satisfaction levels in e-Retailing.

5.3 CUSTOMER LOYALTY DEPENDENCY WITH TRUST AND SATISFACTION

TABLE 3: RESULT OF REGRESSION FOR HYPOTHESIS-3

Model	Unstandardized Coefficients		Standardized Coefficients	t	F	Adjusted R square
	B	Std. Error	Beta			
(Constant)	8.727	1.030		8.470*		
Trust	0.066	0.060	0.064	1.093*	50.695*	0.814
Satisfaction	0.441	0.045	0.573	9.740*		

Dependent Variable: Customer loyalty; *Significant at 5 percent level;

Source: Computed from Primary data

The dependency effects of customer loyalty on customer trust and satisfaction among online buyers in e-Retailing is defined in hypothesis-3, taken up and its results are shown in the table-3, as an outcome of multiple regression model conceptualized. From the results, it can be inferred that the F value of 50.695 is found to be significant at 5 percent level and hence, the hypothesis-3 is rejected. These results suggest that customer loyalty depends on customer trust and customer satisfaction in e-Retailing. This finding goes in line with Jing and In Seon (2013), who reveal that customer satisfaction significantly influence on customer loyalty. Also, system quality and service quality significantly influence on customer satisfaction.

Further, the adjusted R square value of 0.814 from the table-3 indicates that 81 percent of customer loyalty among online buyers significantly depends on these factors in e-Retailing. Also the 't' values of 9.740 and 1.093 corresponding to the factors customer satisfaction and customer trust are found to be having significant effects on the model conceived.

More specifically, customer satisfaction among online buyers is found to be having significant superior effect on customer loyalty with highest value of 9.740. This undoubtedly proves that performance of e-Retailer web sites meets or exceeds their customer expectations completely, with sufficient experience in marketing of the products and services that it offers. Further, e-Retailing web sites know its users well enough to offer them products and services satisfying their needs and wants. Such condition and presence gives indication and contributing towards retaining loyal customers.

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Also, customer trust among Online Buyers causes significantly good effect on customer loyalty in e-Retailing with the next higher t value of 1.093. This proves that e-Retailing websites are trustworthy, honest and usually fulfill their promises, commitments and words. E-retailing websites successfully instills belief and confidence in online customers to conduct e-transactions. Also, online customers feel secure while sharing their information such as personal and credit/debit card during transactions with e-Retailing websites. Such options are contributing towards increasing customer loyalty and their commitment in e-Retailing format. Hence, the above result confirms that higher customer satisfaction and higher customer trust in online web portals contribute to higher customer loyalty in e-Retailing.

6. INTERRELATIONSHIP AMONG STUDY VARIABLES

TABLE 6: DETAILS OF CORRELATIONS BETWEEN STUDY VARIABLES

S. No	Study variable 1	Mean	Study variable 2	Descriptive Statistics		'r' value	Level of Relationship
1	Outcome Quality	81.415	Interaction Quality	Mean	85.221	0.192**	Lower
2	Environment Quality	78.150		Mean rank	1	0.510**	Higher
3	Customer Satisfaction	75.540		Std. Deviation	6.228	0.411**	Higher
4	Customer Trust	72.267		Std. Deviation rank	1	0.331**	Medium
5	Customer Loyalty	65.822				0.206**	Medium
6	Environment Quality	78.150	Outcome Quality	Mean	81.415	0.310**	Medium
7	Customer Satisfaction	75.540		Mean rank	2	0.171**	Lower
8	Customer Trust	72.267		Std. Deviation	6.009	0.173**	Lower
9	Customer Loyalty	65.822		Std. Deviation rank	3	0.082	Not Related
10	Customer Satisfaction	75.540	Environment Quality	Mean	78.150	0.404**	Higher
11	Customer Trust	72.267		Mean rank	3	0.397**	Higher
12	Customer Loyalty	65.822		Std. Deviation	6.110	0.259**	Medium
				Std. Deviation rank	2		
13	Customer Trust	72.267	Customer Satisfaction	Mean	75.540	0.357**	Higher
				Mean rank	4		
14	Customer Loyalty	65.822		Std. Deviation	6.000	0.550**	Higher
				Std. Deviation rank	4		
15	Customer Loyalty	65.822	Customer Trust	Mean	72.267	0.140*	Lower
				Mean rank	5		
				Std. Deviation	5.790		
				Std. Deviation rank	6		
			Customer Loyalty	Mean	71.201		
				Mean rank	6		
				Std. Deviation	5.990		
				Std. Deviation rank	5		

*Significant at 5 Percent level

Source: Computed from Primary Data

The descriptive details comprising mean and Standard Deviation values for each of the study variable in e-Retailing is estimated and provided in the table-6. The study variable interaction quality has highest mean value of 85.221 with highest Standard Deviation value of 6.228, whereas the variable customer loyalty has lowest mean value of 71.201 and variable customer trust has the lowest Standard Deviation value of 5.790.

The highest mean value of 85.221 with highest Standard Deviation value of 6.228 for variable interaction quality confirms highest quality recognition with highest variations among Online Buyers in terms of ease of use, responsiveness and information quality details in e-Retailing. The next higher mean value of 81.415 with third highest Standard Deviation value of 6.009 for variable outcome quality confirms second higher quality recognition with third highest variations among Online Buyers in terms of order fulfillment, reliability and emotional benefits in e-Retailing websites. The next higher mean value of 78.150 with second highest Standard Deviation value of 6.110 for the variable environment quality confirms third higher quality recognition with second highest variations among Online Buyers in terms of visual appearance and clarity of layout.

The next higher mean value of 75.540 with third least Standard Deviation value of 6.000 for the variable customer satisfaction confirms fourth higher quality recognition with third least variations among online buyers in terms of performance of web sites, awareness about the customer needs and wants and sufficient experience in marketing their goods and services

The next higher mean value of 72.267 with least Standard Deviation value of 5.790 for the variable customer trust confirms fifth higher quality recognition with least variations among Online Buyers in terms of trustworthiness and honesty of the e-Retailer. Also, the safety of the personal and credit/debit information with fulfillment of promises and commitment contributes to quality recognition in study variable customer trust.

The lowest mean value of 71.201 with second least Standard Deviation value of 5.990 for the study variable customer loyalty confirms lower levels of quality recognition with second least variations among Online Buyers in terms of visiting e-Retailing website in future, suggestion and recommendation to others.

TABLE 7: CORRELATIONS BETWEEN STUDY VARIABLES FOR HYPOTHSIS - 4

Factors		Customer Trust	Customer Satisfaction	Customer Loyalty	Interaction Quality	Environment Quality	Outcome Quality
Customer Trust	Pearson Correlation	1					
Customer Satisfaction	Pearson Correlation	0.357**	1				
Customer Loyalty	Pearson Correlation	0.140*	0.550**	1			
Interaction Quality	Pearson Correlation	0.331**	0.411**	0.206**	1		
Environment Quality	Pearson Correlation	0.397**	0.404**	0.259**	0.510**	1	
Outcome Quality	Pearson Correlation	0.173**	0.171**	0.082	0.192**	0.310**	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The relationship possibility between 6 study variables such as interaction quality, environment quality, outcome quality, customer trust, customer satisfaction and customer loyalty is defined in hypothesis-4 taken up and its results are results are shown in the table-24, as an outcome of Bivariate Correlation test. From the results it can be inferred that Pearson 'r' values between the range 0.140 and 0.550 corresponding to 14 different correlations are found to be significant at 5 percent level. However, the Pearson 'r' value of 0.082 corresponding to a correlation is not found to be significant at 5 percent level. This insignificant correlation

has study variable customer loyalty as one of the correlating dimension that has lowest mean value of 71.201 While these results forms the basis to accept the hypothesis-4, the importance of 14 significant correlations out of total 15 possible relationships provide the base to identify varied level of relationships which can exist among study variables.

Based on standard approach (Nunnally, 1978) different possible correlations between these study variables with varied levels of relationship are identified and provided in table-23. Form the table-6, it can be noted that 'r' values corresponding to six correlations such as Environment Quality & Interaction Quality, Customer Satisfaction & Interaction Quality, Customer Satisfaction & Environment Quality, Customer Trust & Environment Quality, Customer Trust & Customer Satisfaction and Customer Loyalty & Customer Satisfaction are related at higher levels. The 'r' values corresponding to four correlations such as Customer Trust & Interaction Quality, Customer Loyalty & Interaction Quality, Environment Quality & Outcome Quality and Customer Loyalty & Environment Quality are related at Medium levels. Further, the 'r' values corresponding to four correlations such as Outcome Quality & Interaction Quality, Customer Satisfaction & Outcome Quality, Customer Trust & Outcome Quality and Customer Loyalty & Customer Trust are related at Lower levels. The 'r' value corresponding to correlation Customer Loyalty and Outcome Quality is found to be insignificant representing no relationship between the corresponding variables.

CONCLUSION

E-Retailers that desire to survive successfully must search some ways of providing unique service quality. It has been observed that with the introduction of internet, retailing business has catered wider sphere of customer base. The result of this research work proves construct reliability and validity of scale adopted, with the elimination of few item through factorability procedure. Further, the findings reveal that customer trust and customer satisfaction have significant positive dependency effect on e-Service quality dimensions. Also customer loyalty depends on customer trust and satisfaction. In addition, out of fifteen correlations, six are related at higher levels, four at medium levels and four are related at lower levels. This research work is conducted in one state with minimum sample size, thus it may not reveal universal output to explore favored values sought by online buyers regarding different areas.

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APPENDIX

APPENDIX-1

e-SQ Dimension 1: Interaction quality (Ribbink et al., 2004; Lee & Lin, 2005; Yang et al., 2003; Fassnacht & Koese, 2006 and Chen et al., 2013)		
Ease of use	EU1	It is easy to get access to this e-Retailer's Web site.
	EU2	This site is user friendly.
	EU3	Navigation on this site is easy.
Responsiveness	RS1	This e-Retailer is willing to quickly solve problems for me.
	RS2	I think this e-Retailer gives prompt service.
	RS3	I believe this e-Retailer is always willing to help customers.
Information quality	IQ1	This e-Retailer provides up-to-date information.
	IQ2	This e-Retailer presents information that is easy to understand.
	IQ3	This e-Retailer provides all the information necessary.
e-SQ Dimension 2: Environment quality (Lee & Overby, 2004; Fassnacht & Koese, 2006; and Chen et al., 2013)		
Visual appearance	VA1	This e-Retailer's site is aesthetically appealing.
	VA2	The "look" of this Web site is appealing.
	VA3	This e-Retailer's site is visually appealing.
Clarity of layout	CL1	The layout of the Web site enables the user to find important things at first sight.
	CL2	Everything on this Web site is clearly arranged.
	CL3	The layout of this Web site provides a clear structure.
e-SQ Dimension 3: Outcome quality (Collier & Bienstock, 2006; Lee & Lin, 2005; Petrick, 2004 and Chen et al., 2013)		
Order fulfillment	OF1	This e-Retailer's orders are protectively packaged when shipped.
	OF2	My orders from this e-Retailer rarely contain the wrong items.
	OF3	The time between placing and receiving an order is short.
Reliability	RE1	Transactions with this e-Retailer are error-free.
	RE2	This e-Retailer has adequate security.
Emotional benefit	EB1	Making a purchase from this e-Retailer is enjoyable.
	EB2	Making a purchase from this e-Retailer makes me feel good.
	EB3	Making a purchase from this e-Retailer gives me happiness.

Customer Trust (Moorman, 1993; Kolsaker & Payne, 2002; Merrilees & Fry, 2003; Eid, 2011)	
CT1	E-product/service provider is trustworthy and honest.
CT2	E-product/service provider instills the confidence in his customers.
CT 3	E-product/service provider does not usually fulfill the promises and commitments he assumes.
CT 4	It is a problem to give the private information and the credit card number to the E-product/service provider.
Customer Satisfaction (Oliver, 1997; Giese & Cote, 2000; Eid, 2011)	
CS 1	The performance of Web site meets my expectation.
CS 2	The Web site does not have sufficient experience in the marketing of the products and service that it offers.
CS 3	The Web site knows its users well enough to offer them products and services adapted to their needs.
CS 4	The Web site does not have the necessary resources to carry out its activities successfully.
Customer Loyalty (Oliver, 1997; Barroso & Martı´n, 1999; Asuncioet al., 2004;Eid, 2011)	
CL1	I will continuously purchase from the Web site in the near future.
CL 2	I do recommend that others use the Electronic Commerce services.
CL 3	My preference for the Electronic Commerce would not willingly change.
CL 4	Changing my preference from the Electronic Commerce requires major rethinking.

TAX SPEND DEBATE: TIME SERIES EVIDENCE FROM INDIA

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ABSTRACT
Governments cannot roll over the mounting debt for long. In order to satisfy inter-temporal budget, constrain, so as to avoid economic ills associated with higher deficits in the long run, some economists have advocated spending cuts while others support either tax increase or tax cuts. Which of the policy prescriptions could be successfully followed in a particular economy will largely depend upon causal nexus between revenues and expenditures. This study using cointegration tests, Error Correction Model (ECM) and Granger causality studies the dynamics of relationship between two variables for Indian economy using annual data. Both Engel Granger and Cointegration Regression Durbin Watson (CRDW) tests support existence of long run relationship between two variables. Furthermore, ECM and Granger causality tests support existence of unidirectional causality from revenues to expenditures in accordance with Spend and Tax as postulated by Buchanan and Wagner. Thus from the perspective of policy making and deficit solution debate, raising taxes in India is the better solution for current budget deficit Predica-ment.

KEYWORDS
budget deficit, revenues, public expenditures, cointegration, public finance, tax revenue.

JEL CLASSIFICATION
H2, C2.

1. INTRODUCTION
A ponzi game cannot be played for a long time. The inter temporal budget balance puts constrain on the behavior of governments. As such a high debt at present must be settled through high future surpluses in terms of present value, which can be made possible through adjustment in revenues, government expenditures or through seigniorage. Many of the contemporary economies like India are plagued with huge and escalating government budget deficits. Consequent to this these economies are expected to face economic monsters of high real interest rates, low capital formation and high unemployment rates. Moreover, to the extent that deficit is financed through the issuance of government bonds, the recurrent large deficits will further accentuate the problem of public debt and its adverse effects on the financial credibility of economy. In order to mitigate and avoid all these economic ills researchers and policy makers have expended numerous efforts to have a thread bear analysis of the problem of deficits and suggest ways to resolve it. But they are often confronted with the dilemma of either changing expenditures or taxes. Dalton (1923) argued, while an individual adjusts his expenditure according to his income, a public authority adjusts its income according to its expenditures. In this context we have the analogy that government cuts the cloth according to coat, while an individual cuts the coat according to cloth. This view would certainly recommend cuts in government expenditures rather than tax cuts as an optimal solution to deficit problem. The reason being that governments spend all they receive in the form of taxes (and often much more than that) leaving the deficit unchanged (or even higher). Thus increasing taxes can lead to increasing spending rather than bringing down the deficits. However, there is another group of economists that suggest the things other way around and opine that it is the taxes that adjust to spending. As such tax increase would not lead to higher spending and thus could be used as an effective tool to curb deficit along with spending cuts. Still there are some economists who posit that changes in spending and taxes occur simultaneously. There-fore, need arises to consider both the components simultaneously so as to avoid any ambiguous overall effect on deficits. Hence there is a need to analyse empirically the direction of causality in case of two variables–expenditures and revenues. With this background present study has taken this issue in Indian context and tries to examine empirically the direction of causality in case of two variables that could provide an optimal policy prescription to counter the problem of deficits. The remainder of this paper is organized as follows. Section A gives theoretical description of Tax Spend debate while literature review is presented in section B. This is followed by discussion on methodology used along with empirical analysis in section C. Paper ends with conclusion and policy implications presented in section D.

2. THEORETICAL UNDERPINNINGS OF TAX–SPEND DEBATE
In the domain of public finance, the debate over nexus between government expenditures and government revenues has resulted into four alternative hypotheses. A brief account of all these is presented under separate headings as under.

2.1 TAX AND SPEND HYPOTHESIS
This hypothesis maintains that changes in government revenues (Taxation) lead to changes in government expenditures. Friedman (1978), Ram (1988) as well as Buchanan and Wagner (1977, 1978) advocate such a view. According to Friedman level of spending adjusts to the level of tax available, as such causality runs from tax to expenditure. However, he did not advocate raising taxes to bring down deficits as he opined that former will invite more spending. Because of this positive relationship Friedman had long proposed tax cuts as a means of reducing budget deficits. He reasoned that tax cuts will lead to larger deficits which in turn will exert a mounting pressure on the governments to curtail its expenditures. Buchanan and Wagner supported same causal direction, but unlike Friedman they hypothesise a negative relationship wherein a decrease in government revenues will lead to an increase in government expenditures and vice versa. They argue that tax payers suffer from fiscal illusion as any reduction in taxes is perceived by them as a reduction in cost of public programmes (low price for public goods and services) and they start demanding increasing quantities. However public incurs even higher costs primarily because of indirect inflation taxation which is a con-sequence of excessive money creation. Also government debt financing will lead to high interest rates that may crowd out private investment. Thus tax cut in conjunction with resultant government spending would actually lead to higher spending and higher deficits. Following this reasoning Buchanan and Wagner ad-vocate a tax increase that will be perceived as higher costs for government goods and services by tax payers, as a policy prescription for bringing down the budget deficit. Although these two views differ with regard to their policy prescription for bringing down the deficit both support causality from tax revenues to spending. For this reason, it is also known as "Revenue Dominance hypothesis" (Hansan and Lincoln, 1997). To determine empirically the validity of this hypothesis unidi-rectional causality should stem from government revenues to government expenditures.

2.2 SPEND AND TAX HYPOTHESIS
According to this hypothesis government first fixes its expenditure programme and then adjusts its tax and revenue policy to accommodate the desired spending. This view which is more pro Keynesian is supported by Wiseman, Peacock (1979) and Barro (1979). Wiseman and Peacock argue that a temporary increase in government spending (due to emergency purposes) leads to increase in government taxes and other types of revenues that tend to become enduring in due course of time and finally assume permanent nature. As such causality runs from expenditures to taxes. Barro, supporting the same causal direction uses Ricardian view to justify this view. He argues that an increased expenditure arranged through higher borrowings now results in increase in expected future taxes. With this perception of higher future tax liability tax payers decrease present spending to pay future taxes. Both these arguments establish that expenditure changes precede

changes in taxation level. Under this causality pattern the optimal solution for controlling the budget deficit obviously is the expenditure cuts. Validity of this hypothesis is established if unidirectional causality stems from government expenditures to government revenues.

2.3 FISCAL SYNCHRONISATION HYPOTHESIS

This hypothesis postulates that decisions regarding tax and expenditures are taken simultaneously as such causality runs in both the directions. Musgrave (1966), and Meltzer and Richard (1981) advocate this view. According to Metzler and Richard quantity and quality of public goods reflect the preferences of a community and size of government is determined by welfare maximizing choice of decisive individuals. Public simultaneously determines the levels of government spending and taxation by contrasting the benefits of public goods with their costs. According to Musgrave the expenditure and tax sides of government must be decided jointly so as to maximize society's inter temporal social welfare function. Joint determination as such implies that one has influence on other. For empirical verification of this hypothesis bi-directional causality should be proved.

2.4 INSTITUTIONAL SEPARATION HYPOTHESIS

This hypothesis states that management and legislative branches of government have different taxation and spending functions. As they are different institutions they take independent decisions regarding expenditures and revenues. So taxation and expenditure levels are independent of each other. Wildavsky (1988) a major advocate of this hypothesis maintains that budgeting can be incremental and adjustments can be made on the margin if these separate institutions reach a consensus on fundamentals. Owing to this institutional separation in united states between spending allocation and taxation, Hoover and Sheffrin (1992) attributed this independence to many important actors with divergent interests and agendas. They also reported empirical results that are consistent with independent determination of two sides of budget –expenditure and revenues. Drazon (2001) reported that not any causal link but disagreement between parties or groups in decision making process is the cause for growing public debt.

3. BRIEF EMPIRICAL LITERATURE REVIEW

Although many studies have been conducted in this field but uncertainty about the direction of nexus between public expenditure and Revenue persists (Anderson et al.,1986; Naidu et al. 1994). The mixed results regarding the inter temporal relationship have been established using data from different countries, for different time periods, with different lag length specifications and different methodologies adapted. Further, most of studies in this regard have focused on developed countries, especially on US economy. One of the extensive studies by joulfaian and Mookerjee (1991) was conducted using data of 22 countries which showed that for most of the countries (except Japan, Canada and Iceland) causality runs from revenue to expenditure) thus supporting tax –spend hypothesis. Manage and Marlow (1986) using Granger causality test on US data (1929-1982) found a bi-directional causality between tax receipts and out lays in 58 per cent of states of US and unidirectional causality between them in the rest of states. Same authors (1987) using data for the period 1952 to 1982 came to the conclusion that tax causes expenditure at state level and no causality was found at local level. Studies of Blackley (1986) and Ram (1988) also support tax-Spend hypothesis. Fursten-berg (1986) using vector auto regressive Method for data period 1946-1983 came to conclusion that expenditure causes revenue thus supporting Spend-Tax hypothesis. Other studies that support this hypothesis include Anderson, Wallace, and Warner (1986), Jeong and Furstenberg (1986). Das and Das (1998) using data from 1950-97 and making use of granger causality test and error correction model (ECM) found bidirectional causality between taxes and expenditures thus supporting the concept of fiscal synchronisation. Milpoler and Russek (1989) also support the same hypothesis. In another study by Li (2001) bidirectional causality was found between government expenditure and Revenue in China during the period from 1950 to 1997. Ali (2002) explored the causal relationship between government spending (expenditure) and taxation (tax revenue) in two countries, Lebanon and Tunisia and Empirical results of this study suggest that the decisions to spend and tax are significantly interdependent in both the countries. Chang et al. (2002) used cointegration and vector autoregression models to test the relationship between the government peer revenue and government expenditure for 10 countries using the data from 1951 to 1996. Three of them are from Asia— South Korea, Taiwan, and Thailand—and the remaining seven countries are Australia, Canada, Japan, New Zealand, South Africa, the UK, and the USA. The results from Granger causality tests suggest unidirectional causality running from revenue to spending, supporting the 'Tax-and-Spend' hypothesis, for Japan, South Korea, Taiwan, UK, and the USA. Opposite relationship, supporting the 'Spend-and Tax' hypothesis holds only for Australia and South Africa. In the case of Canada, the study finds a feedback existing between revenue and spending (expenditure), supporting the 'Fiscal Synchronization' hypothesis. However, in case of New Zealand and Thailand, the results support none of the hypotheses. Mariam et al. (1996) also found bidirectional causality in case of Malaysia thus supporting the fiscal synchronization Hypothesis.

4. DATA, METHODOLOGY AND EMPIRICAL RESULTS

4.1 DATA

This study investigates the dynamics of relationship between revenues and government expenditures in case of India using the annual data for the period 1970-71 to 2011-12. The two variables considered for this are Tax Revenues of central Government (TR) and its Total Expenditures (TE). All necessary Data for this period has been collected from Handbook of Statistics on Indian Economy published by Reserve Bank of India, union budgets and economic survey (various issues). Both the variables have been taken in natural logarithmic forms to avoid problem of heteroscedasticity.

4.2 UNIT ROOT TEST

The very first step involved in this empirical analysis of time series data is to ascertain the nature of data (Stationary or non stationary). For this, as a preliminary we take the graphic view of two series. From the graphs [fig. 1 and fig. 3] it is clear that two series, at levels, are not maintaining a constant mean and seem to follow an upward trend. However, first differences of both fluctuate around non- zero mean.
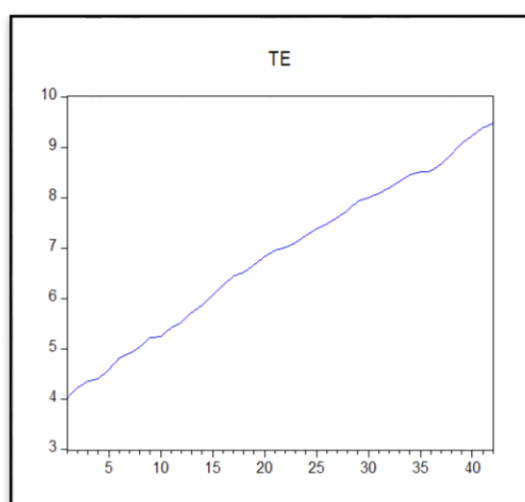
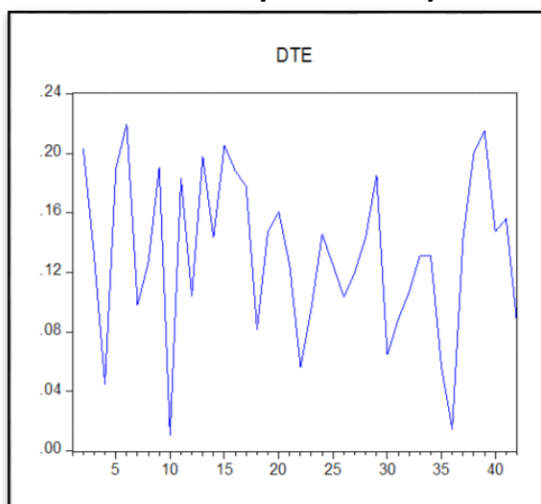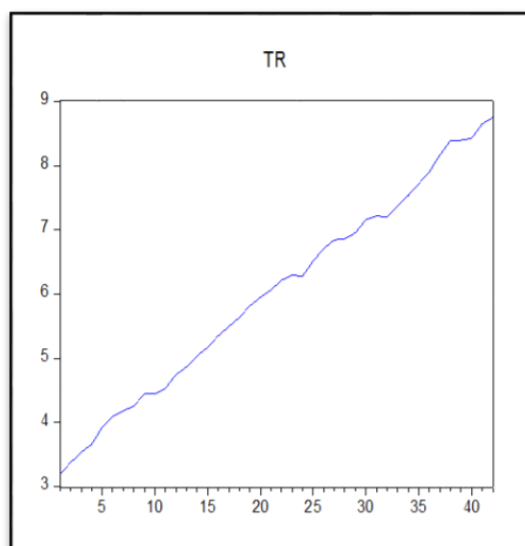**FIGURE: 1.1 [LEVEL]**   **FIGURE 1.2 [FIRST DIFFERENCE]**
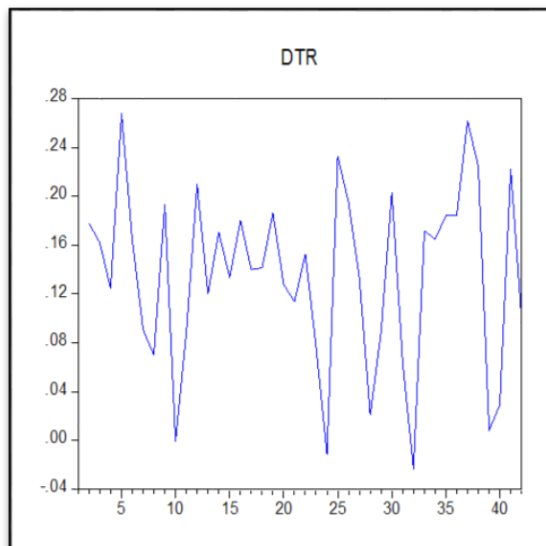
FIGURE :1.3 [LEVEL]	FIGURE :1.4 [FIRST DIFFERENCE]

To further verify this we make use of Augmented Dicky Fuller test (ADF). This test is based upon analysis of following three different forms of regression for two variables under consideration. The three forms are as under:

With Drift:

$\Delta TE = \beta_1 + \beta_3 TE_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TE_{t-i} + \varepsilon_t$ .... (C.1)

$\Delta TR = \beta_1 + \beta_3 TR_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TR_{t-i} + \varepsilon_t$ .... (C.2)

With constant and trend**:**

$\Delta TE = \beta_1 + \beta_2 t + \beta_3 TE_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TE_{t-i} + \varepsilon_t$ .... (C.3)

$\Delta TR = \beta_1 + \beta_2 t + \beta_3 TR_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TR_{t-i} + \varepsilon_t$ .... (C.4)

Without drift and trend:

$\Delta TE = \beta_3 TE_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TE_{t-i} + \varepsilon_t$ ....(C.5)

$\Delta TR = \beta_3 TR_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta TR_{t-i} + \varepsilon_t$ .... (C.6)

In all three cases hypothesis is

Null; Ho: $\beta_3 = 0$ (Unit root is present or series is non stationary)

Alternate: H1: $\beta_3 < 0$ (no unit root)

Decision Rule:

1)   If computed τ statistic is more negative than ADF critical values reject Ho implying series is stationary.

2)   If computed τ statistic is not more negative than ADF critical values accept Ho implying that series is non stationary.

Having obtained these results same test is applied on first differences of two variables labeled as ΔTE and ΔTR. To check their stationarity the regressions equations to be estimated will be as

$\Delta^2 TE = \beta_1 + \beta_2 t + \beta_3 \Delta TE_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta^2 TE_{t-i} + \varepsilon_t$ .... (C.7)

$\Delta^2 TR = \beta_1 + \beta_2 t + \beta_3 \Delta TR_{t-1} + \sum_{i=1}^{i=m} \alpha_i \Delta^2 TR_{t-i} + \varepsilon_t$ ...... (C.8)

Results of ADF test for all four variables are summarized in summarized in table (01)

TABLE 1: ADF TEST RESULTSA

Name of the variable	Computed τ statistic	ADF critical value (1% level)	ADF critical value (5% level)	Result
TE	-2.008195	-4.198503	-3.523623	**Non Stationary**
TR	-3.254068	-4.226815	-3.536601	**Non Stationary**
DTE (ΔTE)	-3.892043	-3.615588	-2.941145	**Stationary**
DTR (ΔTR)	-5.936740	-3.610453	-2.936740	**Stationary**

From result table (01) it is clear that both the variables are non stationary at levels but stationary at their first difference. Further for ADF test in case of levels we have used equation with constant and trend because their graphs seem to be stationary around trend. While in case of first differences graphs seem to fluctuate around non zero mean so we have used case of equation with trend only (Carter, Griffiths and Guay,2008). Lag length was chosen as per AIC criteria.

4.3 TESTS FOR COINTEGRATION

To examine the presence of long run equilibrium relationship between two variables we make use of Engel-Granger (EG) cointegration test and Cointegration Regression Durbin –Watson (CRDW) Test. For EG test we perform Unit root test on the residuals obtained from regression

$TE = \alpha + \beta(TR) + u$ .... (C.9)

Results for which are presented in Table (02).

TABLE 2: EG TEST RESULTS

Dependent Variable: TE				
Method: Least Squares				
Included observations: 42				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
TR	0.987722	0.010758	91.81392	0.0000
C	0.889479	0.067146	13.24699	0.0000
Adjusted R-squared	0.995159	S.D. dependent var		1.604168
S.E. of regression	0.111611	Akaike info criterion		-1.501155
F-statistic	8429.797	Durbin-Watson stat		0.590823

Representing the residuals from above regression as û we conduct unit root test on û by running the regression

$\Delta \hat{u}_t = \rho \hat{u}_{t-1}$

Since we are working on residuals intercept and trend are ignored. The resulting estimated equation comes out to be as;

$\Delta \hat{u}_t = -0.29457 \hat{u}_{t-1}$

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$t = -2.6154, R^2 = 0.1459\ d = 1.5767$

Computed value of t is -2.6154 which is more negative than Engel Granger 1 per cent critical value of -2.5899 hence, we reject the null hypothesis of non stationarity. Since residual is stationary it implies there is long run equilibrium relationship between TE and TR or simply two variables are cointegrated.

4.4 COINTEGRATION REGRESSION DURBIN WATSON (CRDW) TEST

We also use an alternative and Quicker method i.e., CRDW to find out whether TE and TR are cointegrated. The critical values for this test were first provided by Sargan and Bhargava (1983) and null hypothesis in this test is Durbin Watson statistic (d) obtained from cointegration is zero. The decision rule is if computed d statistic is more than critical value then cointegration exists. The results of test are summarized in Table (03).

TABLE 3: CRDW TEST RESULTS

Computed d statistic	Critical value (5% level)	Result
0.5908	0.386	**TE and TR are cointegrated**

Thus results of table reinforce the results of EG test conducted already and we conclude that two variables are cointegrated.

4.5 ERROR CORRECTION MODEL (ECM)

Having established that two variables are cointegrated implies there exists a long run Equilibrium relationship between them. But in the short run, there may be deviations from this equilibrium and it is required to verify whether such disequilibrium converges to long run equilibrium or not. For that we make use of VECM, which is used to generate short run dynamics as a means to reconcile short and long run behaviours.

In this study, the Error Correction Model (ECM) as suggested by Hendry (1995) has been used. The general form of the VECM is as follows:

$\Delta\text{TE} = \alpha_0 + \varphi_1 EC_{t-1}^1 + \sum_{i=1}^{i=m} \alpha_i\ \Delta\text{TE}_{t-i} + \sum_{j=1}^{j=n} \pi_j\ \Delta\text{TR}_{t-i} + \varepsilon_{t1}\ldots\text{(C.10)}$

$\Delta\text{TR} = \beta_0 + \varphi_2 EC_{t-1}^2 + \sum_{i=1}^{i=m} \beta_i\ \Delta\text{TR}_{t-i} + \sum_{j=1}^{j=n} \pi_j\ \Delta\text{TE}_{t-i} + \varepsilon_{t2}\ \ldots\text{(C.11)}$

Where Δ is the first difference operator, EC_{t-1} is the error correction term lagged one period, φ is the short-run coefficient of the error correction term ($-1 < \varphi < 0$) and ε is the white noise. The error correction coefficient (φ) is very important in this error correction estimation as greater coefficient indicates higher speed of adjustment of the model from the short run to the long run.

The error correction term represents the long-run relationship. An error correction model with the computed t-values of the regression coefficients is estimated and the results are reported in Tables (04.1) and (04.2)**.**

From table it is clear that φ_1 is negative as well as significant at 5% level of significance implying that TR drives TE towards long run equilibrium and as such there is long run causality running from TR to TE. Further coefficient of lagged TR term is not significant implying absence of such causality in short run. For equation table reveals that φ_2 is negative but is not significant implying absence of long run causality from TE to TR. Also lagged TE coefficient is also not significant indicating absence of short run causality from TE to TR. Thus results of ECM go in favour of Tax and spend Hypothesis but not in favour of spend and tax hypothesis. In order to confirm these results further Granger causality test based upon F statistic is performed.

TABLE 4.1: ERROR CORRECTION RESULTS

Dependent Variable: DTE			
Method: Least Squares			
Included observations: 40 after adjustments			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.145186	0.025476	5.698925	0.0000
EC^1(-1)	-0.232058	0.079634	-2.914042	0.0061
DTE(-1)	0.079492	0.149233	0.532669	0.5975
DTR(-1)	-0.178638	0.120781	-1.479019	0.1478

TABLE 4.2: ERROR CORRECTION RESULTS

Dependent Variable: DTR			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132645	0.038068	3.484382	0.0013
EC^2(-1)	-0.166071	0.118067	-1.406584	0.1681
DTE(-1)	-0.154188	0.223499	-0.689883	0.4947
DTR(-1)	0.161424	0.180618	0.893732	0.3774
Observations		40		

4.6 GRANGER CAUSALITY TEST

For conducting the granger causality test we must have stationary variables. since we have shown that TE and TR are non stationary at levels but stationary at first difference and also cointegration has been established then following the Granger representation theorem, either TE must cause TR or TR must cause TE. Since important assumption of stationarity is not met here we make use of extended granger causality test involving Error correction mechanism. For this we estimate

$\Delta TE = \beta_0 + \sum_{i=1}^{i=p} \alpha_i\ \Delta TE_{t-i} + \sum_{i=1}^{i=q} \beta_i\ \Delta TR_{t-i} + \pi e_{t-1} + \varepsilon_t\ \ldots\ldots\ldots\ldots\text{(C.11)}$

Where e_{t-1} is the lagged residual term, from the cointegration regression

$TE = \alpha + \beta(TR) + u$ …………………………. (C.12)

Which is nothing new but the error correction term (because two variables are cointegrated). So there are now two sources of causation for TE: (1) through the lagged values of TE and/or (02) through the lagged value of cointegrating vector (i.e. the EC term). The standard Granger causality test neglects the latter source of causation. The null hypothesis of no cointegration implies $\beta_1 = \beta_2 = \beta_3 = \beta_q = \pi = 0$. This can be rejected even if all $\beta's$ are zero but coefficient of lagged EC term is non zero. This is because EC term includes the impact of TR. To test this hypothesis of no causality we use F test as:

1) Estimate equation (C.11) by OLS and obtain the residual sum of squares from this regression (RSS_{ur}).
2) Re –estimate equation dropping all the lagged terms of TR and EC term. obtain the residual sum of Squares (RSS_r) from this reduced regression.

Compute the F statistic as

$F = \frac{(RSSr - RSS)/m}{RSS/(n-K)}$ with m and (n-K) degrees of freedom.

Where m is the number of lagged TR terms, k is number of parameter estimated in unrestricted regression and n is the sample size.

If computed value of F exceeds the critical value of F (for specified degrees of freedom) then we reject the null hypothesis of $\beta_1 = \beta_2 = \beta_3 = \cdots\ldots\ldots.= \beta_q = \pi = 0$. In other words, we accept that TR is caused either by lagged values of TE or EC term or both. Same procedure is repeated for the equation (C.13); So as to examine whether causality runs from TE to TR. Results pertaining to the equation (C.12) are presented in Tables 5 and 6.

TABLE 5

Dependent Variable: DTE				
Method: Least Squares				
Included observations: 40 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.145186	0.025476	5.698925	0.0000
DTE(-1)	0.079492	0.149233	0.532669	0.5975
DTR(-1)	-0.178638	0.120781	-1.479019	0.1478
e(-1)	**-0.232058**	**0.079634**	**-2.914042**	**0.0061**

TABLE 6: (GRANGER CAUSALITY TEST RESULTS)

RSS$_{ur}$	RSS$_r$	F statistic	Critical value (5%)	Result
0.090850	0.112395	8.157895	4.12	TR Granger causes TE

Since we have annual data only one lag has been taken into consideration. Also as checked, results do not change by taking higher order lags. The value of π is highly significant giving an indication of TR causing TE or possible rejection for null hypothesis of no cointegration. Results for F test are summarized in table (06). So from F test it is clear that lagged TR terms or/and lagged values of EC term (involving in it impact of lagged TR) terms have an influence on TE as such we conclude that TR granger causes TE.To be simple results are in favour of Tax and Spend hypothesis.

We repeat the above exercise for equation (C.13).

$$\Delta TR = \beta_0 + \sum_{i=1}^{i=p} \alpha_i \Delta TR_{t-i} + \sum_{i=1}^{i=q} \beta_i \Delta TE_{t-i} + \pi e_{t-1} + \varepsilon_t \ ......(C.13)$$

in this equation e will represent the residuals from the regression

$$TR = a_0 + a_1 TE + e \ ....(C.14)$$

Results for unrestricted regression pertaining to equation (C.13) are presented in table (7); Data reveals neither EC term nor lagged values are significant for changes in TR giving an indication of no causality running from TE to TR either in short or long run. To further strengthen this point, we present the results for F statistic in table (8).

Table for F test reinforces our earlier finding that TE does not Granger cause TR. Thus in Indian context out of four hypothesis only one is validated by empirical findings i.e., TR Granger causes TE or simply Tax and Spend hypothesis holds well.

TABLE 7

Dependent Variable: DTR				
Included observations: 40 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132645	0.038068	3.484382	0.0013
DTR(-1)	0.161424	0.180618	0.893732	0.3774
DTE(-1)	-0.154188	0.223499	-0.689883	0.4947
e(-1)	**-0.166071**	**0.118067**	**-1.406584**	**0.1681**
RSS$_{ur}$ = 0.20351				

TABLE 8: GRANGER CAUSALITY TEST RESULTS

RSS$_{ur}$	RSS$_r$	F statistic	Critical value (5%)	Result
0.20351	0.216510	2.32	4.12	**TE does not Granger cause TR**

4.7 CONCLUSION AND POLICY IMPLICATIONS

In this study causal nexus between government revenues and expenditures has been studied using annual data of central government of India for the time period 1970-71 to 2011-12. We test four alternative hypothesis- first, Tax and Spend hypothesis; second, Spend and tax hypothesis; third, fiscal synchronization hypothesis and fourth, institutional separation hypothesis. In the empirical exercise ADF test was used to check the stationarity of variables. Engel-granger and Cointegration Regression Durbin Watson tests were used to examine long run Equilibrium relationship between two variables and Error correction model was used to analyse the reconciliation of long run and short run behaviour of two variables. Further, Engel granger test for Non stationary series was used to examine the direction of causality. Empirical analysis revealed that there exists a long run equilibrium relationship between tax revenues and expenditures. Both ECM model and Engel Granger tests established that in Indian context there exists unidirectional causality and direction of causality is from TR to TE. Thus historical behavior of two variables in India supports tax and Spend hypothesis. Further, unidirectional causal impact of TR on TE is negative in accordance with Buchanan and Wagner hypotheses. Therefore, from the policy perspective it would be in order to raise the tax levels so as to bring down expenditures and consequent desirable decrease in deficits.

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SUCCESS STORY OF INDIGO: A LESSON TO INDIAN AIRLINES INDUSTRY

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ABSTRACT

The case discusses the success story of Indigo Airlines, Indian number one airline company. Early 2000, when aviation fuel prices soaring and the rupee dropping, these years were some of the most difficult years for the Indian airline industry and when major players of this industry like Kingfisher airlines, SpiceJet, Indian Airlines and Jet, were bleeding money; Rahul took a bold step to enter the market at such a time. Indigo started its operations on the 4th August 2006 and by the end of December 2010, Indigo replace Air India and became the third largest airline in India with a market share of 17.3%. Now competition was with Kingfisher and Jet Airways. In the next two years, Indigo became not only the most profitable airline in India but also became the number one airline in India in terms of market share. Today, Indigo accounts for a total of 109 Aircrafts operating 818 flights to 40 destinations globally (35 cities in India and 5 cities abroad) in a day, with a current market share of 36.8%, the company is most profitable and largest airline company of India. The objective of the case is to find out the reasons for the success of Indigo in adverse market conditions.

KEYWORDS
FDI, aviation, working capital, route planning, competitive advantage, brand equity.

INDIAN AVIATION INDUSTRY: AN INTRODUCTION
Gabriel La Landelle, a French author, first time, coined the word Aviation in 1873. It is basically related with designing, development, production, operation, and use of aircrafts.

Potential for aviation sector is enormous in India. Indian aviation market already is catering more than 150 million travelers and it would be around 450 million by 2020. It is expected that Indian aviation market, would be the third-largest aviation market in the world by 2020.

KEY CHARACTERISTICS OF INDIAN AVIATION INDUSTRY
Recovering from the bad past, now high growth is seen in Indian aviation industry. The Indian aviation sector is fastest and steadily growing sector of service industry. Worldwide, Indian aviation sector is one of the 5 fastest-growing aviation markets. At present, India's aviation industry is catering approx 117 mn home passengers and 43 mn worldwide passengers. It is expected that in the coming ten years, these market would reach around 337 million home and 84 million worldwide passengers. From January 2016 to August 2016, domestic air passenger traffic increased by 23.14 %. It was increased from 52.36 million to 64.47 million during the same period in 2015. Increase in passenger traffic was very high in the FY 2015-16 and it increased at a rate of 21.3 per cent and reaches to 85.57 million.

Total aircraft movements at all Indian airports in July 2016 were 168,400, which was 14.3 % higher than July 2015. There was 8.2 % rise in International aircraft movements and 15.8 % rise in domestic aircraft movements.

Contribution of India's aviation industry to Indian GDP is about 0.5 % and employed around 1.7 million people. (Source: Department of Industrial Policy and Promotion)

Opportunities and threats are the two side of a same coin. Though there are vast opportunities for aviation sector in India but there are threats too.

OPPORTUNITY FOR INDIAN AVIATION INDUSTRY
India aviation industry is growing at a very fast speed. One of the major opportunities for Indian aviation sector is government liberalization policy which results in to the entry of large number of private players in this sector. In case of domestic airlines permissible foreign equity is up to 49 %. 100per cent NRI (Non-Resident Indian) investment is permissible in domestic airlines. FDI of 74% is permissible through automatic approvals & 100 % through special permission for airports upgrading.

A significant increase is seen in the number of air travelers in India. Reasons for this increase are increasing income and purchasing power of Indian middle class and growing tourism in the country. India is world youngest country with more than 70% population in age group of 15-35 which is again a major factor increasing the air passengers.

Indian government's open sky policy is also a factor favorable for the growth of Indian Aviation industry. Open sky is an agreement which allow any number of airlines fly between two countries. There is no restriction on number of flights, number of destinations, number of seats, price and so on.

Currently, India's has open sky agreements with US without restriction. With UK, India has open sky agreement with few restrictions regarding frequencies of flight with respects to flights to and from Mumbai and Delhi. India has limited open-sky with ASEAN and bilateral agreements with more than 100 countries.

In India initial set up cost for launching an airline is not so high. It can be launched with initial investment of $10 million or less.

THREAT FOR INDIAN AVIATION INDUSTRY

One of the areas of major concern for Indian Aviation Industry is raising cost of fuel. Air traffic and economic downturn was also a factor of great concern for Indian aviation industry. Another major threat is taxation rates and increasing operational costs. High exit barriers due to high capital investment & more government restrictions.

In India there is scarcity of trained pilots & ground staff and high bargain power of suppliers of aircrafts. Indian aviation industry is a matured Industry with high competition in lower cost segment. There is also availability of Substitutes like railways and buses.

ISSUES

This case is structured in a way that helps out in achieving the following teaching objectives:

- Understanding the opportunities and challenges for Indian Aviation Sector.
- To understand the various strategies used by Indigo Airlines making it no. 1 Airline Company in the country.
- Favorable factors which made the brand successful in the aviation market.
- Examine alternative plans for future progress for the company

Why Indigo was successful. The success of Indigo is the result of their unique and innovative business model and operational strategies used by the company. Reason for success of Indigo was that it not only focus on building the brand but also focus on innovation and best use of technology, providing best quality and customer service at lowest possible cost.

INDIGO AIRLINES

INTRODUCTION

IndiGo is India's no. 1 ranked airline company capturing a market share of 36.9% in FY 2016. Rahul Bhatia, owner of Inter-Globe Enterprises and Rakesh S Gangwal started Indigo airlines in the year2005 with 51.12% & 48% stake respectively. Currently in India Indigo is serving 35 cities and internationally 5 cities (Bangkok Dubai, Kathmandu, Muscat and Singapore) with daily flights of 731.

IndiGo profit was 19.9 billion in the FY 2016, the highest ever for the airline. 33.1 million people were flew across Indigo network in the FY 16. There is increase of 27.1 % Domestic passenger volumes CAGR from FY11 to FY16. The IndiGo airline is the only airline company in India which with zero working capital loans and a net debt-free company.

BACKGROUND NOTE

Indigo started its business operation in the year 2005, when in June 2005; IndiGo placed its first order of 100 Airbus named, A320-200 aircraft. Mr. Bruce Ashby, who was the Former Executive vice-President of US Airways, was selected as first Chief Executive Officer of IndiGo airlines. In the beginning, the airline acquired parking lots in two major cities of India, Mumbai and Delhi. The first Airbus was delivered to IndiGo on 28 July 2006, & IndiGo started its operations from 4 August 2006. The first service was between New Delhi to Imphal.

PROGRESS

IndiGo had six aircraft, in its first year of its operation. It acquired new aircraft in 2007 and completed the figure of 15. In December 2010, IndiGo become third in the industry by replacing Air India and achieved a market share of 17.3%. Now the aim of the company was to become a number one brand in Indian airlines industry by going ahead of Jet Airways & Kingfisher Airlines, which were at number one and number two position respectively at that time.

TABLE 1

FY12	FY13	FY14	FY15	FY16
57,181	94,583	114,470	143,199	**166,013**

Source: Annual Report 2016, Indigo Airlines

MOVING WORLDWIDE

After completing five year of domestic operation Indigo got its license to operate internationally in January 2011. The first international airlines were launched by Indigo's on 1 September 2011. It was between New Delhi and Dubai. In following weeks, this service was expanding to four more countries Muscat, Bangkok, and Kathmandu & Singapore from New Delhi & Mumbai.

In 2012, IndiGo replaced Kingfisher and become the 2nd largest airline company of India in terms of market share.

Currently, IndiGo is India's no. 1 ranked airline company with a market share of 36.9% serving 35 cities in country and 5 cities internationally with 731 daily flights.

TABLE 2: NET PROFIT (in Millions)

FY12	FY13	FY14	FY15	FY16
1,279	7,873	3,170	13,042	**19,897**

Source: Annual Report 2016, Indigo Airlines

BUSINESS MODEL OF INDIGO AIRLINES

Currently, in India, IndiGo airline is at first position capturing 36.9% of total Indian aviation market. This success is the result of Indigo strategic focus on building operational efficiency, taking structural advantages along with customer orientation and employee-focused environment.

Major reason behind the success of IndiGo airline was adding new aircraft and expanding capacity. Company adopted the strategy of capacity expansion which results in increased efficiency and lower cost. The IndiGo airline increased its capacity by over 39 per cent, though there was fall of 4 % in the total industry capacity. Another reason for success was effective route planning, which also result in increasing market share. IndiGo's strategy was to cover only selected routes and provide more capacity on these select routes. Moving to more routes required new investments (rentals, staff, ground-handling, equipment etc.). This decision gives IndiGo economies of scale and competitive advantages.

IndiGo has connecting flights to various destinations. This ensures that a traveler from these destinations will not have to look at a non-IndiGo flight to go to any of these destinations.

Indigo also used only one type of aircraft which result in reduction of training of employees and also reduced the service cost. Indigo's entire focus was on low-cost model. Company buy a single type of aircraft i.e. Airbus A320 with similar seating configuration to make use of the same crew from pilots to flight attendants to the ground force in order to cut hiring, training, up gradation and maintenance costs.

Indigo is using Sale-and-leaseback financial model. In this deal, Indigo uses a 6-year sale and leaseback agreement. According to this deal the lessor has to take the aeroplane back after six years. Indigo believe that new aircrafts are better than old as it does not require frequent overall checks. Such a check is required normally the aircraft is around eight years old.

Indigo was the first airline in India who opted for low-cost carrier and offers only Economy Class seats accommodating 180 passengers in an aircraft. As economy carrier they don't have to spend much time, money and crew on privilege passengers, or maintain expensive lounges at airports.

Indigo decided not to provide any in-flight entertainment or complimentary meals and offers a buy onboard in-flight meal programme, which helps them to keep fares low. No frill strategy used by company where it was not offered any frills such as free food/drinks; lounges etc. just to cut down the cost.

Indigo trained their ground staff to deplane all passengers in six minutes, unload and load the hold within 10 minutes and to get the plane ready to fly again within 25 minutes. Flight on time is one of the major strength of Indigo airlines and these type of trainings help in maintaining the quickest turnaround time.

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Company also used online selling of ticket as a major channel of distribution rather than selling tickets through agents or travel agencies. The role of employees was also versatile and they were trained to perform multiple roles. The company also focused on opportunity present in the international market and tried to tape those untapped opportunities.

One of the major challenges for airline industry is high fuel price. Fuel cost accounts for about 45% of the total operating costs. Indigo saves fuel by using different ways.

Indigo is not only using latest software's to optimize flight planning to minimize fuel burning routes and altitudes but also using latest fuel saving technology.

Moreover, Indigo is planning to convert its all fleet to the A320Neo, a plane that is expected to use approx 15% less fuel as compared to the A320. Indigo has the aircraft taxi to the terminal with one engine, shutting down the second engine to save fuel. This moderates the aeroplane's speed in the air and saves fuel.

CHALLENGES

One of the challenges for Indigo Airlines is to position itself in international market. It is mainly considered as a domestic brand and its international presence is very low. In India it has 40 destinations but globally only 5.

In India Spice Jet, Air Asia, Jet Airways etc all the airlines are targeting economy class of customers and to differentiate its products and services from the competitor's products and services in the low cost airline industry is again a challenge for Indigo.

Raising fuel cost and high taxation and operational cost is again a challenge for Indigo. In India, government had more control on deciding price of fuel. Fuel cost accounts for about 45% of the total operating costs and rising price of fuel is a major challenge.

Another challenge for Indigo is availability of trained pilots and experienced ground staff. In India there is lack of experience work force in aviation industry.

More over aviation industry in India is a matured Industry with high competition in lower cost segment. There are many players who are operating in this segment and many more are about to come.

ALTERNATIVES FOR INDIGO AIRLINES

Though IndiGo Airline is a very big name in Indian aviation industry with a highest market share and number one aviation company but for further strengthen its market position and to gain competitive advantage company must increase its domestic and international operations by adding new destinations in its list and long haul flights. IndiGo has an option to further expand its business in the market of freight/ cargo & charter plane services; both are the untapped markets in India having high potential.

EXHIBIT

EXHIBIT 1.1: LEADERS OF INDIAN AVIATION INDUSTRY (2014)

	Rank	Company	Key Points	
LEADERS OF INDIAN AVIATION INDUSTRY	1	**Indigo Airline** Indian number one airline company	Year of Establishment	2006
			Market Share	36.9%
			Head Quarter	Gurgaon
			Type	Private
			Owner	Rahul Bhatia (Inter Globe Enterprises) and Rakesh S Gangwal, NRI
	2	**Jet Airways & Jetlite,** one of the largest airlines in India.	Year of Establishment	1993
			Market Share	19.8%
			Type	Private
			Owner	Mr. Naresh Agarwal
	3	**Air India** is Indian oldest airline company. Its presence is in all major parts of India	Market Share	16.4%
			Type	Government
	4	**Spice Jet:** Fastest Growing airline company in India	Year of Establishment	2005
			Market Share	12.3%
			Registered Office	Chennai
			Corporate Office	Gurgaon
			Type	Private
			Owner	Kalanithi Maran, Sun Group
	5	**Go Air** is the one of the most popular and budget Airline Company in India and is present in most of important destinations in India	Year of Establishment	2005
			Market Share	8.2%
			Type	Private
			Owner	Wadia Group

Source: DGCA (Directorate General of Civil Aviation) Report

TEACHING NOTES

Success Story of Indigo: A Lesson to Indian Airlines Industry

The case discusses how Indigo Airlines becomes Indian number one airline company in adverse market conditions where industry is facing challenges of rising fuel costs, down value of rupee, decrease in air domestic traffic, high taxation and operational cost, non availability of trained pilots and experienced ground staff, matured Industry with high competition in lower cost segment.

Indigo become successful because it focusses simultaneously on brand building and innovation. Indigo always try to providing best quality and customer service at lowest possible cost by best use of technology.

TARGET AUDIENCE

The case has been taught and is effective as part of master's degree, MBA programme and other management courses like PG Diploma in Management and BBA as a part of the course Strategic Management & Service Marketing. This case study can be taught while explaining strategic service marketing.

Students/participants are given an insight about various opportunities and challenges in aviation industries and how they can be faced through effective strategy development. They are also motivated to develop innovative strategies which can be implemented and utilized effectively.

LEARNING OBJECTIVE

By the end of the case, reader will be able to-
1. Understand the reasons behind the success of Indigo.
2. The role of innovative strategies in the success of an organization
3. And how one can be successful in adverse and saturated markets

TEACHING PLAN AND ANALYSIS

Teaching of this case, a 20 minute introduction to the case by the instructor may be useful before beginning discussion. The introduction should explain about the reasons for the success of Indigo in the adverse market. The goal of the case is that students should understand that how effective and innovative strategies can help a company to be successful and to become number one company with good profit in few years of its operation.

Once the introduction is complete, breaking the class into teams of three to five students may be useful. The teams should discuss and summarize their answers to each of the following questions presented in the case study and choose one representative to present a summary of the team's answers to the class.

QUESTIONS

a) Do SWOT analysis for Indian Aviation Industry?

b) What are the various factors responsible for success of Indigo Airline?

c) What are the various opportunities and challenges for Indigo Airlines?

d) Suggest suitable measures for further success of Indigo Airline.

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A REVIEW OF MAJOR TRAINING TRANSFER STUDIES OF THE PAST

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ABSTRACT
This article studies some of the major investigations in the field of training transfer in the past. The study was undertaken to comprehend the conceptual framework of training transfer for a better perceptive of the construct. It also studies the social impact of trainings through various models of evaluation of training which help the organisations in calculation of return on investments, trainings being an investment of both money and human effort directed towards achievement of certain goals.

KEYWORDS
learning, management learning, outcomes, skills, training.

INTRODUCTION
Organisations provide training to their employees in order to update their skills and ready them for future challenges. But every organisation needs to reflect how much of the training provided by them is being transferred by their employees to the workplace. In case of absence of such a transfer the organisations would be suffering losses on account of amount spent on training. Spending is not proportionate learning through trainings. These trainings are aimed to balance the organization's needs and the employees' needs. As Seyler, Holton, Burnett, Bates and Carvalho (1998) point out, training is focused on trying to change a trainee's behaviour or equip them with new behaviours. Some organizations are concerned with training as a priority issue, while other organizations are concerned with the final product and sales. Apart from money a lot of time in the organisations is also being devoted to such trainings and if the employee learning is minimal or nil from such training sessions the investment of time to such training activities also goes to waste. It is due to these factors that transfer of training is considered desirable.

REVIEW OF LITERATURE
This section discusses factors that affect training which may be divided into three categories: trainee characteristic, motivation, and the environmental factors (Baldwin & Ford, 1988). Despite the importance of the other factors, trainees' characteristics are considered important factor of motivation to transfer of training.

TRAINING
Training is defined as the act, process, or method of one who trains. It is also defined as the knowledge or experience acquired by one who trains (Merriam Webster Dictionary, second edition*). Rothwell and Sredl (2000) were more specific and defined training as a short-term intervention designed to change individuals by equipping them with the necessary and sufficient knowledge, skills, and attitudes they need to meet or exceed customer requirements and achieve results (p.9). Another definition came from Blancher and Thacker (1999) who defined training as a systematic process attempting to develop knowledge, skills, and for current or future job. Training aims to bring changes in the employee's skills, in addition to other changes in attitudes and knowledge. Skills might range from reading and writing to gaining skills in the computer's applications.

TRAINING TRANSFER
Transfer of training can is defined as the application of knowledge, skills and attitudes learned from training on the job and subsequent maintenance of them over a certain period of time (Baldwin and Ford, 1988; Xiao, 1996). This definition has expanded the traditional meaning of transfer which related the transfer of training with effectively taking back the skills taught from a training programme and did not include its maintenance in its fold.

Noe (1986) and Baldwin and Ford (1988) were the pioneers in the field of training transfer. The theoretical framework of Baldwin and Ford (1988) in this field has proved most influential and has attracted a lot of practical studies to examine how employee characteristics, job attitudes and work environment affect the transfer of training process (e.g. Baldwin et al., 1991; Tziner et al., 1991; Gist et al., 1991; Tannenbaum et al., 1991; Martocchio,1992; Mathieu et al., 1992; Ford et al., 1992; Clark et al., 1993; Facteau et al., 1995; Saks, 1995; Tesluk et al., 1995; Tracey et al., 1995;). The focus on these constructs is based upon the fact that employee is trainable or the concept of trainability. Trainability was defined by Noe and Schmitt (1986, p. 498) as "the degree to which training participants are able to learn and apply the material emphasised in the training programme''. They extended the Wexley and Latham's (1981) trainability idea which stated that trainability is a function of ability and motivation in order to include environmental components. In other words, they suggested that trainability was the sum of ability, motivation and environmental favourability [Trainability = f (Ability, Motivation, Environmental Favourability)]. Their conceptual ideas had a deep impact on training transfer research.

TRAINING OUTCOME
Training outcomes means the significant learning or change of behaviour that the trainees are expected to show after attending a particular training session. It is often defined in terms of learning taken back to the workplace by the said trainees from a particular training. It may be seen in terms of change in working style, updated market information, updating of skills, learning new skills and processes. It tends to identify beforehand what the trainees know and what they need to know to improve their performance (Steve W.J. Kozlowski. et al 2000). It is this training outcome which will affect the future performance of the trainees in the organisation and the organisation in relation to its environment.

NEED FOR THE STUDY
The study focus on collecting and gaining information from the training transfer studies of the past, reviewing them and constructing a conceptual framework for the understanding of the researcher. Also it aims at understanding the various methods of evaluation of trainings for determining their social impact.

STATEMENT OF THE PROBLEM

Despite plethora of researches existing in the field of training transfer there is a need to have a clear conceptual understanding of training transfer through which it could be reviewed in the organisations.

OBJECTIVE

The objective is to create a conceptual framework of training transfer for better understanding and further research in the field of training transfer for the author.

RESEARCH METHODOLOGY

Based on the theoretical framework suggested by Baldwin and Ford, 1988, the researcher reviewed the literature related to training transfer and its components in order to create a conceptual framework and pinpoint important components for better understanding of the concept. The researcher has reviewed more than 20 articles, books, and other relevant material related to training transfer; the literature was selected and organized based on the theoretical framework of this study and was limited for the last three decades. Terms such as learning, training, transfer, and motivation were utilized to search the resources:

(a) Internet search engines,

(b) Academic Journals and

(c) Books

RESULTS & DISCUSSION

The result of the study was the creation of a broad conceptual framework of the process of training transfer for the purpose of guiding the researcher in further studies related to the concept for this purpose various variables were identified and segregated that contribute to training transfer.

CONCEPTUAL FRAMEWORK OF TRAINING TRANSFER

TRAINEE CHARACTERISTICS

It is the inner ability of the trainee or his personality. It is also referred to as trainability which is to say his ability, motivation and work environment perception in totality. It encompasses his self concept and attitude towards learning. Trainability means a trainees' preparedness for training to happen. His previous education and experience contributes to his preparedness for learning.

Trainee characteristics (e.g. personality, trainee ability, motivation effects) were initially identified by training practitioners as the sole factor affecting transfer of training (Baldwin and Ford, 1988). But with time these characteristics were stretched.Among various personal characteristics, locus of control was presumed in many earlier studies to affect the transfer process (e.g. Baumgartel et al., 1984; Noe and Schmitt, 1986). Locus of control is defined by Rotter (1966) as a general anticipation that organisational outcomes like rewards and reinforcements in life are controlled either by an individual's own actions or by other forces. In a training situation, employees with a strong belief that they can control the organisational outcomes are more likely to help apply their learnt behaviour from training to the job scene. Organisational outcomes can be recognition, promotions, salary increases and job enlargement. The study of Tziner et al. (1991) indicated that those with an internal locus of control who benefited from a relapse prevention module demonstrated higher better understanding of the training contents. Self-efficacy is defined as "people's judgements of their capabilities to organise and execute courses of action required to attain designated types of performances'' (Bandura, 1986, p. 391). The trainees with a high level of confidence in their performance and behaviour change will be more likely to apply what they have learned from training on the jobs.

The Learning Transfer System Inventory (LTSI, Holton et al., 2000) was developed to assess the 'transfer system', i.e. 'all factors in the person, training and organization that influence transfer of learning to job performance' (pp. 335–36). With this aim, the instrument measures 16 dimensions likely to influence training transfer; 11 specific factors, which relate to the particular training program the trainee was attending, and five general factors, which are likely to influence any training program conducted.

MOTIVATION FACTORS

Inadequate motivation is likely to cause poor mastering of the training by the employees and subsequent training performance motivational variables that are grouped into four major dimensions: career and job attitudes; organisational commitment; decision and reaction to training; and post training interventions. Motivation is significantly affected by temperamental factors in the employees. Career and job attitudes generally refer to the cognitive state of psychological identification with one's career and job. Organizations whose performance depends on their employees' willingness to learn continually and use their learning to make changes in the workplace must be concerned with the dispositional profile of those employees (Sharon and Holton, 2002). A study conducted by Kehrhahn (1995) investigated the relationship of individual and perceptions on transfer of customer service skills training found that motivation to transfer was one of the variables that predicted transfer of learning. However, trainees who frequently engage in cognitive or environmental search activities are expected to have a better understanding of their strengths, weaknesses and interests (Noe, 1986; Noe and Schmitt, 1986). Neo and Schmidt (1986) describe motivation as a desire to use the knowledge and skill mastered in the training program on the job. In fact, they recognise the importance of learning new skills and refining current skills (Facteau et al., 1995) so that such skills can match with the requirements of the new job settings. Trainees who had both good career planning and a high level of job involvement were more likely to be motivated to learn (Mathieu et al., 1992; Williams etal., 1991). Employees being offered opportunities to provide input into the training decision were more likely to perceive the training as useful for their jobs which, in turn, resulted in higher levels of pre-training motivation (Baldwin et al., 1991; Clark et al., 1993; Mathieu et al., 1992). The pre-training motivation was said to be related to learning in a training programme (Baldwin et al., 1991; Mathieu et al., 1992) and subsequent training performance (Mathieu et al., 1992). Moreover, trainees' reaction to training was shown to affect their learning and subsequent training performance (Mathieu et al., 1992; Martocchio, 1992). The study of Tziner et al. (1991) revealed that a relapse prevention component included in a training helped increase the likelihood of the prognostic power of internality and a supportive environment on the use of trained skills and transferring them to the job. More recent studies have supported the importance of post-training interventions on skill transfer and maintenance. Burke (1997) found that relapse prevention positively affected the trainees' ability to transfer and desire to transfer.

ENVIRONMENTAL FACTORS

In the training setting, the organization is responsible for preparing the climate of learning to the convenience of the trainees. A number of strategies can be employed to enhance learning transfer system: first, the organization has to ensure a supportive transfer climate, program planners may clarify with the supervisor what is to be learned and how that is transferred through follow-up assistance such as individual coaching and peer mentoring. Second, the organization should include participants in the planning. And third, the organization has to integrate strategies that relate to transfer in the program design (Merriam and Leahy, 2005, p14-16)

The supports-in-organisation variables come from the concept of social support that is said to be influential when employees believe that other client systems in the organisation (e.g. their supervisors and peers) provide them with opportunities for practising new skills and knowledge in the job settings (Noe, 1986). Opportunity to practise ensures that when trainees have plenty of chances to apply what they have learned to their jobs, a larger amount of training content can be transferred (Ford, 1992). Some researchers have used the term "transfer climate" to represent the social supports from the organisation (e.g.Tracey, 1992). Basically, there are four major sources of social support of subordinate, peer, supervisor and top management (Facteau, 1995). Tziner et al. (1991) found that supportive environment alone could not influence trainees' use of trained skills

PERCEIVED VALUE AND CREDIBILITY

Perceived value is the worth of the training in the minds of the trainees. (AK Min Ho, 2008). If the trainee group does not value the training imparted they do not actively imbibe the learnings there from and are less likely to reproduce the learning on the job. This could be due to varying factors like training environment, training design, trainee or the trainer themselves. Another important factor is the credibility of the training if the training being imparted sounds impractical to the trainees they are less likely to perceive its value and learn from it.

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SOCIAL IMPACT OF TRAINING

Training being cost intensive process for any organisation needs to generate the desired outcome for becoming useful to the society and having a social impact on the society in which it is being imparted. In the social impact of training transfer we studied various model of evaluation of training and their outcome to gain a better understanding of the expectations of various social groups from training and how trainings are evaluated to see if these expectations are being met. These expectations are not just in terms of changed behaviour of individuals and learning and retention of new skills but also recovering the cost of training resulting from such behaviour by the organisation, lesser attrition rates and more dedication of employees towards their organisation. Some important models that discuss the returns on amount spent by organisations on training are:

Cost-benefit analysis is the oldest evaluation method used to access the feasibility of expenditures of all types of programs in order to show the value of education and training (Kearsley, 1982; Prest & Turvey, 1965; Thompson, 1980). It can be understood as:

- Identify key stakeholders and their values
- Identify alternative choices to compare to the program
- Define the costs and the benefits of all alternative choices
- Place a monetary value on the cost and benefits
- Identify intangible benefits (those not converted to monetary value or any additional benefits identified through the evaluation)
- Compare the costs and the benefits derived
- Make a decision regarding the program

Phillips' Five-Level ROI Model: In the 1980's Phillips (1983) began efforts to stretch the training evaluation to Return on Investment (ROI), which he called Level Five. This type of evaluation is similar to Kirkpatrick's Level Four in that it seeks to identify training results, usually in a monetary form, but it differs because it also examines the cost of the training (investment) that may have led to the measured results. The cost of the training is subtracted from the monetary value of the results to obtain the ROI

Kaufman's five Levels of Evaluation: Kaufman and Keller (1994) developed another type of training evaluation, which is a variation of Kirkpatrick's four-level framework that expanded the definition of Level One and added a fifth level that addresses societal issues, client responsiveness, the consequences and payoffs. They use the concept of enabling, at Level One, which addresses the availability of various resource inputs necessary for a successful intervention. Their work attempts to move evaluation beyond the organization, and examine the extent to which programs enhance society and the environment surrounding the organization (Phillips, 2004).

Success Case Evaluation Model: Brinkerhoff and Dressler (2002) developed the Success Case Evaluation Model. Their model uses purposive sampling rather than random sampling. The model focuses on input from training participants who have been most successful as well as least successful at applying the knowledge and skills learned during the training event.

DISCUSSION

FIG. 1: CONCEPTUAL FRAMEWORK OF TRAINING TRANSFER PROCESS
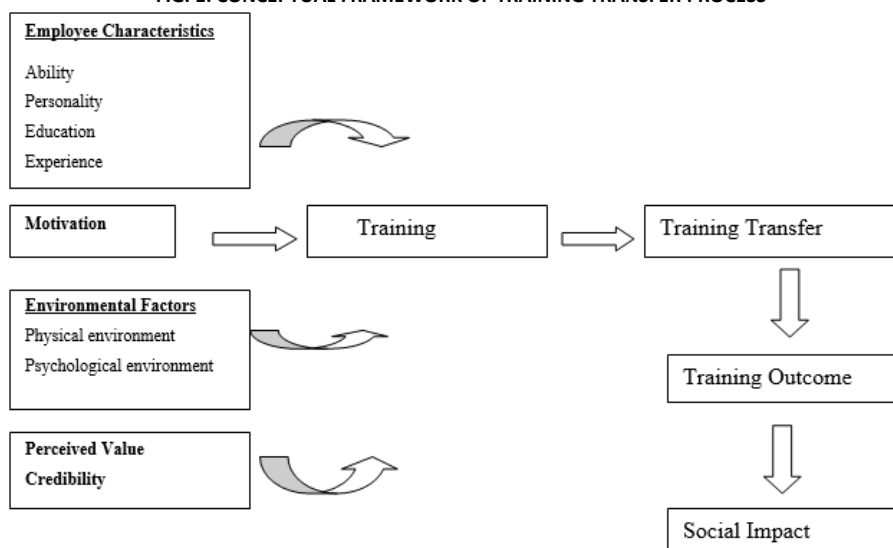
Thus in building the conceptual framework of the process of training transfer we see that there are four major variables that affect training:

a) The employee characteristics which includes his ability to learn, his personality educational background of the employee and experience
b) Motivation factors that provide the base for learning and answer the question of why should the employee learn new skills for him
c) Environmental factors which include his physical environment involving the training setting where training is imparted and also his psychological environment which is built of his mental state for accepting the training imparted,
d) Perceived value and credibility relate to training design aspect which impacts the mind of the trainee so that he accepts the learning and considers it of value in future for his job. Credibility relates to the applicability of training where the training is imparted by relating to the actual work scenario of the trainee group.

Once the training has been imparted it is upon the trainees to transfer their learning to their job which makes visible the training outcomes that is whether the learning imparted from training has been successfully assimilated by the learners or not. From the assessment of our training outcomes using various methods of evaluation we can assesses the social impact the training. Social impact aspires to delve into whether the training has been successful for the society on the whole using the parameters of learning and the return on investments made in training in terms of time money and other resources of the organisations.

CONCLUSION

The finding of this article are derived from the literature review which has been done on this topic or related topics. In particular environment, motivation, the ability to transfer, and the learners' attitudes impact transfer. The participant is not the only factor that affects the transfer; there are other important factors that work together and affect the transfer. It is recommended for future research to conduct research on participants' characteristics as a major thrust area in transfer. Researchers should look for and find those positive characteristics; they should also look for the undesired characteristics and develop training programs to overcome them. If as stakeholders we want to improve our training outcomes, we need to provide a well-designed and planned training for our employees, we need also to learn how to motivate them to apply this training in the workplace. This certainly will increase the organization's productive ability and the returns on investment in the field of training.

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A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF "KARASSERY SERVICE CO-OPERATIVE BANK LTD"

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ABSTRACT

Bank is now not only a lending or deposit collection center but it is a service center. The meaning of banking has changed, now it includes various spheres of business, or all types of business have the relationship with banking. Therefore, the mission and vision of today's banking was replaced for new generation needs. The vision of Canara bank is "Serving for Growth, Growing for service", Federal Bank declares "A perfect Banking partner", City Bank offers "City never sleeps" and The Karassery Service Co-operative Bank declares "banking made simple". This is the first primary co-operative bank in Kerala to introduce demand draft and money transfer facility to various locations in the country. The performance highlights and growth rate of operational performance reveal that in many areas, the bank has to improve further and there is a scope for improvement through well deposit mobilization. Karassery service co-operative bank Limited is the first co-operative service bank in Kozhikode Taluk and this bank to get fully computerized, and also to introduce a working time of twenty four hours.

KEYWORDS

Karassery service co-operative bank ltd., financial performance analysis.

INTRODUCTION

The development in Information Technology was a real milestone in banking industry. Now we forgot the old big ledger, which one we are used in olden days. The old outcry system in share market is replaced by real time settlement. Banking is totally changed to small telephone booth like ATM centers. Most of the banks providing Web Banking, Internet Banking etc., In brief we can see all the changes, developments, movements in technology are perfectly used in banking industry.

Charles Darvins theory "Struggle for existence" and "Survival of the fit-test" are the new theory in business world. Karassery Service Co-operative Bank Ltd. was registered as a co-operative society on 22 September 1994 and the Bank started doing business on 10 October 1994 with a share capital of Rupees One lakh. The area of operation of the Bank is the area falling under the Karassery panchayath in Kozhikode district of Kerala state.

This is a predominantly agriculture oriented locality which is fast shedding its rural image to grow as a semi urban centre. Total population of the area is under 30000. Now the Bank has a working capital amounts to Rs. 268.52 crores. The bank is classified as a class I (class one) special grade bank which is the topmost classification attainable for a service co-operative bank by the Government of Kerala.

This study covers the financial performance analysis of the Karassery Service Co-operative Bank. In the financial performance analysis is based on the liquidity, solvency and profitability ratios. The last five year (2009-10 to 2013-14) financial performance of the bank is taken for the consideration of making this project.

OBJECTIVES OF THE STUDY

The present study has undertaken with the following objectives:
1. To analyse the functions and operations of the Karassery service co-operative bank
2. To analyse the performance highlights of Karassery Service co-operative bank.
3. To analyse Operational ratios of Karassery Service Co-operative Bank.
4. To analyse the profitability of Karassery Service Co-operative bank.
5. To analyse long term solvency position of Karassery Service Co-operative bank.

SCOPE OF THE STUDY

Karassery service co-operative bank is the first service co-operative bank in Kozhikode Taluk to get fully computerized. It was the first co-operative bank to introduce a working time of twenty four hours. This is the first primary co-operative bank in Kerala to introduce demand draft and money transfer facility to various locations in the country. The Bank has many other 'firsts' to its credit such as the introduction of hand-held machines for deposit and loan collection, mobile phone alert facility for information on loans and deposits and on the spot taking of customers' photo and printing it in their passbook. The Bank got two 'Banking Frontiers Magazine' Awards in the category of Product innovation and Alternative channels. The Bank got First prize in Deposit mobilization- 2007 from Department of Co-operation, Kerala State.

METHODOLOGY

A descriptive study aimed at empirical examination and analysis of the stated problem. It will use mainly two methods viz. the survey method and Content analysis.

SOURCE OF DATA

Study based on secondary data. Secondary data were mainly collected from the annual reports and audit report of Karassery Service Co-operative Bank Ltd., and discussion with secretary and Accounts Head of the bank.

DATA ANALYSIS

This study will involve both quantitative and qualitative analysis of collected data. Collected data were analyzed with the help of statistical tools like percentage, ratios, diagrams, charts, etc.

RESEARCH DESIGN

Research design is the arrangements of activities for the collection and analysis of the data in a specific manner that aims to combine relevance to the purpose with economy in procedure. For this study the design is used as a descriptive. Descriptive design as the name itself implies is conducted to the describe something. This study describes the financial performance Analysis of Karassery service Co-operative Bank Ltd.

METHOD OF DATA COLLECTION

The secondary data was collected from the Bank records and websites.

LIMITATION OF THE STUDY

Lack of time period for a detailed and accurate study of the performance of the financial analysis in the co-operative bank, due to lack of time a detailed interview schedule could not be administered to get primary data. So the study depends mainly on secondary data. Even the maximum care has been taken to make the perfection in study.

STRUCTURE OF INDIAN MONEY MARKET

A) ORGANIZED SECTOR

1. RBI

2. Commercial Banks

a) Scheduled commercial Banks

(i) Public sector

- State bank group
- Nationalized banks

(ii) India banks

b) Non scheduled commercial banks

i) Foreign Banks

ii) Regional rural banks

3. PO Saving banks

4. Non banking companies

5. Co-operative Banks

B) **UN ORGANISED SECTORS**

1. Indigenous banks

2. Money lenders

MANAGEMENT OF BANK

The management is an ongoing dynamic process described as planning, organizing and controlling. These elements of management process are widely accepted in the business world. By this dynamic process it is divided to various departments like credit dept., planning and development dept., insurance dept., depository dept., share dept., personal dept., forest dept., stationary dept., IT dept., training dept., reconciliation dept. and risk management dept. for the service are like Chennai Zone, Mumbai Zone, Eastern Zone and Western Zone.

STRUCTURE OF A BANK: Present Bank has a matrix structure. Its different rectangular have different goals and tasks. It is performed by multidisciplinary teams. The Matrix structure ensures efficiency and stability of a team work in the bank.

DEFINITION

According to V.L. Mehta "Co-operation is a vast movement which promote voluntary association of individuals having common needs who combine towards the achievement of common economic needs".

FUTURE OF CO-OP BANKING IN KERALA

Computerization has become a basic necessity in today's environment for any bank. With private sector banks and nationalized banks enhancing its reach to the rural markets in India, co-operative banks are facing new challenges. To maintain the leadership in this highly competitive world of banking, co-operative banks should be able to offer facilities to its customer at par with or even above those offered by these larger banks. The right software solution should, in addition to taking care of all the day-to-day activities of the bank, be able to provide facilities offered by new generation banks.

Net banking, any branch banking, Tele banking, Mobile banking and A.T.M. have become basic facilities expected by today's customers. Over and above this, a bank should also be able to measure its progress and fine tune its operations for which detailed management reports are also a must. Such reports should help the management team of a bank to analyze the performance and take the right decisions from time to time.

The lead bank in Kerala has identified that a shared A.T.M. Network in Kerala would be the key in competing against other banking networks in the region. It has been decided to bring all SCBs under a single network and a common software platform, so that implementation of an A.T.M. Network is made easier.

So, in the future, there are many changes should come in the SCBs for the healthy competition of other banks in the industry. They mainly focused on the customer based strategies and give more different services to the customers. And they take more remedial actions in the area of Information Technology.

NEW TRENDS IN BANKING INDUSTRY

Online Banking	Diversification of Banking Service
High Level of banking competition	Effect of Globalization
Liberalization	Foreign Direct Investment
Merger & Acquisition	Use of plastic money
24 hours banking	Securitization
Electronic Fund Transfer	Branch expansion
Consortium approach	Credit card
New technology banking	Stock investment
Local area banks	Merchant Banking
Hire purchase finance	Venture capital
Equipment leasing	Internet Banking
Mobile Banking	Tele banking

MAJOR PROBLEMS FACED IN THE BANKING INDUSTRY

1. The new generation banks: The new generation banks created a new culture in banking industry. They are giving good and need based customer service. But they are only looking into the profit, they have no social commitment, they are urbanized. So government sponsored programs like PMRY, SGRY, SGSRY and other point 20 programs are in threats. All the new generation banks are collecting deposits even from remote village, but all these funds flow to urban for corporate.

2. Unhealthy competition between the banks: Most of the Indian banks changed their computers and packages more than once within the last 5 years in the name of good service.

3. The intrusion of new foreign banks: The major problem in our country is the intrusion of foreign banks. The deposit interest rates of foreign countries are very lower than India. So they can give law interest rate loans. Thus the deposit interest rate in India slipped. Small savings and thrift deposits of the common people become discouraged. These funds are also compelled to move to share market.

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4. The job security of the employees is also under threat.

Karassery Bank is a primary agricultural service co-operative bank with its area of operation confined to Karassery Panchayath and loan lending area extended to the whole area of Kozhikode Taluk. Started on 10-10-1994, the bank has emerged a commanding position as it was classified as Class I Super Grade Bank, being the highest classification in this group in Kerala State. Also it is noted that the Bank is running in profit since its inception and retaining the colorful status of 'A' grade in Audit Classification. The Head Office of the bank is at Mukkam and its address is "Karassery Service Co-operative Bank Ltd No D.2628, P.O. Mukkam, Kozhikode, Pin-673602".

The affairs of the Bank are governed by an elected Board of Directors consisting of 13 members and the tenure is limited for a period of 5 years from the date of election to the Board of Directors. One among the Directors is elected as Chairman of the Bank and he monitors the day to day affairs of the Bank with the help and cooperation of all other Directors by utilizing the service of the entire dedicated and trained personnel. The overall supervision of discharge of duties of the staff of the Bank vests with the General Manager /Chief Executive of the Bank. The working hours of the Bank starts from 8.30 am. and ends at 7.00 PM. In our District, we are the first Bank in Co-operative Sector, fully computerized in all aspects. The computerization in the year 2000 brought about wholesome change in the profile of the Bank by increasing the business by leaps and bounds. The Bank now has a customer base of more than 58000 persons.

Due to systematic working, quick disposal of customers giving no room for any complaint and emphasizing the need of Customer relationship as a vital goal, we could succeed in obtaining the international certification of ISO 9001:2000 during the year 2006 and we are proud to declare that our Bank is the first Bank in Co-operative sector to secure such an award in Kerala State. Now we have upgraded the latest version of ISO 9001:2008. Another novel idea of installation of A.T.M was also implemented by us during 2006 and we are one of the toppers in our state to extend such a valuable service to the customers of the Bank.

PRESENT WORKING

Our Bank is organized for the members and their families by providing them required loans for promoting agriculture and other trade/business activities in the service area of the bank, with the help of mobilizing deposits from members of the Bank. We are also issuing agricultural loans to members by obtaining cash credit loan from the Financing Banks. At present we are having 60101 members on roll in four classes as classified in the byelaws of the Bank. The total paid up share capital of the Bank at present is 8.60 crores and deposits are 378 crores. Customers outside India have contributed a lot in the growth rate of deposits through NRE accounts. The borrowings outstanding are 68 crores and investment 55.50 crores. We are providing Agricultural Loans, Non Agricultural Loans, Gold Loans, Self Employment Loans, Small business loans to our members according to their requirement within the limit provided in the byelaws of the Bank, AMT Loan to SHG/JLG groups attached to the sub centers in Ramanattukara and Thamarassery and the total amount of loan outstanding as on date is 380 crores. The working capital of the Bank as on date is Rs.426.60 crores. It is conspicuous to note that only a very negligible amount is classified as overdue, the percentage is only 3%.

During the year 2014-15 the total loan issued was Rs.966.79 crores. An average amount of Fifteen Crores of rupees is essential to meet the actual demands of members every month, and hence we are forced to reschedule our plan of raising funds from available sources. The existing 3 tier system of Co-operative sector has started changing to the 2 tier system as NABARD provided direct funding to our Bank to the tune of 12 crores with low interest rate. Now we are on the way of mobilizing another 50 crores from NABARD.

Our Head Office function has also been shifted to the new building at Mukkam which is arranged in such a way to suit to the modern technology requirements for the banks purpose. Apart from the Head Office, Deposit Branch and Loan Branch are functioning in Head Office building. Two more Branches are also working at Nellikkaparamba and Maranchatty. Besides there are two sub centers under the Bank, one at Thamarassery and another at Ramanattukara.

Considering the overall performance and best working the Bank could secure National and State awards during the last 7 years. Bank has always given due importance to the proper working, at most satisfaction to customers, keeping financial discipline, implementing all modern technologies and placing all infrastructural facilities for the smooth functioning of the Bank.

The awards that received from Banking Frontiers continuously from 2007 to 2013 are in the category of Product Innovation, Alternate Channels, Innovation in Marketing, Best Data Centre, Innovation in HR, Excellence in Networking, Excellence in Technological Innovation, Best Social Project, Best Training Innovation and Best NPA Innovation.

Apart from the above during the year 2008 the Bank pocketed the first price in the presentation of Tableau in the concluding ceremony of Kerala cooperative week celebration at Calicut. During the year 2010, our Bank is the only Bank from Kerala State, secured the prestigious "Co-op Excellence Award -2010" of National Co-op Development Corporation, New Delhi.

SPECIALTIES

The Bank gives emphasis to employing the best technologies to give smooth and efficient banking experience for the customer. It was the first to introduce many modern banking facilities to the co-operative sector in general and to the locality in particular. The main achievements could be summarized as follows.

- First ISO 9001:2000 certified Co-operative bank in Kerala (Now it is ISO 9001:2008)
- First full-fledged ATM in the primary Co-operative sector in Kerala
- First ever ATM recycler machine in India
- First Time in Kerala 24 x 365 days banking
- Introduction of hand-held collection machines to the banking sector for the first time in the country
- Mobile alert facilities with scope for mobile banking in the future
- RTGS facility with tie up of commercial banks
- Instantaneous account opening procedure with digital photo printed pass book
- Demand draft and money transfer facilities for the first time in the primary co-operative sector in the state
- Introduction of low interest agriculture loan scheme for the Benefit of
- small and medium farmers for the first time in the state
- Introduction of savings bank scheme for the benefit of students
- Declaration of maximum Dividend (25%) to the share holders of the Bank.
- Special Agricultural Loans to the farmer members of the Bank at a lower rate of 5.5% introduced by Government of Kerala.
- Interest free loans to paddy farmers.
- Free Mobile facility – through BSNL – CUG Scheme
- Railway Reservation facility to customers
- Locker facility
- IFFCO-Tokyo General Insurance
- Digitalization of documents
- Western Union Money Transfer
- Gold Purchase Loan Facility
- AMT Loan @7% for SHG/JLG under Diary Entrepreneurship Development Scheme (DEDS)
- Managerial efficiency showing successful operation of three shifts from 8.30 AM to 7.00 PM without any interruption with 54 employees.

MBP: The maximum borrowing power of the bank is 50 times of paid up share capital plus reserve fund.

IMBP: The maximum individual borrowing power is limits up to Rs. 10 lakhs.

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RESOURCES OF THE BANK

- Share capital
- Loans from Govt. and KDC, other institutions.
- Deposits from members and non- members.
- Subscription Fee
- Donation
- Borrowed fund
- Reserve and Other Funds
- Undistributed portion of profit.

FUNCTIONS AND OPERATIONS OF THE KARASSERY

CO- OPERATIVE BANK

There are some important functions and operations are there. Mainly it divided in to two types, namely, Source of fund and Utilization of fund. Those are given below,

A) SOURCE OF FUND: The most important functions of all co-operative banks are to accept funds from various sources and to utilize it for lending purposes. Share Capital, Deposits and Borrowings from other financial institutions constitute co-operative bank fund sources. The fund formed by inputs from these sources is used for lending to the members of the bank. One of the main characteristics of the co-operative bank with respect to commercial bank is that though accept from members and non members alike, members only are eligible for loans. The main source of fund of The Karassery Service Co-operative Bank is described below.

1- SHARE CAPITAL: Share capital is the capital collected from the members of the Bank. Shareholders are the real owners of the bank. Share capital can be classified into two categories as given below.

a) Authorized Share Capital: This is the registered capital under the Bye-Law of the Bank. There is a maximum limit to the amount that can be collected. Once the total Share capital collected reaches that limit, the authorized share capital has to be increased and this could be done only through amendment to the Bye- Laws which should get the approval of the Registrar of co-operative Societies of the State.

2- DEPOSITS: The bank accepts deposits from members and non-members alike. Apart from Share capital, deposits are main source of fund for the bank. The bank can accept deposits from anyone irrespective of whether the person is residing within the area of operation or not. Deposits are the chief contributes to the working capital of the bank. At present, the bank operates four kinds of deposits as explained below.

a) Saving Bank Account: Saving Bank accounts in encouraging the habit of saving among the members in particular and the customer in general. Anyone can open a saving bank account in the bank through a proper application for that effect. Saving bank account could be opened and operated individually or jointly.

b) Current Account: Current Account is almost the same as saving bank account. The main difference lies in the purpose of this account. This type of deposit is used by business firms for their day-to-day transactions. Besides, the bank does not offer any interest for this deposit.

c) Fixed Deposits: There is types of deposit is different from both the accounts mentioned above as suggested by the name. An amount is deposited for a fixed duration of time for a fixed rate of interest. The depositor cannot into that account or withdraw from that account before the date of maturity is reached. The minimum amount that can be deposited as fixed deposit is Rs. 100 and the minimum duration of period is fifteen days.

d) Daily Deposits: This is a peculiar kind of deposit aimed mainly at cannot come to the bank for their transaction.

3- BORROWINGS FROM OTHER INSTITUTIONS

Another source of fund for the bank is the borrowings from other institutions mainly the central co-operative bank of the state and central financial institutions such as NABARD. At present the bank has outstanding borrowings from the Kozhikode District Co-operative Bank and NABARD.

a) District Co-operative Bank: The District Co-operative Bank is the chief financier of the bank when it needs large amount of money for its lending purpose. The KDC bank has financed the bank in the form of non- agricultural loan, cash credit account and overdraft account. The bank borrows these loans on higher interest rates and uses this fund to lend among the members. The members would have to pay a little higher rate of interest than the district co-operative banks' rate.

b) NABARD: NABARD has financed the bank through the district Co-operative bank to facilitate disbursement of fund for agriculture purpose. This fund is utilized for lending to members at a lower interest rate. Besides, a subsidy of 5% on the principal amount also is offered.

B) UTILIZATION OF FUND

As started in the beginning, the function of any bank is to mobilize fund from various sources and to utilize for lending among the needy. In the earlier section, we have seen the different source of fund available for the karassery Service Co-operative bank. Now we can look in to the different kinds of loan the bank is disbursing among its members on fixed rate of interest. The lending rate is charged on the basis of cost of funds. The cost of funds and an extra small percentage added to it to meet the operational expense of the bank decides the rate of interest on loans disbursed. Any member can avail loans from the bank provided that the bank is convinced of his/her capability to repay the debt in his/her name. The bank asks for security for credits in the form of collateral security or surety by members or salary certificates issues to employees of Central or State or Semi Govt. institutions.

1) AGRICULTURAL LOAN

The main agricultural producers of the area are rubber, coconut, areca nut, banana, rise, pepper, turmeric and various kinds of vegetables. Agricultural loan disbursed from the bank at utilized in the cultivation of all these crops. Fund for these loans are mainly contributed by NABARD's finance through the District Co-operative Bank. Agricultural loans have the lowest rate of interest. There are two kinds of agricultural loans as explained below.

a) Agriculture Short Term Loan: These loans are disbursed for a period of eleven month. The rate of interest charged is 5.5% per annum. The member has to repay the full principal amount with interest before the date of maturity. He/she is eligible for a subsidy of 5% on the complete repayment of loan.

b) Kissan Credit Card: This Credit facility offers the creditor the unique convenience of operating credit account the same way as a saving bank account. The rate of interest is the same as agricultural short term loan. The duration of this loan is three years. Once the loan is sanctioned with an upper credit limit the creditor can withdraw and deposit money as per his convenience. But he/she has to remit the interest in every six months. The interest is calculated for the credit balance in his account. The creditor is issued with passbook and a kissan credit card. This card shows the details of the loan.

2) NON- AGRICULTURAL LOAN

Any other credit facility offered to the member is categorized as non-agricultural loan. These loans vary in their duration and rate of interest. Regarding the security for credit, on the surety of members a maximum of Rs. 25000 only could be sanctioned. If one wants a larger amount as credit he would have to give the security of land or building. Different kinds of non-agricultural loans are explained below.

a) NSTS (Non- agricultural Short term surety) Loan: These are loans issued on the personal surety of members. The duration of these kinds of loan is 12 month. Two members who do not have any credit overdue against them can stand surety for NSTS Loan to another member. These loans are to be prepaid wholly or as installments before the due date are reached. The rate of interest is 14% per annum but in case of the loan crossing the maturity date an additional 3% on the remaining principal amount is charged as overdue interest.

b) NSTM (Non- agriculture Short Term Mortgage) Loan: These kinds of loans differ from NSTS Loan only in the form of security as indicators by the name. If a person needs more than Rs. 25000 as credit, he can ask for NSTM loan In this case the member has to mortgage his land as security.
The amount of credit is decided on the basis of the estimated value of the mortgage. All other characteristics of this loan are the same as NSTS Loan.

c) NAMT (Non-agricultural Medium Term) Loan: As the name suggest, these are loans disbursed for medium periods of duration. The duration varies between 12 months to 60 months according to the creditor's convenience. There are NAMT loans of the durations 12, 24, 36, 48 and 60 months. The rate of interest is the same as the above mentioned loans. Normally these loans are sanctioned with a repayment scheme of equal installments.

d) IRDP Loan: The characteristics of these loans are the beneficiaries itself. Only people of backward class are eligible to avail this credit facility. This loan enjoys high priority from the Govt. side the creditor can claim 50% of subsidy on the principal amount. Normal duration of this loan is five years and the repayment scheme is in 60 equal installments. These loans have very law rate of interest.

e) SE (self Employment) Loan: As indicated by the name, these loans target unemployed women of the area seeking employment opportunities. The bank sanctions them sewing machines the price of which is accounted as the principal credit amount.

f) Gold Pledged Loan: This is very convenient credit facility for the members in which person pledged gold ornaments in the bank and avails corresponding amount of money to his credit. Normally 80% of the value of the ornaments pledged is sanctioned as credit. The duration of this loan is very short. The loan is considered overdue after six month.

g) Gold Overdraft: This credit facility combines the characteristics of Kissan Credit Card and Gold Pledged Loan. The creditor pledged gold ornaments for the amount of credit and the bank sanctioned a cash credit account with the permissible upper limit. After that he/she can operate this account as is done with a savings bank account

h) Business overdraft: It is a cash credit facility aimed at business persons. The duration of this credit scheme is three years and transactions could be done in the same way as other cash credit/overdraft schemes

i) Fixed Deposit Loan: This is a deposit loan given on the security of fixed deposit in the bank. The depositor can avail a maximum of 90% of the fixed deposit in his/her name. The rate of interest is 2% more than the rate given to him/her on the fixed deposit.

j) Day Deposit Loan: This credit facility is the same as fixed deposit loan except for the security which is daily deposit in this case. The maximum limit of the credit is 75% of the deposit amount and rate of interest is fixed at 14%.

1. INVESTMENT IN OTHER BANKS: The Bank tries to distribute the fund at its capacity among the members as loans the interest from which constitute the main income for the bank. Even after disbursement of loans to all eligible persons if there is excess fund available for utilization, the bank could use it for greater income in the form of investments in other banks. As per the Reserve Bank of India norms, only 72% of the total fund could be disbursed as credit and the rest should be invested in other financial institutions and / or Govt. securities. But Karassery Service Co-operative Bank finds it difficult to maintain this ratio most of the time. The reason behind this is the great demand for credit as well as non availability of own funds at times.

[A] PERFORMANCE HIGHLIGHTS

TABLE 1 (Rs. in lakhs)

Parameters	2010-11	2011-12	2012-13	2013-14	2014-15
Share capital + reserve	451.84	470.27	803.31	1161.11	1800.99
Deposits	5869.96	8410.45	12905.29	16189.63	23456.20
Borrowings	2928.03	2972.09	3352.78	6805.89	4002.75
Loans & Advances	7244.39	9192.15	13094.40	19447.32	21340.50
Investments	886.84	1591.22	2612.22	3257.22	4245.22
Income	898.61	1152.27	1629.11	2461.00	3271.66
Expenses	717.31	970.68	1304.16	2023.20	3030.19
Cash	583.72	695.47	806.18	593.40	1282.08
Net Profit	181.30	181.64	324.95	437.60	241.47

Source: Annual Report of K.S.C.B., Ltd, Mukkam.

From the beginning year of the study, the bank shows a beneficiary net profit balance to the bank and their share holders. The profit of the bank increased from Rs. 181.30 lakhs in 2010-11 to Rs. 241.47 lakhs in 2014-15. The bank can maintain an average amount of Rs. 273.39 lakhs net profit during the period of the study.

TABLE 2: DEPOSITS AND THEIR COMPONENTS (Rs. in lakhs)

Parameters	2010-11	2011-12	2012-13	2013-14	2014-15
Fixed	3693.92	5495.63	8236.10	10525.96	17237.04
Saving	1519.35	2084.03	3321.25	3422.23	4049.31
Current	13.69	67.29	111.52	92.206	99.57
Day	99.01	123.22	152.74	202.96	244.52
Recurring	8.53	24.59	31.49	42.73	56.11
TOTAL	**5334.5**	**7794.76**	**11853.1**	**14286.086**	**21686.55**

Source: Annual Report of K.S.C.B., Ltd, Mukkam.

The cost of the deposit has increased throughout the period of study, because the costless deposits like saving bank account amounts has decreased and costly deposit like fixed deposit has increased. It reduces profit and creates more risk. Share of saving deposit has increased slightly throughout the year. This deposits whose share in total deposits was 28.28% in 2010-11 to 18,67 % in 2014-15. The share of fixed deposit in the total deposit was 69.24% in 2010-11 to 79.48% in 2014-15.

TABLE 3: ADVANCES AND THEIR COMPONENTS (Rs. in lakhs)

Parameters	2010-11	2011-12	2012-13	2013-14	2014-15
Gold loan	7514.62	2072.53	4747.58	7197.44	4648.29
Agri- loan	957.28	1691.26	1521.01	2631.53	5673.92
Other loan	1227.52	5428.35	6825.81	9618.35	16124.81
TOTAL	7244.39	9192.15	13094.40	194473.22	21340.50

Source: Annual Report of K.S.C.B., Ltd, Mukkam.

The advance and their components table of the bank have shown a huge in-creasing tendency than the deposit table. The Loans and advances of the bank increased from Rs. 7244.39 lakhs in 2010-11 to 21340.50 lakhs in 2014-15. It shows the gradual increases throughout the period under the study.

FINDINGS

(1) The ratio of profit to total income decreased from 0.20 to 0.07 during the period of study. The average of the ratio is 0.15. The total income has increased but, they could not achieve the same rate of growth in profit making.

(2) The ratio of profit to total deposits decreased from 0.03 to 0.01 during the period of study. Average of the ratio is 0.02. The lowest of the ratio figured is 0.01 in 2014-15. This average performance throughout the period of study shows that the management's less attention towards this aspects and the lack of proper interpretation of the data from time to time for managerial decision making.

(3) The ratio of profit to spreads decreased from 0.67 in 2010-11 to 0.32 in 2014-15. The average of the ratio during this period is 0.58.

(4) The ratio of return on asset decreased from 0.01 to 0.007 during the period of study. The value of assets of the bank had increased every year during the period of study. The averages of the ratio are 0.01.

(5) The ratio of return on equity varies from 5.76 to 0.85 during the period of study. A well managed net worth is used by the bank with a well structured reserve and surplus support. It is more appreciable.

(6) The ratio of Net profit to working capital decreased from 0.02 to 0.01 during the period of study. The average of the ratio is 0.01. This low ratio indicates the unhealthy operation of the bank.

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(7)   Burden coverage ratio of the bank indicates the overall profitability of the bank. If the Ratio is more than one, it implies better profitability. Here the average of the ratio is 2.59. It shows the ability to recover its operating costs- burden fully.

(8)   The ratio of cash to deposits varies from 0.09 to 0.05 during the period of study. The average of the ratio is 0.06. This ratio reflects that the bank is maintaining a un-healthy liquidity position during this period.

(9)   The ratio of investment to deposits increased from 0.15 to 0.18 during the period of study. Considering the high demand for credit among the members, the bank normally opts for short term investments with the district co-operative bank. The average of the ratio is 0.18.

(10)   The ratio of spread to total asset showing the same ratio from 0.02 in 2009-10 to 0.02 in 2014-15 during the period of study. The average of the ratio is figured at 0.01.

(11)   The credit deposit ratio is the relationship of total advance and total deposits. It shows the actual capacity for lending loans as far as considering the deposits. The credit deposit ratio decreased from 1.23 to 0.90 during the period of study. This ratio is not fair. 1:1 is considered as healthy credit deposit policy. Here the average of the ratio is 1.09. The bank is having an average risk of 0.09 during the period of study, because of large lending's of the loan without consideration of capacity of deposits. This shows poor management ability in respect of collecting deposits for meeting the loan requirements.

(12)   The total advance increased from 7244.39 to 21340.50, the total deposit had increased from 5869.96 to 23456.20 and the total borrowings had increased from 2928.03 to 4002.75 during 2009-10 to 2014-15 (figures in lakhs)

SUGGESTIONS

1.   The bank should take remedial actions for increasing the spread. Because, this is the main source of the bank for making profitable result.

2.   The bank should take measures for decreasing the ratio of total expenditure to total income. They must concentrate a strictly managed expenditure budget.

3.   All the major profitability ratios show a decreasing tendency during the period of study. So the bank should take remedial actions for improving profit earning capacity of the bank by giving more attention to the total deposit, total income, spreads, total assets, equities and working capital. They want to strictly controlling and managing all these aspects for making increasing tendency of profitability of the bank.

4.   The major solvency ratios are shows a decreasing tendency. It indicates the ability of the business to honor long term obligations like interest and installment associated with long term debt is decreased. So the bank should try to improve long term financial strength. For this, the bank should increase the investments, spreads and deposits.

5.   The share capital shows that the government contribution is very less. They should take remedial action for increasing government contribution in the share capital. They should collect more share capitals from the public. The share capital is the costless resources of the bank. So they should give more priority to share capital.

6.   The higher percentage of gold loan creates a risky situation in the banking. This risky situation is not a healthy activity since any fall in the price of gold could affect the profitability of the bank. So the bank should create a riskless rate for gold loan.

7.   Investment in other agencies is totally neglected. It indicates bank's poor liquidity. So they should increase the liquidity position of the bank through investment in other agencies and give minimum liquidity guaranty to the customers.

8.   N.P.A. ratio of last year of the study is 4.05. In the previous year it was 3.82. It shows that N.P.A. is increased in the last year. It indicates the increasing tendency of over-due. It will affect the profitability of the bank. So the bank must take remedial actions for decreasing the ratio of N.P.A. and they want to manage collection agents more strictly.

9.   The bank should reduce the borrowings and give more priority to increase the less cost Deposits. So some suggestions are given below for deposit mobilization.

Here, all the major suggestions are classified in to three parts. That is Policies, Customer services and the opportunity Hunt.

I- POLICIES

1- Implementation of Currency Exchange service to the N.R.I. customers.

2- Provide Share Market investments services, Mutual fund investments services

3- Provide more shares to the public. It is a less cost resources.

4- Provide saving opportunities for students through schools as well the colleges and other institutions with zero balance A.T.M. card.

5- Create new innovative products with more added benefits or added values.

6- Provide life insurance plans with the help of any other life insurance companies.

II- CUSTOMER SERVICES

1- Create tie-up with 'VISA', 'MASTER CARD or any other for the more acceptance of bank's A.T.M.

2- Create 'CASHTREE' system in to the business. It works with linking more than banking networks within a circle for sharing their services to the customer and can they can increase number of A.T.M. counter points with the help of this sharing.

3- Implementation of IVRS (Integrate Voice Responding System) for better customer support.

4- Implementation of Short Code (like, 4545, 7887, 676776, etc.) service for better customer service. It can collect dates of who interested in the bank or banking. It create goodwill, because it is a first time implementation in the co-operative banking sector in Kerala, when after the implementation of short code in the K.S.C.B.

5- Implementation of A.T.M. counters or collection points in each reputed educational institutions.

6- Provide more satisfactory services to the N.R.I.s and give more consideration to them.

7- Implement the P.O.S (Point Of Sale) Machines in Shops, then customer can purchase items through swapping into this P.O.S. machines

8- The bank can give extra benefits to the deposits by the way of giving insurance benefits, any tax free benefits, etc.

III- OPPORTUNITY HUNT

1- Make advertisements with a feeling of 'new generation bank'

2- Conduct market study for collecting deposits

3- Build an Energetic Marketing Wing for all banks external works to create branding and goodwill.

4- Conduct a detailed study about customer behavior, transactions, payment mode, and patterns.

5- Create a well structured marketing strategy from the detailed customer study.

6- Get membership from clearing house, Kozhikode branch.

CONCLUSION

Various ratio analyzed in the study proves that in many aspects the functioning of the bank is satisfactory. But some cases they want to increase their performance. The performance highlights and growth rate of operational performance reveal that in many areas, the bank has to improve further and there is a scope for improvement through well deposit mobilization. The bank can achieve the number one co-operative bank in Kerala and they can perform compete with other commercial banks through the improvement of deposit mobilization, decreasing borrowings and well management and control of NPA.

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A STUDY ON CONSUMPTION BEHAVIOUR OF FAIRNESS CREAM BETWEEN WORKING WIVES AND NON WORKING WIVES IN SINGANALLUR TALUK

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ABSTRACT
The concept of status consumption as a process of consuming goods and services by status conscious consumers has gained traction in recent years. Though status consumption was always a trend, the fact that the advent of the global village with its mass manufactured visions of happiness has meant that brands and products that they represent can have uses other than the basic need gratification for which they are made. This article looks at the concept of status consumption and how a marketer might be able to use status to market a product type or specific brand. Fairness creams constitute a consistent proportion of income for the FMCG companies in India. The fairness creams enjoy very good market growth rate when compared with other related product categories. here we are seeing about Fair & Lovely only. When they use this fairness cream people face many problems. The purpose of this study is to know the consumption behaviour of working & non-working wives in Singanallur taluk.

KEYWORDS
consumption behaviour, satisfaction and problems in Fair & Lovely.

INTRODUCTION
The concept of status consumption as a process of consuming goods and services by status conscious consumers has gained traction in recent years. This article looks at the concept of status consumption and how a marketer might be able to use status to market a product type or specific brand. The focus of this article is on understanding how the different perspectives of consumption interact with each other and the effect that they have on the marketing strategies employed by the marketers.

Fairness creams constitute a consistent proportion of income for the FMCG companies in India. The fairness creams enjoy very good market growth rate when compared with other related product categories. here we are seeing about **Fair & Lovely.**

REVIEW OF LITERATURE
- Consumption Behaviour by Batra, S, K & Kazmi (2013): The book has described consumer decision making process, buyers black box and importance of consumption behaviour studies for marketers in order to understand what satisfy the ultimate consumer. The book described vital characteristics of Indian consumer and competitive advantages in Indian context for the marketers. [1]
- Kotler and Keller, 2011: It is worth noting that consumer buying behaviour is studied as a part of the marketing and its main objective it to learn the way how the individuals, groups or organizations choose, buy use and dispose the goods and the factors such as their previous experience, taste, price and branding on which the consumers base their purchasing decisions. [2]

NEED/IMPORTANCE OF THE STUDY
Women are known for their love for cosmetics and beauty products. Their make-up kit is full of decorative and beauty products from various reputed manufacturers. They wish to appear beautiful and attractive and adorn themselves with various products. Even though the concept is not new, even though it is centuries old, sill it is tough for manufacturers to fulfil needs and requirements of women. All beauty promotional codes offer various types of discounts and benefits for the buyers so that they can save significant money.

STATEMENT OF THE PROBLEM
The study is done to determine the reason as to which People with lower income group cannot afford the family pack size of Fair & Lovely. Most of the people don't know about the different products of Fair & Lovely. To examine about which type of Fair & Lovely product is most demanding whether regular product or family pack product and also to know whether house wives or working wives consumes this product. then the factors motivate to buy the product mainly to understand the problems faced by the consumer while using Fair & Lovely.

OBJECTIVES
1. To know the marketing position of Fair & Lovely
2. To identify the level of satisfaction towards fairness cream with special reference to Fair & Lovely
3. To evaluate the problems faced by women while they selecting Fair & Lovely.

HYPOTHESIS
- There is no relationship between field of working and frequently use of Fair & Lovely.
- There is significant relationship between age of the respondent and Effective working of fair & lovely based on age group

RESEARCH METHODOLOGY
THE POPULATION OF THE STUDY
The population included working & non working women of Singanallur Taluk in Coimbatore. The Coimbatore is the second largest city in the state after Chennai and 16th largest urban agglomeration in India.

DATA COLLECTION AND DATA SOURCES

The validity of any research depends on the systematic method of collecting the data and analysis them as perfectly as to the extent of its best results. In this study both Primary and secondary data are extensively used.

SAMPLE

In this study, a purposive sampling is used for getting sample results. A sample size of 150 respondents was selected.

PRIMARY DATA

Primary data on various aspects of fair & lovely were collected from the working & non working wives with the help of well framed questionnaire that was duly filled by the fair &lovely users. The wives for the study chosen accordingly with varied background in terms of their age, occupation, motivation to buy etc. The questionnaire was handed over to the wives to furnish the required data by themselves and sometimes by interview base some questionnaires were filled. The questionnaire was framed with simple words so that it can be easily answered by the respondents.

SECONDARY DATA

The primary data were supplemented by check of secondary sources of data. The updated information in this area is gathered from published net resources and website of fair & lovely.

Apart from the above resource data were collected from various text books, journals and internet have been referred extensively to collect the information.

TOOLS USED FOR ANALYSIS

The following statistical tools were applied to analysis and interpretation of survey data:
1. Percentage analysis
2. Chi-Square analysis
3. Rank analysis

RESULTS & DISCUSSION

TABLE 1: FIELD OF WORK OF THE WORKING WIVES

S.No	Work	Frequency	Percent
1	Private	80	53.3
2	self employed	4	2.7
Total		84	56.0
3	Others	66	44.0
Total		150	100.0

- The majority of the wives are working so the above table says the field of work of working wives.
- In private sector 53.3% of the wives are working among the 150 respondents.
- Only 2.7% are self employed, others are 44%. Thus study shows most of the wives working in private sector are using fairness cream.
- The most (53.3%)of the wives are working in private sector than other fields

TABLE 2: CONSUMPTION OF FAIR & LOVELY

S.No	Consumption	Frequency	Percent
1	Twice a day	71	47.3
2	Once a day	71	47.3
3	Alternative days	8	5.3
	Total	150	100.0

- This table indicates the 47.3% of the respondents are twice a day consumes the fairness cream, as well as 47.3% of the respondents consumes once a day. Only few respondents ie 5.3% of the respondents consumes in alternative days.
- However, majority of the respondent are consuming fairness cream twice a day (47.3%) and once a day (47.3%).

TABLE 3: PREFERABLE FACTOR IN FAIR & LOVELY

S.No	Preferable factor	Frequency	Percent
1	Sun screen protection	63	42.0
2	Fairness	81	54.0
3	Pimple protection	6	4.0
	Total	150	100.0

- Majority of the women use Fair & Lovely because of these factors made them to prefer such as, sunscreen protection, fairness, pimple protection.
- this table shows 42% are prefer this product because of sun screen, 54% women use this product to get fairness. 6% of the women uses to get protection from pimple.
- Thus study shows that women are use Fair & Lovely to get fairness (54%).
- The most (54%) of the wives were prefer Fair & Lovely to get fairness

TABLE 4: RANKED FACTORS TO LIKE FAIR & LOVELY

S.No	Factors	Frequency	Percent
1	Attractive advertisement	50	33.3
2	Satisfaction	76	50.7
3	Offer	4	2.7
4	Other	20	13.3
	Total	150	100.0

The above table indicates some factors made the respondent to like the fair & lovely. Such as attractive advertisement (33.3%), satisfaction (50.7%), offers (2.7%), others (13.3%) are the factors to like the product. Hence the majority of the respondents ranked as Fair &Lovely gives satisfaction so they liked this product.

TABLE 5: THE RELATIONSHIP BETWEEN AREA OF RESPONDENTS AND PROMOTIONAL SCHEMES FOR THE PRODUCT

S.No	Area	Offer price	Free gifts	Free sample	total
1	**Urban**	27	98	17	142
2	**Rural**	0	8	0	8
	Total	27	106	17	150
3	**Chi square value=3.51**		Table value=.173		Df=3

Hypothesis: There is no relationship between age of the respondent and respondent and problems faced by respondents

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The computed value of X2 is 42.27 at 5% level of significance the table vale X2 is. 0.00. Hence calculated value is higher than the table value so the hypothesis is rejected.

It is concluded that there is significant relationship between age of the respondent and respondent and problems faced by respondents

TABLE 6: RANK CORRELATION FACTORS INFLUENCING BUYING

S.No	Factors	Rank1	Rank2	Rank3	Rank4	Rank5	Total	Composite Index
1	Attractive advertisement	59	33	20	16	19	147	25.46
2	Satisfaction	33	12	48	18	10	121	27.50
3	Offers	30	36	4	39	10	119	18.46
4	Brand name	30	16	39	17	30	142	14.57
5	Other reason	10	16	11	34	75	136	13.99

The table shows that the respondents have ranked Attractive advertisement as the first factor which influence the buying, satisfaction as second factor, offer as third factor, brand name as fourth factor and other reason as last factor influencing their buying.

Hence attractive advertisement is the primary factor influencing buying of Fair & Lovely

NULL HYPOTHESIS

➢ There is no relationship between field of working and frequently use of Fair & Lovely.

FINDINGS

- The most (53.3%)of the wives are working in private sector than other fields
- The majority (47.3%) of the respondents have consumed Fair & Lovely twice a day as well as once a day
- The most (54%) of the wives were prefer Fair & Lovely to get fairness
- The majority of the respondents ranked as Fair &Lovely gives satisfaction so they liked this product.
- There is no relationship between age of the respondent and respondent and problems faced by respondents
- Most of the respondents influenced by attractive advertisement as the primary factor to buy of Fair & Lovely.

RECOMMENDATIONS/SUGGESTIONS

- Fair & Lovely gives highest satisfaction
- Respondents have given the least preference to satisfaction" for the value of the brand than its price.
- The choice of a new varieties gives maximum weight age to quality of Fair & Lovely brand and current fashion and importance to current price.

CONCLUSIONS

The growth in India has led to an increase in Indian consumerism. The gradual increase in the purchasing power has opened up new opportunities for Indian retail to expand. The Indian market is a great potential market for fairness cream with a growing young population, looking to change lifestyles. Fair & Lovely is ranked as the best brand, and which is economical to all kind of people. majority of wives consumes Fair & Lovely as good fairness cream.

LIMITATIONS

As the limitations are common to almost all the studies in social survey, the present study also has no exemption. Some of the important limitations of the study are:

- The data are collected from the respondents of a particular place.
- Due to time constraint only limited samples are taken for the study.
- There may be certain percentage of respondent's bias.

SCOPE FOR FURTHER RESEARCH

The scope of the study covers almost all categories of Fair & Lovely. The whole appraisal of fairness creams will be angle of customer satisfaction. Any substitutes of fairness creams like soaps or natural products will not be considered. this proposition by examining in depth the case of 'Fair & Lovely,' a skin whitening cream, marketed by Unilever in many countries in Asia and Africa, and, in particular, India. Fair & Lovely is indeed doing well; it is a profitable and fast growing brand.

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EMOTIONAL INTELLIGENCE: A STUDY OF THE CONCEPTUAL FRAMEWORK

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ABSTRACT
The term 'Emotional Intelligence' has generated a lot of buzz in recent times, more so after publication of Daniel Goleman's best-selling book on the same topic. The popularity of the concept in corporates has overshadowed the classical psychological concepts like intelligence and personality. This paper attempts to summerize the concept of EI, its evolution over the years, major contributors in the field and various models developed to measure it.

KEYWORDS
emotional intelligence, history, models.

INTRODUCTION

Emotional Intelligence is one of the highly discussed and debated topics of our times. And the publication of the best-selling book *Emotional Intelligence* by Daniel Goleman (1995), has led to the unparalleled interest in researchers, psychologists, theorists and managers in this area. Suddenly there was a demand for programs to inculcate and make people aware of emotional intelligence. Behavioral development programs for managers in organisations were started to develop EI. Organisations viewed EI as intellectual capital, something that could be used to provide more knowledge and facts while selecting effective managers. An employee with high EI level is able to express his own emotions clearly and understand the emotions of others as well, thus leading to better performance and relationships at work. More so, management in some organisations started looking at EI of their employees as a source of hidden competitive advantage. (Nick Zenuik, 1998).

The emergence of interest and awareness about emotional intelligence has led to questioning of cognitive intelligence, often referred as Intelligence Quotient(IQ) as the sole determinant of worker's performance. In post liberalisation era, where workers are faced with many challenges like interacting with people from different cultures, increased pressure to be more efficient and productive, EI has been identified as important factor leading to better performance and success of employees.

Many times EI is considered as being soft, whereas it is just a different way of being smart. It's the ability to use one's emotions to cope up with one's circumstances. There are lots of arguments relating to the construct of EI. Just like with intelligence or personality, even for EI various schools of thought exist. Some researchers believe that emotional intelligence is inherent while others think that it can be learnt. Consequently, a lot of tests have been developed based on different models. The basic content and approach of these testing models varies accordingly.

HISTORY OF EMOTIONAL INTELLIGENCE

The term Emotional intelligence was first used by Wayne Payne in his doctoral dissertation in 1985 entitled,' A study of emotion: Developing emotional intelligence; self-integration; relating to fear, pain and desire.' However, prior to this, the term "emotional intelligence" had appeared in a paper by Michael Beldoch in 1964 and by Leuner in 1966 in a paper titled *Emotional intelligence and emancipation*. In 1983, Howard Gardner introduced the idea of multiple intelligences and included interpersonal and intrapersonal intelligence.

In 1987, Keith Beasley used the term "emotional quotient" in an article published by Mensa Magazine. This has been considered the first published use of the term.

Stanley Greenspan (1989) also came out with EI model, followed by Peter Salovey and John Mayer (1989). The trait model of emotional intelligence was distinguished from the ability based model of emotional intelligence in 2000. However, the popularity of the term can be attributed to Goleman. He came out with the bestselling book *Emotional Intelligence – Why it can matter more than IQ* in 1995. He has further followed up with several publications reiterating similar theme.

WHAT IS EMOTIONAL INTELLIGENCE

Intelligence is a result of two factors: cognition and emotion. Traditionally intelligence was mainly regarded as cognitive process and very little was explored with regards to contribution of emotion towards intelligence of a person. Conventionally, cognitive scientists saw intelligence as mere processing of facts. But as a result of progressing times and more research in the field of psychology, scientists have recognised the importance of emotions. An emotion is a complex psychological state accompanied by mental activity and experiencing pleasure or displeasure. There is no consensus on one definition of emotion. Some theorists consider cognition as part of emotions while others consider them as states of feelings only.

But with the changing times and progressing research in the field of psychology, the theory of conventional wisdom propounded by the cognitive scientists has been found to be a lopsided vision. The researchers have begun recognizing and realizing the significance of feeling while thinking. Thus emerged the role of emotional intelligence.

There different opinions and arguments regarding the definition of emotional intelligence. Currently, there are several definitions of EI in use and they do not necessarily match well. EI is a multifaceted construct. Let's have a look at some of the popular definitions of EI:

The first attempt at defining the concept was made by Salovey and Mayer (1990). Different authors have emphasised different components of the concept. While Mayer and Salovey (1997) treat emotional intelligence as an ability and hence emphasize on the cognitive elements in their definition of EI, Goleman focuses on the way people function emotionally.

According to **Mayer and Salovey (1997)**, emotional intelligence is the ability to process information in order to generate, perceive emotions so as to understand emotions and emotional knowledge in order to effectively use it to navigate the social environment.

Reuven Bar-On, another famous theorist and researcher who coined the term "emotion quotient" considers it as a set of intrapersonal and interpersonal competencies which determine human behaviour. He defines emotional intelligence as set of non-cognitive abilities and skills. According to him, EQ is a trait rather than intelligence which helps people to understand themselves and others enabling them to adapt to the changing surrounding and succeed in overcoming environmental demands and challenges. It addresses the skills which are required in day to day life for emotional, personal and survival related issues than traditional cognitive intelligence **(Bar-On 1997).**

David Goleman: has provided a very basic definition of EI it as a skill to identify and control emotions within ourselves as well as of others. **Goleman (1997)** definition is about knowing your feelings and being able to handle them; motivating yourself to get the job done; sensing others' feelings so as to be equipped to handle relationships effectively. His construct has five dimensions: self-awareness, self-regulation, motivation, empathy and social skills.

Cooper and Sawaf (1997) highlighted the higher aspects of human behaviour in their definition of emotional intelligence. They focused on the qualities needed for good leadership like intuition, creativity and integrity.

Weisinger (1998) defines it as intelligent use of emotions so that it helps you guide your behaviour in order to enhance your results.

MODELS OF EQ

Following are the three main models of EI:
1. Ability model
2. Mixed model (usually subsumed under trait EI)
3. Trait model

ABILITY MODEL

Mayor and Savoy have described emotional intelligence as a cognitive ability.

Emotions are sources of information processed by individuals to help them navigate the social environment. This model consists of four different and interrelated abilities, which are; perception of emotion, emotional facilitation, understanding emotions and management of emotions (Mayor and Salovey, 1997). These abilities are ordered from basic to higher-order which develop as an individual matures. (Mayor and Salovey, 1997).

1) **Emotional perception**: Ability to be self- aware of emotions and to express them accurately.
   It's the ability to be self-aware and accurate perception of emotions. Many times it also involves understanding nonverbal signs such as deciphering emotions in faces, pictures, voices, emotion in stimuli such as landscapes and art (Mayer & Salovey, 2003)
2) **Emotional assimilation**: Emotional assimilation is the ability to distinguish between the different emotions one is undergoing and further use them in thinking and cognitive process to solve problems. It is ability to harness emotions so that we can give prioritise to thinking about matters that are important. Many research findings suggest link between creativity and certain emotions.
3) **Emotional understanding:** Having knowledge and understanding of complex emotions including slight variations between different emotions and the evolution of emotion over time. Since emotions carry a wide range of meanings, the observer should be able to interpret the cause behind its occurrence.
4) **Managing emotions**: Emotionally intelligent person can regulate his own and others' emotions so that intended work is achieved.

MIXED MODEL

Developed by Daniel Goleman. He has outlined five essential constructs of Emotional Intelligence. These are:

1) **Self-awareness**: Self-awareness deals with an individual's ability to recognise one's emotions and analyse its impact. This element also includes the ability to identify one's impact on others, and recognise gut feelings while taking a decision.

2) **Self-regulation:** This involves the ability to recognize one's own negative or disruptive emotions and impulses and redirect them for productive purposes. This element also included the individual's capacity to adapt to changing situations and circumstances. Self-regulation involves self-control, trustworthiness, conscientiousness, adaptability and innovation.

3) **Social skill**: It's the ability to manage relationships by utilising the first two elements so that people are directed in the desired way. For example, a manager may find a new way to solve conflict between employees.

4) **Empathy**: Empathy is many times confused with sympathy. However, both are quite different emotions. Sympathy is simply feeling bad for other person's hard circumstances, while in empathy one is able to identify with the challenges. So in empathy, a person considers feelings of others while making decisions.

5) **Motivation:** motivation is the drive to achieve goals. It requires setting clear goals and a positive attitude to achieve them. Motivation is made up of:
a) achievement drive: constantly working to achieve goals.
b) commitment: aligning with the goals of group or organisation.
c) initiative: readying yourself to act on opportunities.
d) optimism: pursuing goals persistently despite obstacles and setbacks.

TRAIT MODEL

It is one of the most recent models of EI. This model was developed by Konstantin Vasily Petrides. Published in 2009, this model views EI as trait based instead of ability based. He defined the trait model as "a constellation of emotional self-perceptions located at the lower levels of personality." This suggests how one understands and perceives their own emotions.

These traits are measured by self-reports, and not in the scientific sense like ability based models. This model assumes that the person is able to accurately understand his or her own traits.

DIFFERENT MEASURES OF EI

TABLE 1

Sr. No.	Measures Of EI	Description of the Measure	Model of Measure	Main Theorist
1	Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT)	Specific tasks are used to measure level of ability of each branch of emotional intelligence	Performance Based	Mayer and Salovey
2	Emotional Quotient Inventory (EQ-i)	133 self-report items measure total EQ and each of the five components of the Bar On Model	Self-Report Based	Bar-On
3	Emotional Competency Inventory (ECI)	A multi rater instrument that provides ratings on a series of behavioural indicators of emotional intelligence	Self-Report and Other Report	Goleman
4	Emotional Intelligence Appraisal	A 7-minute assessment meant to measure the existence of Goleman's four components of Emotional Intelligence	Self-Report and Other Report	Goleman
5	Work Profile Questionnaire-Emotional Intelligence Version(WPQei)	Measures 7 of Goleman's competencies thought of as most essential for effective work performance	Self Report	Goleman
6	Self Report Emotional Intelligence Test (SREIT)	A 33-item measure of Salovey and Mayor's original concept of emotional intelligence	Self Report	Mayer et all
7	The Levels of Emotional Self Awareness Scale (LEAS)	Self Report Measure based on hierarchical generalisation of emotional intelligence like physical sensations, action tendencies, single emotions and blends of these emotions.	Self Report	Lane and Schwartz
8	The Genos Emotional Intelligence Inventory (Genos EI)	(Genos EI) is a 360-degree measure of emotionally intelligent workplace behaviour. It measures how often individuals display emotionally intelligent workplace behaviour	Multi-Rater or Self Assessment	Benjamin Palmer and Con Stough
9	The Group Emotional Competence (GEC)Inventory	The instrument contains 57 items that measure the nine dimensions of GEI. GEC norms improve group effectiveness by building social capital, which facilitates engagement in effective task behaviours and processes.	Self Assessment	Vanessa Druskat and Steven Wolff
10	Trait emotional Intelligence Questionnaire(TEIQue)	The TEIQue is a self-report inventory that covers the sampling domain of trait EI comprehensively. It comprises 153 items, measuring 15 distinct facets, 4 factors and global trait EI	Self Report	K.V. Petrides
11	Work Group Emotional Intelligence Profile(WEIP)	The WEIP6 captures two dimensions of emotional intelligence: Ability to deal with own emotions(Scale 1:18 items) and ability to deal with others' emotions (Scale 2:12 items)	Self Report	Jordon et al.
12	Wong's Emotional Intelligence Scale (WEIS)	WEIS consists of two parts. The first part contains 20 scenarios and respondents are required to choose one option that best reflects their likely reaction in each scenario. The second part contains 20 ability pairs and respondents are required to choose one out of the two abilities that best represent their strengths.	Self Report	Wong et al.

Source: (Dhani & Sharma , 2016)

CONCLUSION

This paper highlighted the concept, history and various measures of emotional intelligence. Many theorists have worked on how emotional intelligence improves the life skills of individuals. Researchers believe that lie and work performance of an individual can be improved by understanding, analysing and regulating emotions of self and others.

Since there is no one single idea or definition of emotional intelligence, it puts a question whether emotional intelligence is different or simply old wine in new bottle. So many theories also lead to confusion as to which one is the best way to approach emotional intelligence.

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PHYSICAL AND FINANCIAL PERFORMANCE OF APSRTC AND MSRTC

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ABSTRACT
Road transport is a critical structure for economic development of a country. It is the road transportation which is cheap and best mode of transportation for poor and middle class people in the country. The public sector bus based transport system provides an alternative mode of transportation. That is the reason why, public transportation systems have been developed by the different State Governments. These public transport organisations have to perform in a best way so as to satisfy both the public and the Governments. But, unfortunately most of the State Road Transport Undertakings are not working upto the expectations of the public and government. Therefore, it is important to assess the physical and financial performance of SRTUs properly from time to time and take measures to improve their performance. Therefore, the present study physical and financial performance of APSRTC and MSRTC during 2009-10 and 2013-14 has been done so as to identify the areas where the problem lies and suggest measures to improve their physical and financial performance. The present study has been undertaken to evaluate the physical performance of the APSRTC and MSRTC and to evaluate the financial performance of the APSRTC and MSRTC during the study period. This study is based on the data published in Annual Reports of ASRTU. It is concluded that though the physical performance of APSRTC is better than that of MSRTC, but financially it is lagging behind during the study period.

KEYWORDS
Andhra Pradesh state road transport corporation, association of state road transport undertakings, financial performance, Maharashtra state road transport corporation, physical performance.

INTRODUCTION

Road transport is a critical structure for economic development of a country. It influences the pace, structure and pattern of development. Each and every sector is being influenced by the developments in transportation which in turn influences the economic growth. India has one of the largest road networks in the world. Over explosion of population has been made the India to think in terms of development of multiple modes of transportation like roads, rail, air and water ways. It is the road transportation which is cheap and best mode of transportation for poor and middle class people in the country. The public sector bus based transport system provides an alternative mode of transportation. The public sector bus based transport system today competes with alternate modes as well as private providers of similar services. It is operating in a highly competitive market but at the same time has to discharge public sector obligations like providing connectivity to locations which may not be attractive to private operators or plying on uneconomic routes, with uneconomic fares, delay in revision of fares, burden of concessional travel, high levels of taxation under Motor Vehicle Tax and Passenger Tax, higher fixed costs and limited flexibility as regards man-power. These factors need to be kept in view while undertaking an objective evaluation of their performance. In order to improve the efficiency and performance of public sector bus mode transport system, there is a need to improve technology of vehicles, change fleet composition in favour of new and more fuel-efficient buses, strengthening of inspection and maintenance practices, etc. The strengthening of the bus based passenger transport system should be done in a manner so as to make it an attractive substitute to the personalised mode which is resulting in traffic congestion, pollution, increase in accident rate, etc. That is the reason why, public transportation systems have been developed by the different State Governments. These public transport organisations have to perform in a best way so as to satisfy both the public and the Governments. But, unfortunately most of the State Road Transport Undertakings are not working upto the expectations of the public and government. There may be several reasons for poor performance of these undertakings. An increase in personalised vehicles and private vehicles is one of the reasons for financial poor performance of these undertakings. Given the importance of public mode of transport in India, the state undertakings are expected to improve their physical performance so as to improve their financial performance. Therefore, it is important to assess the physical and financial performance of SRTUs properly from time to time and take measures to improve their performance. The present paper study the physical and financial performance of APSRTC and MSRTC so as to identify the reasons for poor performance and take necessary steps towards betterment of their performance. Before stating the objectives of the study, a brief profile of APSRTC and MSRTC has been presented.

PROFILE OF APSRTC AND MSRTC

Table 1 gives a brief profile of APSRTC and MSRTC during the study period. The average fleet held by the APSRTC has increased from 21255 vehicles in 2009-10 to 22145 vehicles in 2013-14. The total staff strength of APSRTC was 115898 in 2009-10 increased to 122109 in 2013-14. The total number of passengers carried was 48934 lakhs increased to 50381 lakhs in APSRTC during the study period. The total passenger kms performed decreased from 974778 lakhs to 882441 lakhs in APSRTC during the study period. The total number of Revenue Earning Kilometers has declined from 27716 lakhs to 26226 lakhs in APSRTC during the study period. The average fleet held by the MSRTC has increased from 15955 to 18055 buses during the study period (table 1). The total staff strength of the MSRTC was 101138 increased to 107885, the total passengers carried was increased from 23799 lakhs to 25630 lakhs, the total passenger kms performed decreased from 533655 lakhs to 528386 lakhs in MSRTC, the total number of Revenue Earning Kilometers has increased from 18473.2 lakhs to 20466 lakhs during the study period. Since, there is a similarity between these two organisations, the physical and financial performances of these organisations have been compared to identify the strengths and weaknesses of these organisations.

TABLE 1: A BRIEF PROFILE OF APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicators	SRTU	2009-10	2010-11	2011-12	2012-13	2013-14
1	Average Fleet Held (Number)	APSRTC	21,255	21,802	22,170	22,477	22,145
		MSRTC	15,955	16,212	16,801	17,497	18,055
2	Staff Strength (Number)	APSRTC	1,15,898	1,20,566	1,23,615	1,22,287	1,22,109
		MSRTC	1,01,138	1,03,565	1,04,566	1,00,052	1,07,885
3	Passenger Carried (Lakhs)	APSRTC	48934	46388	50014	51675	50381
		MSRTC	23799	25380	26004	26137	25630
4	Passenger Kms Performed (Lakhs)	APSRTC	9,74,778	9,73,944	10,01,924	10,17,168	8,82,441
		MSRTC	5,33,655	5,43,987	5,56,295	5,36,151	5,28,386
5	No. of Revenue Earning Kilometres (Lakhs)	APSRTC	27716	28958	28715	29783	26226
		MSRTC	18473.2	18973.3	19838.1	19931.2	20466

Source: Annual Reports of ASRTU.

REVIEW OF LITERATURE

Satyannarayana, Y., (1976) in a comprehensive study of major State Transport Undertakings in India, analyzed itemized costs and performance of the STUs and ultimately suggested a management control system to harness the performance of the STUs. Krishna R. R. (1977) in his study on debt-equity ratio in road transport corporations in Tamil Nadu and found that the debt-equity ratio in almost all the selected road transport corporations in Tamilnadu has shown an upward trend during the period of study. He suggested that the STUs, which are under social obligation to ply buses on uneconomic routes in remote areas and to invest more funds to the corporation, should liberally be contributed in the form of equity or to convert a portion of their debt as share capital to strengthen its equity base and to reduce the imbalance in the capital structure. Walters (1979) in his study attempted to establish a relationship with respect to profitability and costs of buses of different sizes, and inferred that there was no evidence of scale of economies in large buses. Satyannarayana J (1985) undertook a study on the performance of the APSRTC by examining the cost-fare relationships and operational performance, capital structure and financial policies. Viswanatham, V. (1986), in his study on finances of public enterprises analyzed the performance of the APSRTC in terms of deployment of funds, physical and operational performance, cost-fare relationship which have a bearing on the finances and improving the overall performance of the corporation. He suggested that the corporation should attempt to make a proper study of the lose making routes and evolving a suitable machinery to ensure the financial health of the organization is not jeopardized. Srinivas Prasad and Mohd. Akbar Ali Khan (1996), in their study attempted to examine the financial implications of the social obligations entertained by the APSRTC. The study concluded that the net effect of the social obligations would be the increasing dependence of the corporation on the participating governments not only the increasing dependence of the corporation on the participating governments not only for financing the replacement and expansion but also the cost of meeting the social obligations. The study suggested various measures like quantifying the actual kilometers operated on bad surface roads to estimate the extent of losses of the APSRTC, which has been incurring losses due to the wide variations in the cost of operation on different types of roads. Reddy RVS (1999), in his study on social objectives and finances of STUs" suggested that the APSRTC as an instrument of social policy is required to provide transport sometimes even below the operating costs on purely social considerations to certain classes of consumers in certain inaccessible areas. He also made a comment that the presence of the social objectives in reducing the surpluses available directly affect the financial performance and indirectly influence the size of the internal finances available for financing the expansion programs of the corporation. Therefore, the study suggested that at least the amount of financial implications because of social obligations should be reimbursed by the government to facilitate an objective study of the corporation's performance and contribution to the society. Rama Chandraiah C., and A.K. Patnaik (2003), in their study on the state eroding public sector profitability- The case study of the APSRTC analyzed how several political and economic policies of the state are responsible for the erosion of financial performance of the APSRTC. According to them, the two main strategies used by the government to undermine the APSRTC are the positions of discriminatory motor vehicle tax on its own transport sector and ignoring illicit operations by the private operators. Dr. Shilpa Trivedi (20I2) analysed the performance of GSRTC during I996-97 and 2005-06 and concluded that high interest burden, unequal competition, poor performance of city services, operation on uneconomic routes, concession in Fares, uneconomic fare structure, high tax burden, high bus staff ratio, cancellation of scheduled trips, are the important factors contributed for the losses in GSRTC. Dr. Chalam and ali (2015) has analysed the financial performance in terms of revenue and cost structure of a PSRTC and analysed the social obligation impact on profitability during 2002-03 and 2011-12.

From the review of the earlier studies, it is opined that many of these studies have been conducted on the financial performance of the state road transport undertakings in general. Further, most of the studies were conducted on the financial performance without comparing the cost-revenue relationships of different variables to know the cause and effect of the situation to understand and to improve the performance of the undertakings. Therefore, based on this background the present study is an improvement over the earlier studies by analyzing the cost-revenue relationships and the impact of social obligations and running the busses in the uneconomical routes per the financial performance of the corporation.

NEED/IMPORTANCE OF THE STUDY

Public transport is one of the most cost effective and preferred mode of transport for passengers particularly in rural areas. It is vital to economic development and social integration of the country. Personalized mode of transport has contributed the number of road accidents, injuries and fatalities. The proliferation in the personalised mode of transport imposes negative externalities on the society in the form of traffic congestion, carbon emission and pollution, in efficient use of fuel, scarce road space, etc. therefore, there is a urgent need to promote investment in the road public transport system, to strengthen it to ensuring availability of adequate funds towards fleet modernisation of SRTUs; to upgrading the bus infrastructure / bus terminals, stops; to identifying routes for plying of stage carriages based on 'comprehensive route surveys; to promoting road safety and coordination with other modes. To achieve these objectives, the financial performance of SRTCs should efficient otherwise it is difficult to achieve those objectives. Keeping in view these, the present study is made to evaluate the physical and financial performances of APSRTC and MSRTC during 2009-10 and 2013-14. The reason for limiting study upto 20013-14 is that it is upto that year only Andhra Pradesh was united after that year only United Andhra Pradesh has been divided into Telangana State and Andhra Pradesh State.

STATEMENT OF THE PROBLEM

State Road Transport Undertakings (SRTUs) are an economical public transport service in India and provides easy mobility to sizeable population of this country. The performance evaluation of the SRTUs will be done generally through two parameters, such as physical and financial parameters. Both of these are interdependent and essential. Earlier, only physical performance was used to take into consideration for measuring the performance of SRTCs. But, after introduction of LPG policy, it is latter which has become so important and inevitable. Therefore, the present study physical and financial performance of APSRTC and MSRTC during 2009-10 and 2013-14 has been done so as to identify the areas where the problem lies and suggest measures to improve their physical and financial performance.

OBJECTIVES

The present study has been undertaken with the following objectives
1. To evaluate the physical performance of the APSRTC and MSRTC during the study period.
2. To evaluate the financial performance of the APSRTC and MSRTC during the study period.

HYPOTHESIS

The study is undertaken to prove the following hypotheses;
1. The physical performance of APSRTC is better than that of MSRTC during the study period.
2. The financial performance of APSRTC is better than that of MSRTC during the study period.

RESEARCH METHODOLOGY

The present is undertaken to evaluate the physical and financial performance of APSRTC and MSRTC during 2009-10 to 2013-14. The present study is based on the secondary data collected from the Annual Reports of Association of State Road Transport Undertakings (ASRTU).

RESULTS AND DISCUSSION

SECTION – I: PHYSICAL PERFORMANCE

The Physical performance of the STUs can be measured with the help of Fleet Utilisation, Fuel Efficiency, Staff/Bus Ratio, Staff Productivity, Occupancy Ratio, Passengers carried per bus, vehicle Productivity. The physical performance of APSRTC and MSRTC has been analysed by using all these parameters during the study period and presented in table 2.

TABLE 2: PHYSICAL PERFORMANCE OF APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicators	SRTU	2009-10	2010-11	2011-12	2012-13	2013-14	Average
1	Fleet Utilisation (%)	APSRTC	99.6	99.5	96.6	99.7	92.2	97.52
		MSRTC	94.3	94.7	94.6	92.7	91.5	93.56
2	Fuel Efficiency (Km/litre of HSD)	APSRTC	5.3	5.2	5.1	5.2	5.2	5.2
		MSRTC	5	4.9	4.9	4.9	4.8	4.9
3	Staff/Bus Ratio	APSRTC	5.45	5.53	5.58	5.44	5.51	5.502
		MSRTC	6.34	6.39	6.22	5.72	5.98	6.13
4	Staff Productivity (Kms/Bus/Day)	APSRTC	65.52	65.8	63.47	66.73	58.84	64.072
		MSRTC	50.04	50.19	51.84	54.51	51.97	51.71
5	Occupancy Ratio	APSRTC	68.8	66.6	74.4	62.1	67.9	67.96
		MSRTC	60.9	61.8	61.6	60.4	58.3	60.6
6	Passengers carrried per bus/day	APSRTC	630.7	582.9	616.4	629.9	623.3	616.64
		MSRTC	408.7	428.8	422.9	409.3	388.9	411.72
7	Vehicle Productivity (Kms/Bus/Day)	APSRTC	357.25	363.9	353.88	363.03	324.46	352.504
		MSRTC	317.21	320.6	322.61	312.09	310.56	316.614

Source: Annual Reports of ASRTU.

a) **Fleet Utilisation:** Fleet Utilisation is the ratio of the buses on road to the average fleet held by an Undertaking. Higher the fleet utilisation better will be the performance of the SRTC. The average fleet utilisation in APSRTC was better (97.52 per cent) than MSRTC (93.56 per cent) during the study period.

b) **Fuel Efficiency:** Average kilometers run per liter of fuel reflect the fuel efficiency in operation. The average fuel efficiency of APSRTC was 5.17 which is better than that of MSRTC (4.89) during the study period.

c) **Staff/Bus Ratio:** Staff/bus ratio indicates the number of staff available for each bus in the SRTCs. This ratio was 5.5 in APSRTC on an average and 6.1 in MSRTC on an average during the study period.

d) **Staff Productivity:** The average revenue earning kms performed per worker per day could be considered as a parameter of staff productivity. The average staff productivity of APSRTC (64.07Kms/Bus/Day) was much higher than that of MSRTC (51.71Kms/Bus/Day) during the study period.

e) **Occupancy Ratio:** Occupancy ratio relates the passenger kilometers performed to passenger kilometers offered. The occupancy ratio was also higher in APSRTC (67.96 per cent) than MSRTC (60.6 per cent) on an average during the study period.

f) **Passengers carried per bus/day:** The number of passengers carried per bus per day was more in APSRTC (616.64) than that of MSRTC (411.72) on an average during the study period.

g) **Vehicle Productivity:** The vehicle productivity captures the average number of revenue earning kilometers performed by a bus per day. A Higher kilometers performed on an average in APSRTC (352.5 Kms/Bus/Day) indicates better performance over MSRTC (316.6 Kms/Bus/Day) during the study period.

From the above analysis it was observed that the physical performance of APSRTC was better than that of MSRTC during the study period.

SECTION - II: FINANCIAL PERFORMANCE

The financial performance of APSRTC and MSRTC has been analysed with the help of several aspects such as:

a) total financial performance,

b) per km financial performance,

c) per bus/day financial performance,

d) the proportion of cost elements in total cost and

e) Cost element Per Revenue Earning Km

a) Total Financial Performance

The overall financial performance of these STUs has been analysed by compared the total revenue, total cost and total profit/loss during the study period and presented in table 3.

TABLE 3: TOTAL FINANCIAL PERFORMANCE OF APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicator	(SRTU)	2009-10	2010-11	2011-12	2012-13	2013-14
1	Total Revenue (Rs. Lakh)	APSRTC	4,39,003	5,21,486	6,67,740	6,66,152	6,60,324
		MSRTC	4,34,164	4,97,967	5,60,025	6,09,579	6,73,626
2	Total Cost (Rs. Lakh)	APSRTC	4,81,462	5,48,367	7,26,271	6,69,865	7,44,593
		MSRTC	4,20,642	4,95,038	5,53,628	6,52,462	7,32,321
3	Total Profit/(-)Loss (Rs.Lakh)	APSRTC	(-)42,459	(-)26,881	(-)58,531	(-)3,713	(-)84,269
		MSRTC	13,522	2,929	6,397	(-)42,883	(-)58,695
		APSRTC	1.1	1.05	1.08	1.00	1.13
4	Total cost to total revenue ratio	MSRTC	0.96	0.99	0.99	1.07	1.09

Table 3 reveals that the total revenue of APSRTC has been increased from Rs.4,39,003 lakhs in 2009-10 to Rs.6,60,324 lakhs in 2013-14 registered a growth of 50.41 per cent, whereas the same has increased from Rs.4,34,164 lakhs to 6,73,626 lakhs in MSRTC registered a growth of 55.15 per cent during the study period. The total cost in APSRTC has increased from Rs. 4,81,462 lakhs in 2009-10 to 744,593 lakhs in 2013-14 registered a growth of 54.65 per cent, whereas the same has increased from Rs.4,20,642 lakhs to Rs.7,32,321lakhs in MSRTC registered a growth of 74.09 per cent during the study period.

The ratios of total cost to total revenue has been increased in MSRTC while it was steady in APSRTC during the study period. As result of abnormal increase in total cost in both SRTCs, the APSRTC incurred a net loss and the MSRTC also turned into a loss making firm during the study period.

b) Per Km Financial Performance

To have clarity in financial performance, per km financial performance of these SRTCs, revenue, cost and profit per km has been analysed and presented in table 4.

TABLE 4: PERFORMANCE PER KILOMETER IN APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicator	(SRTU)	2009-10	2010-11	2011-12	2012-13	2013-14
1	Revenue/Km (paise)	APSRTC	1583.94	1800.84	2325.41	2564.95	NA
		MSRTC	2350.24	2603.14	2822.98	3058.41	NA
2	Cost/Km (paise)	APSRTC	1737.13	1893.66	2529.24	2592.05	NA
		MSRTC	2277.05	2576.67	2790.73	3253.17	NA
3	Profit/Km(paise)	APSRTC	(-)153.19	(-)92.83	(-)203.83	(-)27.10	NA
		MSRTC	73.2	26.47	32.25	(-)194.75	NA
4	Cost to revenue ratio	APSRTC	1.1	1.05	1.09	1.01	NA
		MSRTC	0.96	0.99	0.98	1.06	NA

Table 4 reveals that the revenue per km in APSRTC has increased by 61.93 per cent but cost has increased by 49.21 per cent only during the study period. In MSRTC the revenue per km has increased by 30.13 per cent and cost per km increased by 42.87 per cent. There is an increasing trend in the ratio of cost to revenue in MSRTC as against decreasing trend in APSRTC during the study period.

TABLE 5: PERFORMANCE PER BUS PER DAY IN APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicator	(SRTU)	2009-10	2010-11	2011-12	2012-13	2013-14
1	Revenue/Bus/Day (Rs)	APSRTC	5658.66	6553.2	8251.81	9285.98	8169.37
		MSRTC	7455.28	8345.59	9132.28	9518.87	10221.83
2	Cost/Bus/Day (Rs)	APSRTC	6205.94	6891	8975.12	9384.09	9211.92
		MSRTC	7223.09	8260.71	9027.97	10125.01	11112.48
3	Profit/Bus/Day (Rs)	APSRTC	-547.28	-337.8	-723.31	-98.11	-1042.55
		MSRTC	232.19	84.88	104.32	-606.15	-671.47
4	Cost to revenue ratio	APSRTC	1.1	1.05	1.09	1.01	1.13
		MSRTC	0.96	0.99	0.99	1.06	1.09

C)   PER BUS/DAY FINANCIAL PERFORMANCE

Table 5 reveals that in APSRTC Revenue per Bus per Day has increased by 44.36 per cent whereas cost per bus per day increased by 40.44 per cent during the study period. As against to this in MSRTC revenue per bus per day has increased only by 37.11 per cent whereas cost per bus per day increased by 53.85 per cent during the study period. As a result, the cost to revenue ratios has showed a steady trend in APSRTC, while showed increasing trend in MSRTC during the study period. Due to this trend, the MSRTC has converted to loss making company from profit making company during the study period.

TABLE 6: PROPORTION OF COST ELEMENT IN TOTAL COST IN APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicator	(SRTU)	2009-10	2010-11	2011-12	2012-13	2013-14	Average
1	Staff Cost as % of Total Cost	APSRTC	45.84	43.21	36.95	37.2	40.19	40.678
		MSRTC	37.26	39.87	36.63	40.61	38.25	38.524
2	Fuel/Lubricant Cost as % of Total Cost	APSRTC	31.81	34.38	27.79	30.32	33.78	31.616
		MSRTC	33.16	33.09	32.76	31.71	35.03	33.15
3	Tyres & Tubes Cost as % of Total Cost	APSRTC	2.51	2.53	2.03	2.43	2.41	2.382
		MSRTC	1.92	2.06	2.83	2.62	2.59	2.404
4	Spares Cost as % of Total Cost	APSRTC	3.52	3.63	3.6	3.17	1.47	3.078
		MSRTC	2.61	2.97	2.27	2.11	1.9	2.372
5	Interest as % of Total Cost	APSRTC	2.38	2.66	3.74	4.77	2.07	3.124
		MSRTC	1.27	0.46	0.44	0.04	0.02	0.446
6	Depreciation as % of Total Cost	APSRTC	4.67	4.56	4.22	5.54	5.31	4.86
		MSRTC	5.69	4.44	6.36	5.62	5.57	5.536
7	Tax as %of Total cost	APSRTC	5.8	5.96	5.95	1.88	6.09	5.136
		MSRTC	13.47	12.72	15.31	13.99	13.62	13.822
8	Other cost as % of Total cost	APSRTC	3.47	3.07	15.72	14.7	5.59	8.51
		MSRTC	4.62	4.4	3.39	3.31	3.02	3.748

d)   Proportion of the Cost element as percentage of Total Cost

From the table 6, it was observed that though the proportion of Staff cost declined during the study period it was higher on an average in APSRTC. But in MSRTC though it was increasing during the study period still it was lowered on an average.

The proportion of Fuel cost, Tyres and tubes cost, depreciation cost and tax cost was higher in MSRTC on an average during the study period. but in APSRTC, the proportion of spares cost, interest cost and other cost were higher on an average during the study period.

TABLE 7: COST PER REVENUE EARNING KILOMETER IN APSRTC AND MSRTC DURING 2009-10 TO 2013-14

S.No.	Indicator	(SRTU)	2009-10	2010-11	2011-12	2012-13	2013-14	Average
1	Staff Cost per Revenue Earning Km	APSRTC	7.96	8.18	9.34	9.64	11.41	9.306
		MSRTC	8.48	10.27	10.22	13.21	13.69	11.174
2	Fuel & Lubricants Cost per Revenue Earning Kms	APSRTC	5.53	6.51	7.03	7.86	9.59	7.304
		MSRTC	7.55	8.53	9.14	10.31	12.53	9.612
3	Tyres & Tubes Cost per Revenue Earning Km	APSRTC	0.44	0.48	0.51	0.63	0.68	0.548
		MSRTC	0.44	0.53	0.79	0.85	0.93	0.708
4	Spares Cost per Revenue Earning Km	APSRTC	0.61	0.69	0.91	0.82	0.42	0.69
		MSRTC	0.59	0.76	0.63	0.69	0.68	0.67
5	Interest Cost per Revenue Earning Km	APSRTC	0.41	0.5	0.95	1.24	1.47	0.914
		MSRTC	0.29	0.12	0.12	0.01	0.01	0.11
6	Depreciation Cost per Revenue Earning Km	APSRTC	0.81	0.86	1.07	1.43	1.51	1.136
		MSRTC	1.29	1.14	1.77	1.83	1.99	1.604
7	Tax Cost per Revenue Earning Km	APSRTC	1.01	1.13	1.5	0.44	1.73	1.162
		MSRTC	3.07	3.28	4.27	4.55	4.87	4.008
8	Other Cost per Revenue Earning Km	APSRTC	0.6	0.58	3.98	3.81	1.59	2.112
		MSRTC	1.05	1.13	0.95	1.08	1.08	1.058

e)   Cost element Per Revenue Earning Km

The staff cost, fuel cost, tyres & tubes cost, Depreciation cost and tax cost per revenue kilometer were lower in APSRTC, whereas spares cost, interest cost and other costs were lower in MSRTC, on an average during the study period.

FINDINGS/TEST OF HYPOTHESIS

1. Fleet utilisation, fuel efficiency, staff/bus ratio, staff productivity, occupancy ratio, passengers carried perbus/day and vehicle productivity were better in APSRTC than MSRTC during the study period. Therefore, the first hypothesis is accepted.
2. The financial performance overall, per kilometer and per bus per day was better in MSRTC than APSRTC, but as far as cost per revenue earning kilometer is concerned APSRTC is better, especially in staff cost per revenue earning kilometer, tyres & tubes cost per revenue earning kilometer, depreciation and tax cost per revenue earning kilometer parameters during the study period. Therefore, the second hypothesis has been rejected.

RECOMMENDATIONS/SUGGESTIONS

From the above findings it is suggested that the financial performance of APSRTC is to be improved so as to improve its profitability, especially cost is to be reduced and revenue is to be improved further. The MSRTC is also suggested to improve its both physical and financial performance.

CONCLUSIONS

From the above study it is concluded that though the physical performance of APSRTC is better than that of MSRTC, but financially it is lagging behind during the study period.

LIMITATIONS

Since the study is based on the average performance data published by the ASRTU in its annual reports, any mistakes in its data may leads to different conclusions.

SCOPE FOR FURTHER RESEARCH

Since this study is based on only few physical and financial parameters of study period, there is a lot of scope for further study by taking some more parameters into consideration.

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DYNAMICS OF SIKKIM ECOTOURISM AND ITS GROWTH

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ABSTRACT

Probably no other state in the Himalaya is more suited to ecotourism development as is Sikkim the land of the mystique. This article defines the concept of Ecotourism, and gives its evolution in Sikkim. Tourism as a whole is considered as the backbone of the Sikkim's economy. It has brought economic prosperity in Sikkim. With the beneficial climate, the natural beauty and the fine cultural heritage of Sikkim, the growth of ecotourism has immense possibilities. Ecotourism is a form of tourism which has gained lots of popularity in Sikkim tourism. In this context, the purpose of this paper is to study the sustainable development of ecotourism, type of ecotourism practiced in Sikkim and its benefits to state stakeholders in ecotourism industry. The research work was carried at various place of Sikkim. The source of data includes primary and secondary data. Travel agencies, NGO, local enterprise were the source of information for primary data. Tourism department, Eco tourism promotion agencies and the tourist were the source of information for secondary data.

KEYWORDS

sustainable ecotourism development, growth, type of ecotourism.

INTRODUCTION

Sikkim is a very small hilly state in the Eastern Himalayas with a rich biodiversity and formidable Physical Features. It is bounded by vast stretches of Tibetan Plateaus in the North, the Chumbi Valley of Tibet and the kingdom of Bhutan in the East, the kingdom of Nepal in the West and Darjeeling of West Bengal in the South. Today, travelers embarking on a journey of Sikkim discover a mystical wonderland of spectacular natural beauty. Sikkim has been given many names. The Lepchas, original inhabitants of the land called it Nye-mae-el'paradise'. The Bhutia it was Beymul Demazong 'the hidden valley of rice'. The panoramic perfection of the snow –capped Himalayas, the heady scent of the flower bedecked meadows, the vibrant culture and joyous festivals, the infinite variety of its flora and fauna makes it a holiday that is at once fascinating and challenging.

In the present context there is lot of interest in ecotourism world over. The international Ecotourism Society (TIES) and other non-governmental organization have been creating awareness about ecotourism. In ecotourism employment generations is possible in various activities related to wildlife watching, eco rangers, eco guides, eco lodges, conservation and research. This paper focuses on ecotourism as a tool for generating employment options, a tool for conservation and local community development, its linkages, economic benefits, sustainable revenue generation and its role in the economies development of Sikkim. The International ecotourism society defines ecotourism as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people and involves interpretation and education" with the specification that education is to staff and guest. The ecotourism unambiguous states that those who implement, participate in and market ecotourism activities should adopt the following ecotourism principles.

- Minimize physical, social, behavioral, and psychological impacts.
- Build environment and cultural awareness and respects.
- Provide positive experiences for both visitors and hosts.
- Provide direct financial benefits for conservation.
- Generate financial benefits for both local people and private industry.
- Deliver memorable interpretative experience to visitors that help raise sensitivity to host countries political, environmental, and social climates.
- Design, construct and operate low-impact facilities.
- Recognize the right and spiritual beliefs of the Indigenous People in your community and work in partnership with them to create empowerment.

DEFINITION RELATED TO SIKKIM ECOTOURISM

1. Ecotourism is a form of tourism that involves travelling to natural areas with the specific objectives of learning, admiring and enjoying nature and its wild plants and animals as well as local people's cultural aspects including religious monuments, while conserving the natural and social environment, and improving the welfare of the local people.
2. Ecotourism activities should be coordinated by a qualified nature and cultural interpreter designed to entertain and educate clients. Examples of above mentioned activities are-
- Activities in mountain such as trekking, bird and wildlife watching, hiking, photography etc
- Activities in rivers and lakes such as angling, rafting, kayaking etc
- Participating in cultural and traditional events such as agro-tourism, handicraft making, fairs and festival and Himalayan folkways.
3. Sustainable Ecotourism Development – Development of ecotourism in the state of Sikkim, which meets the needs and aspiration of the current generation without compromising the ability to meet the need of future generations.
4. Ecotourism Assets – Natural and cultural features that attract visitors, such as landscapes, endemic or rare flora and fauna, local agricultural products, local culture including festivals, local folktales, history, historical monuments and heritage sites
5. Eco tour Operators- Tour operators specializing to cater ecotours collaborating with local people focused on local nature and culture based tourism.
6. Ecotourism Products- A combination of activities and services which are sold and managed through qualified ecotours operators including local communities or individuals.
7. Ecotourism Services- Services including transportation, local cuisine, camping, home stay, guiding and interpretation. These services should cause minimum damage to the natural and cultural environment and promote a better understanding of the natural and cultural aspects of an area.
8. Interpretation- Communication that helps visitors to understand and appreciate the community resources. Interpretation includes facts, but also reveals the reason of the importance of those facts so that visitors are able to understand why the resources should matter to the individual visitors. Interpreter is a person who provides interpretation in natural and cultural areas, interpretation center, parks etc.

OBJECTIVES OF THE STUDY

1. To study the sustainable development of ecotourism in Sikkim
2. Type of ecotourism practiced in Sikkim and its Benefits to State Stakeholders in ecotourism industry.

SIKKIM ECOTOURISM PROGRESSION

Ecotourism is a concept that evolved over the last 20 years as the conservation community, people living in and around protected areas, and the travel industry witnessed a boom in nature tourism and realized their mutual interest in directing its growth. Ecotourism in Sikkim started in the year 1995 with trainings, awareness, changes in regulation to adapt to the mountainous terrain and entry of foreign tourist in many of restricted and protected areas. It took sizeable effort to augment the tourism activities based on nature exposition in the interior areas. Sikkim Government emphasized further with the support of stake holders of the base line areas of parks and sanctuary. Gradual involvement of the people with village tourism activities has further enhanced the concept of ecotourism in Sikkim. Sikkim ecotourism has contributed both in the terms of conservation of the biodiversity and generation of employment in the state among the local educated youths. There are many possible ways that ecotourism contributes to conservation. First, ecotourism can generate funds for protected areas. Second, it can create employment for surrounding communities, thus providing economic incentives to support protected areas. Third, it can advance environmental education for visitors. Fourth, it can provide justification for declaring areas as protected for increasing support for these areas.

The Ministry of Tourism has issued ecotourism guidelines for adoption of an ecotourism pledge which requires their members to adopt environment-friendly practices. The guiding principle of sustainable development is to meet the needs and aspiration of a region's present generation of people without compromising those of future generations. Sustainable development policies also seek to develop economic system that run with little or no net consumption of natural resources, and that avoid ecological damage. For the firsthand experience of traveling in the wilderness, of observing natural complexity, and of reflecting on the fragility of ecosystems stressed by human uses often gives Eco tourists and their local guides a new perspective on the value of environmental preservation and resource conservation.

Tourism has proved to be an engine of growth in many economies in the world. It provides for the generation of income, wealth and employment, and helps in the sustainable development of remote areas. In Sikkim ecotourism has been providing direct employment to a large section of the rural population and to some parts of urban population too. Its contribution to the economy of state is significant. India is recognized as one of the mega diversity centers of the world. India has two out of the 18 Biodiversity hot-spots in the world, which are in the Western Ghats and Eastern Himalayas. Sikkim, covering just 0.2% of the geographical area of the country, has tremendous biodiversity and has been identified as one of the hot spot in the Eastern Himalayas.

The Sikkim Himalayas falls under the Himalayan (2) Bio-geographic Zones and Central Himalaya (2c) Biotic Province. As per the Champion &Seth 1968 The Sikkim Himalayas falls under the Himalayan (2) Bio –geographic Zones and Central Himalaya (2C) Biotic Province. Sikkim Himalayas has more than 26% of flowering plant of the country and is very important photo geographical reserve of the country.

The following protected parks and sanctuaries are used for ecotourism activities.

KANCHEDZONG NATIONAL PARK

The kanchendzonga national park is one of the UNESCO world heritage Sites in the North East India. It is one of the fascinating tourist attractions of Sikkim. Situated in the North Western Sikkim, it is spread over an area of 850 square kilometers. The park is blessed with undisturbed forest cover presided by Mt.Kanchendzonga and five other lofty peaks carpeted in snow. Many nature &escapade lovers are attracted towards the park because of its permanent territory of mountains, green jungles, blossoming meadows &water course in its primeval wilderness. The flourishing vegetation comprises temperate wide leaved jungles subjugated by oaks, diverse Coniferous jungles comprising fir, birch, maple, willow and so on &alpine grasses &shrubs at upper heights together several medicinal plants &aromatic plant. With so many natural environments existing in it the best season for the Ecotourist to visit the Kanchenjunga national park is between April to May.

SHINGBA RHODENDRON SANCTUARY

The Shingba Rhododendrom Sanctuary is located in Yumthang Valley in North Sikkim. The sanctuary is surrounded on the east by Chuba-Sagochen mountain ranges and on the west by Chomzomei Tso that extends till the Lava Pass. The sanctuary covers an area of around 43sq.kms, which comprises of several species of rhododendrons and lies at an altitude of 3048 to 4575 meter. The Yumthang Chhu meanders through the sanctuary giving it a picturesque outlook. The place is very rich in natural vegetation cover and comprises of various species of plants & tree. The chief attraction for the ecotourist is the Rhododendron shrubs & trees that are found there in abundance. The best time visit sanctuary is from April to July, when the rhododendrons are in full bloom and the sanctuary turns into riot of colors.

FAMBONG LHO WILDLIFE SANCTUARY

The Fambong Lho Wildlife Sanctuary is located about 20 Kilometers from Gangtok. It covers an area about 52 sq km above the road between Singtam and Dikchu with the highest point at a place called Tinjure at 2130 mt. The sanctuary shelters the Himalayan black bear, red panda, civet cat and many varieties of birds and butterflies. This sanctuary falls at the junction of Paleractic ecozone and Indomalaya ecozone, supporting a large variety of mammalian and avian fauna. Inside this wildlife sanctuary, the primary biomes corresponding to the ecozone are:

- Terai-Duar savanna and grasslands of the tropical and subtropical grasslands, savannas, and shrublands biome
- Eastern Himalayan broadleaf forest of the Himalayan subtropical broadleaf forests biome.
- Tropical and subtropical coniferous forest of the Himalayan subtropical pine forest biome.
- Temperate coniferous forest of the Eastern Himalayan subalpine conifer forest biome.
- Montane grasslands and shrublands of the Eastern Himalayan alpine shrub and meadows biome

For Birdwatching or birding Fambong Lho Wildlife Sanctuary is the best place to be at. It includes species like the hill partridge, satyr tragopan, fire-tailed myzornis, bar-throated minla, red- tailed minla, black-eared shrike babbler, scaly laughingthursh, streak-breasted scimitar babbler, etc.

KYONGNOSLA ALPINE SANCTUARY

The Kyongnosla Alpine Sanctuary is a wildlife sanctuary, located in East Sikkim. It is situated around the area adjoining the Tsomgo Lake along the Nathula Road. Covering an area of about 31 Sq km and lying at an altitude of 3292 m to 4116m, this sanctuary is perfect for trekking tours. Rich in flora and fauna, rare, endangered ground orchids and rhododendrons interspersed among tall junipers and taller silver firs are among the important plants presents. Rhododendron Niveum(the state tree of Sikkim) and Cypripedium tibeticum (the ground slipper orchid), which is on the verge of extinction, have also been introduced here.

MAENAM WILDLIFE SANCTUARY

The Maenam Wildlife Sanctuary is a treasure house of medicine as it houses rich assortment of Medicinal plants and herbs. It covers an area of 36.34 sq km and is located on the Maenam- Tendong ridge which runs from north to south, almost bisecting Sikkim longitudinally. This sanctuary escalates to an altitude of about 10,600 ft above sea level and shelters Red Panda, Goral, Serow, Braking Deer, Marbled-cat, Leopard-Cat, Civets, Blood Pheasant, Common Hill Partideg, Magpies, Black Eagle, and Blue Necked Pita, Sunbirds and many other animals of the temperate forest. This sanctuary is famous for trekking and its rich biodiversity. The altitude ranges between 2300 meters to 3263 meters. A fabulous trek to Maenam Peak and further to Bhaledunga originates from Ravangala passing through the virgin track of alpine forest from Ravangla to Maenam peak and thereafter leads down to Borong village.

BARSEY RHODODENDRON SANCTUARY

The Barsey Rhododendron Sanctuary lies in the south west corner of the west Sikkim District. Spreading over 104 sq. km, across the razor sharp Singaila Range, which forms the natural international border with Nepal. The bridle path from Hilley to Barsey is a favorite amongst tourist especially during the Rhododendron

Sanctuary during the Rhodedendron flowering seasons. The Barsey Rhododendron Sanctuary spans over the razor sharp Singalila Range. A beautiful Tourist Trekker's hut exist Barsey, admist the Rhododendron forests at a 10000 feet, commanding a glorious view if the Singalaila Range.

OBJECTIVES OF SIKKIM ECOTOURISM POLICY
1. Bring all stakeholders on a common platform of understanding of ecotourism.
2. Promote ecotourism in a sustainable manner based on the Global Sustainable Tourism Criteria (GSTC).
3. Generate incentives to local communities for nature conservation through alternative income sources and livelihoods, and empower local communities to manage ecotourism with the emphasis on the economically disadvantaged people.
4. Conserve the existing biodiversity, ecosystem and religious monuments of Sikkim as well as Sikkim people's culture and tradition.
5. Offer memorable and high quality learning experience to visitors, thus encouraging their responsible behavior during their visits and their collaboration for nature conservation effort.
6. Facilitate local children as well as visitors to enjoy and appreciate excellent nature based activities.
7. Encourage people in Sikkim to increase their pride and appreciation of local natural and cultural values.
8. Ensure that local communities have a role in determining the appropriate presentation of their cultural values.
9. Regulate the high influx of visitors in heavily visited areas, thus reducing the negative impact of tourism.

ROLE AND RESPONSIBILITY FOR SUSTAINABLE ECOTOURISM DEVELOPMENT
For a long term Sustainable development of ecotourism Sikkim, host community has to play a greater role in it. The Responsibilities of ecotourists and of the host community has to be well-organized. If a community wants to host ecotourism, it has a central role to play. The host community's success in bringing ecotourism to it and ensuing that the level and type of tourism is compatible with the community's aspirations are matter the community can control.
- Help conserve habitats of flora and fauna as well as any site, natural feature or culture, which may be affected by tourism.
- Make no open fires and discourage others from doing so. If water has to be heated with scarce firewood, use as little as possible. Where feasible, use kerosene or fuel-efficient wood stoves. Remove litter, bum or bury paper and carry back all non- degradable liter
- Keep local water clean and avoid using pollutants such as detergents in streams or springs. If no toilet facilities are available, relieve yourself at least 30 meters away from water sources and bury or cover the waste.
- Leave plants to flourish in their natural environment and avoid taking away cuttings, seeds and roots.
- Help guides and porters to follow conservation measures.
- Do not allow cooks/porters to throw garbage in streams or rivers.
- Respects the natural and cultural heritage of the area and follow local customs.
- Respect local etiquette.
- Respect privacy of individuals and ask permission to take photography of local inhabitants.
- Respect holy places. Do not touch or remove religious objects.
- Strictly follow the guidelines for personal safety and security and always take your own precautions and safety measures.
- Realize and respects the value of the environment, the flora and fauna, the monuments and your cultural heritage.
- Practice conservation of nature and culture as a way of life.
- Establish guidelines to protect valuable local resources and foster tourism management.
- React to the potential threat of investors who see opportunities in development but lack sensitivity to local values.
- Become effective nature guides and conservationists of natural areas by utilizing practical and ancestral knowledge of the natural features of the area.
- Be friendly to the visitors and help them to practice ecotourism principles.

TYPE OF ECOTOURISM IN SIKKIM
Tourism in Sikkim has emerged as the new profession of the Sikkimese people with its vast natural potential. Ecotourism which is another form of tourism has become very popular in Sikkim tourism industry in the present scenario. Ecotourist who visit Sikkim are able to find different types of ecotourism concept. Homestay, Village tourism, cultural tourism, trekking tourism, flori-tourism and adventure tourism has given fillip to the tourism trade in the state where a large number of people are engaged under different employment opportunities.

Rural and Homestay tourism – The concept of rural tourism and homestay tourism is prevalent all over the world since many decades and the same has recently been introduced in the state of Sikkim by few local groups and has shown tremendous result. The purpose of the rural tourism is to create job opportunities for the rural masses. The number of tourist preferring to stay in the villages is on the rise. In view of the fact, the state government has sanctioned 718 Homestay during 2012-2013 and 2013-2014. Out of which 278 Home stay have been taken up during 2013-2014 under 13th Finance Commission one of the very popular concept in Sikkim ecotourism market. It has gained lots of popularity in all the district of Sikkim. Ecotourist who visit Sikkim has greater demand for homestay type of ecotourism. Sikkim is arguably one of India's loveliest destinations. Homestay Sikkim offers the visitors an experience and an opportunity to live with locals and share their lifestyle. Earlier villagers used to earn their livelihood through cultivation only, but once homestay came in, it became a tourist hub and for which the economic condition of the people has improved a lot.

In the present scenario of Sikkim ecotourism there are nearly twelve home stay in all the four district of Sikkim among which the popular one preferred by ecotourist is in the north district of Sikkim. Some of the homestay like Yakten, Orchid, Guras, Chakha, Kothebari, Mayal Lyang are the popular on in Sikkim. People of Yaakten, a small hamlet in East Sikkim, have joined hands to start this community based homestay tourism to attract visitors and also improve their socio-economic condition. Some eight families are engaged in homestay business and they have developed an infrastructure which is being appreciated. Apart from Yaakten homestay, there are other homestay in all the four district of Sikkim such as Orchid home stay, Guras homestay, kothebari homestay, Yangsum Farms, Rinchenpong Sikkim, Mayal Lang Homestay Dzongu etc.

CAPACITY BUILDING FOR HOMESTAY BENEFICIARIES
Under the program of homestay tourism implemented under 13th finance Commission it is proposed to train one beneficiary of such homestay by organizing capacity building training, awareness program, exposure trip etc. The training program has been conducted as show below.
a. Capacity building training for Homestay beneficiaries.

Total	2012-2013	2013-2014	To be completed
718	356	354	08

b. Exposure Trips for Homestay beneficiaries

Total	2013-2014	To be completed
718	579	139

Project sanctioned from thirteenth finance commission government of India

CONSTRUCTION OF HOMESTAY

Sl. No	District	Number of homestays	Physical Progress			Remarks
			Completed	On-going process	To be completed by February 2014	
1	North	100	Nil	40%	100	Work under progress
2	East	188	4	45%	184	Work under progress
3	South	220	2	45%	218	Work under progress
4	West	220	12	55%	208	Work under progress
		728	18	45%	710	

Village tourism- As the part of the Home stays you will be staying in village homes with local community families, which in itself is a very unique travel experience. People from all age groups can take these comfortable soft adventure cultural tours. After much consideration and encouragement from the tourist visiting we decided to start another type of village tourism under ecotourism- information shared by one of the local entrepreneur who operates village tourism at North Sikkim.

These tours offer you a chance to see the Sikkim villages. During your stay in the village, you won't just observe and learn about life in the village but it encourages you to actively take part in village activities such as ploughing, sowing, harvesting, collection of firewood and fodder etc. The local entrepreneur ensures that villager directly benefits from the Eco tourist, so it is helpful to them to have your visit. We also ensure that the villagers benefit directly from your visit, so it is helpful to them to have your visit. When you avail the concept of village tourism not only do your hosts benefit but many more in the same village. Your money will pay others for their contribution of food, song, dance and transport etc.

CULTURAL & TREKKING TOURISM

The emergence of cultural tourism in research practice as an object of study dates back to the beginning of the 20th century, but only in 2002 the international Council for cultural and historical monuments publish a formal definition as follows " the Cultural and Cultural –cognitive tourism actually is this form of tourism, which focuses on the cultural environment, which in turn may include cultural and historical sights of a destination or cultural –historical heritage, values and lifestyle of the local population, arts, crafts, traditions and customs of the local population. Furthermore, cultural and cognitive routes may include a visit or participation in cultural activities and events, visit museums, concerts, exhibitions, galleries, etc. (International Council on monuments and Sites). Sikkim with its richness in different cultural practice, old heritage monastery like (Rumtek, Enchay, Phodong, Dubdi Monastery one of the oldest monastery in India) and many museums to visit. Government has been recently organizing many cultural events in respective district of the state for a week long where its main motive is to provide cultural entertainment to the tourist visiting Sikkim. Winter carnival one of the popular cultural festival take place in the month of December –January every year at state capital Gangtok. The program is schedule for a month long where different cultural dance is being represented by the people of Sikkim. An ecotourist can avail different type of local cuisine, handicrafts items displayed by the people during this Winter Carnival festival. It provided the students with an opportunity to earn as they get an opportunity to perform cultural dances of Sikkim and showcase their talents to the tourist, said Basant Gurung Operator, Sikkim Kisaan Traditional Village Tourism.

Nothing is more peaceful and full of tranquility than a trekking activity and the realization of the awesomeness of Nature. Sikkim is fast becoming one of the dream destinations for mountaineers and amateur climbers from all over the world. The trekking options are also plenty in this region. Adventure tourists usually under-take treks lasting from 2 to 110 days. Enfolded between the Himalayas and the Shiwaliks, Chemchey boasts of being one of the best destinations for trekking in the world. Enfolded between the Himalayas and the Shiwaliks, Chemchey boasts of being one of the best destinations for trekking in the world. The major trekking routes are Goecha la trek, Singalila Ridge Trek, Kasturi Trek, Green Lake Trek.

STATISTICS OF TOURIST ARRIVAL IN THE STATE OF SIKKIM
DOMESTIC TOURIST

TABLE 1

Year	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
2011	42314	50652	62438	89238	124323	69784	29540	38964	13943	9682	8326	13249
2012	28560	29642	45231	65341	120212	65673	18628	35294	12678	42390	39602	55287
2013	30292	31278	48102	69054	131804	68205	17161	7713	20115	50461	42836	59728
2014	28824	19830	24597	63730	92199	85763	19472	11875	25478	75025	53275	62350
2015	54229	44366	32515	89648	138695	86218	19521	19535	25535	75908	55827	63026
2016	785389	87813	74872	93220	144225	89654	20250	20310	26570	78948	10607	15756

FOREIGN TOURIST

TABLE 2

Year	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2011	1436	1065	2423	2615	2875	643	553	873	1415	4286	3323	2438
2012	1904	2406	3199	3939	2058	1152	1282	1048	1432	4486	2300	1283
2013	873	1247	2524	4895	1312	804	563	2579	3942	5292	3210	4457
2014	4145	3803	5211	2855	4927	3939	2496	1429	2410	8906	5537	3517
2015	3458	3119	4971	6909	2326	1727	1382	1563	1406	4431	3877	3310
2016	2946	3108	6797	8477	48700	2779	1678	2067	1844	12090	14405	5021

CONCLUSION

The present study shows that growth of ecotourism in Sikkim is enormous. According to the data of domestic and foreign tourist provided in the table 1 & 2 there has been a formidable growth in entry of tourist at Sikkim. During the course of the study it was found that there has been a gradual shift of tourist itinerary towards ecotourism industry. Study of this paper is related to sustainable development of ecotourism, the Government of Sikkim has been engaged in framing sustainable policies and program for the better development of ecotourism in Sikkim. In order to meet the large demands from tourist visiting Sikkim and meet their demand the government of Sikkim has been providing financial assistance at the rural level to the local entrepreneur for the development of village & homestay ecotourism. A universal approach in terms of pro-active state stakeholder's participation, awareness among tourist and host communities, scientific planning, technical studies, and a helpful socio environmental climate can conserve sustainable ecotourism policy. The initiative of educating the local educated youth at the lower level who are engaging in practicing ecotourism is a highly commendable and fruitful exercise.

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FUTURE ASPECTS OF PLAIN PACKAGING OF TOBACCO PRODUCTS IN INDIA

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ABSTRACT

Here we discussed about the current and future aspects of plain packaging in India to reduce the attractiveness of tobacco product and also it is informed to consumers that tobacco is harmful for health. Tobacco packaging should not use a marketing promotional tool to lure customers for making purchase. There are some countries, they are successfully implemented plain packaging and they got encouraging results. Australia is the first country who successfully implemented plain packaging in 2012. Now Indian government is also planning to introduce plain packaging of tobacco products. Packaging colors also misguide to customers it is less harmful for health like. E.g. – light colors packaging information on constituent and emissions, including misleading information about tar and nicotine yields. Plain packaging is also helpful for Increasing the notice ability and effectiveness of health warning. Plain packaging is a tool that creates a resistance in selling of tobacco products. Tobacco is a killer product and it is misleading for it to be presented in glitzy packaging. Every day of delay allows the tobacco industry to tempt more young people into adopting a deadly addiction. The government is fast running out of parliamentary time. it must now act with speed and decisiveness to ensure this crucial public health measure is law before the election. 26 countries were reported to have 'complete' bans on tobacco marketing. However, these bans do not cover all marketing media, with branded packaging a notable exclusion. This has led to growing interest in the public health ramifications of packaging in many countries. Three aspects of packaging have attracted particular attention: health warnings, pack descriptors, and the concept of plain packaging.

KEYWORDS

government role, health warning, legislation, plain packaging, tobacco issues.

INTRODUCTION

Plain packaging would require the removal of all colors, brand imagery, corporate logos and trademarks, permitting manufacturers to only print the brand name in a mandated size, font and place, in addition to required health warnings and other legally mandated product information such as toxic constituents, tax-paid seals, or package contents. A standard cardboard texture would be mandatory and the size and shape of the package and cellophane wrappers would also be regulated to prevent novelty pack shape varieties and covers replacing on-pack imagery. Plain packaging would encompass pack interiors and the cigarette itself, given the potential for manufacturers to use colors, bandings and markings and different length and gauges to make cigarettes more "interesting" and appealing.

Packaging differentiates brands, being particularly important in homogenous consumer goods categories like cigarettes. Marketing literature routinely highlights the critical role played by pack design in the overall marketing mix, emphasizing that the "product package is the communication life-blood of the firm", the "silent salesman" that reaches out to customers and that packaging "act as a promotional tool in its own right." Cigarette packaging conveys brand identity through brand logos, colors, fonts, pictures, packaging materials and shapes. The world's most popular cigarette brand, Marlboro, can readily be identified through its iconic red chevron. The Marlboro brand is estimated to be worth $US27 billion, making it the tenth most valuable (all products) brand in the world.

Unique among industries, the tobacco industry has always claimed that it has no interest in attracting new customers (i.e. non-smokers) but is interested only in stimulating brand-switching among current smokers and in maintaining brand loyalty in current customers. Notwithstanding the commercial absurdity of any industry professing disinterest in attracting new recruits, this position has been comprehensively undermined by a multitude of revelations from industry documents acknowledging the vital importance of attracting new smokers (predominantly youth).[19-26] It is therefore taken as read that in designing tobacco packs to appeal to potential purchasers, tobacco companies count among these, those already smoking their brand, those smoking competitors' brands and those not yet smoking but who might be persuaded to start.

COUNTRIES HAVE SUCCESSFULLY IMPLEMENTED PLAIN PACKAGING

Australia was the first country to successfully to introduce plain packaging in 2012 and has seen decline in smoking. Now in current time UK, USA, Canada, France, Ireland, New Zealand, Korea, Thailand, Sri Lanka are applying plain packaging in all tobacco products.

"Plain packaging reduces the attractiveness of tobacco products. It kills the glamour, which is appropriate for a product that kills people," said WHO Director General Margaret Chan in a statement.

"It restricts tobacco advertising and promotion. It limits misleading packaging and labeling. And it increases the effectiveness of health warnings," Xinhua news agency quoted her as saying.

A number of other countries are also exploring the option whose positive effects on smoking trends have been documented in Australia.

The introduction of plain packaging in the country led to an additional 0.55 percentage point fall in smoking prevalence among those aged 14 and above between 2012 and 2015.

This is equivalent to over 108,000 people quitting, not relapsing or not starting to smoke during the period, WHO explained.

Plain packaging works by reducing the intrinsic appeal of tobacco products by restricting or prohibiting logos, colors, brand images and promotional information.

Recommended by the WHO Framework Convention on Tobacco Control Secretariat, it is integral to a holistic approach to tobacco control that includes health warnings and bans on tobacco advertising, promotion and sponsorship.

The tobacco industry has fought against such reforms by carrying out misinformation campaigns to block plain packaging, Director of WHO's Prevention of Non-Communicable Diseases Douglas Bettcher explained.

"It is encouraging to see more and more countries defy the industry's tactics and implement plain packaging to reduce demand for tobacco products and put the health of their populations first," he said.

According to WHO, almost six million people die every year because of tobacco products.

ISSUES OF PLAIN PACKAGING

The design of a plain packaging measure is also closely related to and affected by other packaging and labeling measures. Specific issues for consideration include:

- ❖ The size of health warnings on packaging
- ❖ Where health warnings are located   on product packaging, such as the top of packaging;
- ❖ how misleading elements of packaging, including descriptors, marks and symbols, are addressed;
- ❖ how information on constituents and emissions, including misleading information about tar and nicotine yields, is addressed;
- ❖ how information on ignition propensity is addressed;
- ❖ what information about smoking cessation, if any, is included on product packaging;

❖   whether tax stamps or markings for purposes of tracking and tracing tobacco products are used on product packaging, including where and how they are placed;
❖   how barcodes may appear on packaging?
❖   how any other government-mandated information may appear on packaging?

PURPOSE OF PLAIN PACKAGING

When viewed in the context of the WHO FCTC, and particularly Articles 11 and 13, plain packaging serves several purposes, including:

➢   Reducing the attractiveness of tobacco products.
➢   Eliminating the effects of tobacco packaging as a form of advertising and promotion.
➢   Addressing package design technique that may suggest that some product is less harmful than other.
➢   Increasing the notice ability and effectiveness of health warning.

LITERATURE REVIEW

Since the introduction of plain packaging, the Australian government has observed declining total expenditure on tobaccoproducts and declining customs and excise clearances on tobacco products. Statistics also show that a decline in smoking prevalence has continued in Australia. These figures include the following.

The National Drug Strategy Household Survey for 2013 showed a reduction in the prevalence of daily smokers aged 14 years or over to 12.8% in 2013, compared with 15.1% in 2010.

The Australian Secondary Students' Alcohol and Drug survey found that in 2014 only 5.1% of 12–17 year olds are current smokers, compared with 6.7% in 2011.

In the National Health Survey rates of daily smoking among adults (18 years and older) have continued to drop, to 14.5% in 2014-15, compared with 16.1% in 2011-12 and 22.4% in 2001.

PUBLIC HEALTH RESEARCH CONSORTIUM REVIEW

A Government-commissioned systematic review of 37 studies providing evidence of the impacts of plain, standardized tobacco packaging was conducted by the Public Health Research Consortium (PHRC).16 Nineteen studies examined perceptions or ratings of attractiveness of plain, standardized packs. All of these studies found that standard packs were rated as less attractive than branded equivalent packs, or were rated as unattractive, by both adults and children. In addition, those studies that tested a range of branded and unbranded packs found that this difference increased progressively as more branding elements and descriptors were removed.

With regard to health warnings, the studies reviewed found that plain packs were perceived as being less cluttered and therefore less likely to detract from the health warning, and that the dullness or seriousness of the packs enhanced the seriousness and credibility of the warnings.

Studies which examined the impact of plain packs on perceptions of harm and strength found that results were mixed as perceptions varied according to the color of the packs. However, studies which examined perceptions of which pack was more effective in terms of raising awareness of health risk tended to find that plain standardized packs were perceived as more effective than branded packs.

Sixteen studies in the PHRC review examined whether and how plain packs impact on smoking related attitudes and beliefs. Although the findings were mixed, the overall pattern tends to be supportive of standard packaging being perceived to have a likely deterrent effect on smoking. Studies that looked at differences by age found that younger respondents were more likely than older respondents to perceive that standard packs would discourage take-up of smoking, encourage cessation or reduce consumption.

An update of the review examined a further 17 studies which have added to the evidence suggesting that standardized packaging would: reduce the appeal of cigarettes and smoking; enhance the salience of health warnings on packs; and address the use of packaging elements that mislead smokers about product harm.

CHANTLER REVIEW IN NOVEMBER 2013

Sir Cyril Chantler was commissioned by the Government to examine whether the introduction of standardized packaging would have an effect on public health, in particular in relation to the health of children. Chantler reviewed evidence from both public health bodies and that provided by the tobacco industry. He concluded by saying that he was: "persuaded that branded packaging plays an important role in encouraging young people to smoke and in consolidating the habit irrespective of the intentions of the [tobacco] industry". And added: "I am satisfied that the body of evidence shows that standardized packaging, in conjunction with the current tobacco control regime, is very likely to lead to a modest but important reduction over time on the uptake and prevalence of smoking and thus have a positive impact on public health."

AUSTRALIAN GOVERNMENT POST-IMPLEMENTATION REVIEW IN FEBRUARY 2016

The Australian government published its Post-Implementation Review of the impact of standardized tobacco packaging. The review concluded that while the full effect is expected to be realized over time, the evidence to date suggests that the measure is achieving its aims. Specifically, the review found that the measure accounted for approximately one quarter of the decline in smoking prevalence over the 3 year post-implementation period, during which time smoking fell from 19.4% to 17.2%. In addition, the Australian Government has released figures showing a significant fall in consumption as measured by estimated expenditure on tobacco products.

Calls to smoking quit lines increased significantly after standardized packaging was implemented. One study found a 78% increase in the number of calls to the Quit line in NSW following the introduction of tobacco plain packaging and enlarged graphic health warnings. Furthermore, the increase was sustained for a significantly longer period of time than the increase experienced following the introduction of graphic health warnings in 2006

CURRENT ASPECTS OF PLAIN PACKAGING IN INDIA

In July, 2014 Allahabad High Court allowed a petition filed by Love Care Foundation, a nonprofit organization operating for the welfare of children. The organization argued that the attractive packaging of the cigarette and tobacco products are a pseudo mode of advertisement and children are getting more attracted and allured to such products because of this. Evidences were presented from countries where plain packaging was introduced and which resulted in the decrease of consumption of such products. The Respondents Union of India and State of UP did not raise any argument against the petitioners and accepted that this is a step in the right direction. Further, there was no Respondent from the Tobacco Industry as well. Henceforth, the learned High Court directed the government to take appropriate steps in this direction.

Recently, another notification dated 15.10.14 with the name Cigarettes and Other Tobacco Products (Packaging and Labeling) Amendment Rules, 2014 has been passed which has provisions that will bring amendments in the Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules, 2008. These Rules will come into effect from 1st April, 2015. The key highlights of these notifications have been mentioned below-

●   The total area covered by the pictorial and statutory warnings on the packets of cigarettes -and Tobacco products has been increased from 60 % to 85 % (60% for pictorial health warning & 25% for textual health warning).
●   The textual health warning shall not appear in more than two languages inscribed on the packet.
●   The following details of the manufacturer have to be compulsorily mentioned on the packets
    ●   Name of the product.
    ●   Name and address of the manufacturer/ importer of the product.

- Origin of the product (for import tobacco).
- Date of manufacture.
- Any other matter as required by the Central Government as per international practice.

There are further many other elaborated instructions related to the statutory warnings to be mentioned on the packets both in textual and pictorial forms. The Seventh Session of the Conference of Parties to the WHO Framework Convention on Tobacco Control (COP7), hosted by India in November 2016, will be an opportunity to do just that. The conference provides an important forum to help fine-tune and enhance tobacco control measures across the Region, as well as to discuss and emphasize the utility of plain packaging. Plain packaging is already being considered by lawmakers in India, and will become a key tool for tobacco control partners and stakeholders from across the Region. It is an initiative that will only gain momentum.

FUTURE ASPECTS OF PLAIN PACKAGING IN INDIA

The Indian Supreme Court in the abovementioned case eventually pulled up the Ministry, even though the initial reaction of the bench was very surprising and rather uninformed. Cigarette smoking was proven to cause lung cancer way back in the 1950s and the causal link between smoking and cancer is no longer a disputable fact. While the Supreme Court contemplates plain packaging, the Indian Health Ministry has ordered government agencies to enforce the abovementioned 85% law strictly and even seize products that do not comply with these standards. This move has even led to a shutdown of tobacco factories in protest. Earlier, India had supported Australia's stance to introduce plain packaging at the WTO. It was also involved in the abovementioned WTO dispute as a third party. Going by the prevailing international trends and India's stance on this issue, it is quite likely that we shall see plain packaging laws introduced in India soon.

WILL PLAIN PACKAGING REALLY HELP INDIA

In the Indian context, the feasibility of plain packaging must be extensively explored. Nearly 75% of all cigarettes in India are sold loose and no enforcement mechanism seems realistically possible to check this practice. It is thus disputable whether or not a change in the packaging will actually help, since the buyer does not even come in direct contact with the packaging most of the time. Another question which arises is whether plain packaging shall be applicable to all tobacco products, including pan masala, beedi and gutka? Will it be possible to enforce these laws on local manufacturers and cottage industries? These are the aspects that must be addressed before making amendments to the Act.

As World No Tobacco Day is marked on Tuesday, the World Health Organization (WHO) highlighted the benefits of introducing plain packaging on tobacco products, a measure which saves lives by reducing consumer demand.

CONCLUSION

Plain packaging legislation remains an important but curiously under-explored part of comprehensive tobacco control legislation designed to eliminate all forms of tobacco advertising and promotion. While the industry promotes an unattainably high standard of proof for research showing that plain packaging would reduce smoking, they do not hold this same high standard with their own position that packaging only effects market share and only serves to encourage brand switching among adults. Claims that brand imagery merely facilitates product differentiation for current smokers at point-of-sale are disingenuous. Cigarettes, which cause the death of 50% of their long term users, are sold in very different circumstances: in nearly all nations, there are no restrictions on where they may be sold, ineffective policing of their supply to minors, and other than accommodating prescribed warnings, no restrictions on packaging. This paradox, whereby life-saving drugs are heavily regulated and life-harming drugs like nicotine sold in tobacco products are subject to few restrictions, requires radical change. Plain packaging would be an important step in that direction. In seventh session of the conference of parties to the WHO framework convention on tobacco control (COP7) hosted by India in November 2016, the health minister told in conference, Indian government is planning to implement plain packaging recently.

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DEMONETIZATION AND ITS IMPACT ON INDIAN ECONOMY IN INDIA

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ABSTRACT

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency. The Government of India decided to demonetize the 500/- and 1000/- rupee notes of the country on November 8th 2016. The two biggest denominations in its currency system; these notes accounted for 86 per cent of the country's circulating cash. When liquidity shortage strikes, it is consumption that is going to be adversely affected first. When consumption declined automatically production of the state will be going to decline situation, this will lead to less employment opportunity of the nation. The demonetization policy will force people to pay income tax returns. Most of the people who have been hiding their income are now forced to come forward to declare their income and pay tax on the same. Even though deposits up to Rs 2.5 lakh will not come under Income tax scrutiny, individuals are required to submit PAN card for any deposit of above Rs 50,000 in cash. The government is finding it hard to implement this policy. It has to bear the cost of printing of the new currency notes. It is also finding it difficult to put new currency into circulation. The 2000 rupees' note is a burden on the people as no one likes to do transaction with such high value currency.

KEYWORDS

Currency, Demonetization, Government & Farmers.

INTRODUCTION

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current forms of money are pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency. The Coinage Act of 1873 demonetized silver as the legal tender of the United States, in favor of fully adopting the gold standard. Several coins, including two-cent piece, three-cent piece, and half dime were discontinued (Dasgupta). The withdrawal of silver from the economy resulted in a contraction of the money supply, which subsequently led to a five-year economic depression throughout the country. In response to the dire situation and pressure from farmers and silver miners and refiners, the Bland-Allison Act remonetized silver as legal tender in 1878. An example of demonetization for trade purposes occurred when the nations of the European Union officially began to use the euro as their everyday currencies in 2002 (Chaudhuri).

The Government of India decided to demonetize the 500- and 1000- rupee notes of the country on 2016. The two biggest denominations in its currency system; these notes accounted for 86 per cent of the country's circulating cash (RBI Report). With little warning, India's Prime Minister Narendra Modi announced to the citizenry on Nov. 8 that those notes were worthless, effective immediately – and they had until the end of the year to deposit or exchange them for newly introduced 2000 rupee and 500 rupee bills (RBI Report).

How much of the demonetized notes will have to be substituted with valid notes in turn depends on two factors? First, how much was presented for over the counter conversion, and how much will be deposited in bank and post office accounts. In 1946, when currency notes of the value of ₹500, ₹1,000 and ₹10,000 were demonetized by an ordinance, such notes in circulation were Circulation were of ₹ 143.97 crore (Rajakumar). By the end of 1947, 134. 9 crore, or 93.7 per cent were exchanged. In 1978, when currency notes of demonetization's 1000, 5000 and 10,000 were demonetized, the total amount in circulation was 145.42 crores. Of this, 89 per cent came back for exchange in India.

Chaos ensued in the cash-dependent economy (some 78% of all Indian customer transactions are in cash), as long, snaking lines formed outside ATMs and banks, which had to shut down for a day (Rajakumar). The new rupee notes have different specifications, including size and thickness, requiring re-calibration of ATMs: only 60 per cent of the country's 200,000 ATMs were operational. Even those dispensing bills of lower denominations faced shortages. The government's restriction on daily withdrawal amounts added to the misery, though a waiver on transaction fees did help a bit (Nag).

The government's goal (and rationale for the abrupt announcement) was to combat India's thriving underground economy on several fronts: eradicate counterfeit currency, fight tax evasion (only 1per cent of the population pays taxes), eliminate black money gotten from money laundering and terrorist-financing activities, and to promote a cashless economy. Individuals and entities with huge sums of black money gotten from parallel cash systems were forced to take their large-denomination notes to a bank, which was by law required to acquire tax information on them. If the owner could not provide proof of making any tax payments on the cash, a penalty of 200% of the owed amount was imposed.

DEMONETIZATION IN RURAL PERSPECTIVE

Demonetization is very importantly impact on the people of the rural areas. Who are opposed to the demonetization program usually mentions the difficulties that the farmers might face in procuring seeds (Sridhar). But, the Indian farmer has more or less adapted to this challenge mostly because the concept of trust is far more prevalent in rural areas than in urban areas. Farmers have sold their produce to APMCs without getting paid, with the promise from the traders that they will pay them later. Similarly, farmers have purchased seeds from seed sellers without paying them with the same promise that they will pay them latter. So, we have the emergence of a true "cashless" economy one that is based on debt (Sridhar).

Unfortunately, many of the promises made above will have to be broken because of the basic laws of economics. Due to good rains last quarter the agricultural sector performed well and there was increase in agricultural produce. But now their consumers do not have sufficient cash at hand to purchase these primary goods which are sending their prices tumbling down in many urban centres. So, when the traders do not get sufficient cash by selling their goods how are they going to pay the farmer back? But "seed" is just one of the problems facing rural India. The bigger problem is "labour". The rabi cropping and harvesting season is going on. During this time the farms in India employ large amounts of extra labour.

The rabi season is a good season for the labourers in unorganized sector in both the urban and rural areas and the labourers have an option to choose amongst them. This is because coming fresh off from the monsoon season which causes huge disruption in construction in real estate sector (one of the largest employers of unorganized labour) the autumn and the winter periods are the time when they aim to do most of their work.

Similarly, in rural areas the farmers having faced difficulties like floods and silts during the monsoon season pour everything they have into the rabi season to break even. So, this results in massive employment for low income households in both rural and urban areas. But now when there is no cash at hand and when most of the unorganized sector labourers are daily wage labourers how can the employers pay them?

Another important element for the rural economy of North East is the tea gardens. Prime Minister Narendra Modi's Jan Dhan Yojana might have been a great success as far as opening bank accounts were concerned in the country as a whole but it was a massive failure in the tea gardens(Vikaram). This was realised by the Assam government only after demonetization program was launched and a haphazard attempt by the state government to make tea garden workers open up Jan Dhan accounts has as yet not been a success and why will it be? Tea Garden workers have been daily wage earners in Assam for the past 150 years- it cannot be reversed in just a few weeks' time (Nag).

It might look like a good deal, but it is actually not a very good deal for the agriculturalists. The sowing and harvesting of a farm which grows crops and vegetables are vastly different from the activities in a tea garden. So, tea garden workers are far slower in completing their work than the laborer's usually employed by the farmers. This means extra income for the middle men but loss for the agriculturalists. The tea garden workers' communities are also facing a lot of uncertainties due to this new ad hoc system coming into play.

OBJECTIVES AND METHODOLOGY OF THE PAPER

The present paper contains mainly demonetization activities in India. To study the Demonetization and its impact on Indian economy in India. To study the merits and demerits of Demonetization. The paper purely based on the secondary data. The secondary data collected from various reports of the Reserve Bank of India (RBI). The literature also gathered from Books, News Paper and Esteemed Journals etc.

DEMONETIZATION AND ITS IMPACT ON INDIA ECONOMY

Demonetization technically is a liquidity shock; a sudden stop in terms of currency availability. It creates a situation where lack of currencies jams consumption, investment, production, employment etc. In this context, the exercise may produce following short term/long term/, consumption/investment, welfare/growth impacts on Indian economy. The intensity of demonetization effects clearly depends upon the duration of the liquidity shocks. Following are the main impacts.

1. Demonetization is not a big disaster like global banking sector crisis of 2007; but at the same time, it will act as a liquidity shock that disturbs economic activities in India.

2. **Liquidity crunch (short term effect):** liquidity shock means people are not able to get sufficient volume of popular denomination especially Rs 500 and 1000 Rupees. This currency unit is the favorable denomination in daily life. It constituted to nearly 49 per cent of the previous currency supply in terms of value. Higher the time required to resupply Rs 500 notes, higher will be the duration of the liquidity crunch. Current reports indicate that all security printing press can print only 2000 million units of RS 500 notes by the end of this year. Nearly 16000 mn Rs 500 notes were in circulation as on end March 2016. Some portions of this were filled by the new Rs 2000 notes. Towards end of March approximately 10000 mn units will be printed and replaced. All these indicate that currency crunch will be in our economy for the next four months.

3. **Welfare loss for the currency using population:** Most active segments of the population who constitute the 'base of the pyramid' uses currency to meet their transactions. The daily wage earners, other labourers, small traders etc. who reside out of the formal economy uses cash frequently. These sections will lose income in the absence of liquid cash. Cash stringency will compel firms to reduce labour cost and thus reduces income to the poor working class.

There will be a trickle up effect of the liquidity chaos to the higher income people with time.

4. **Consumption will be hit:** When liquidity shortage strikes, it is consumption that is going to be adversely affected first. When consumption declined automatically production of the state will be going to decline situation, this will lead to less employment opportunity of the nation. This condition will be facing the problem of low level Growth rate of the state it's one of the main factor of the declined Tax Revenue of our country (Nag).

5. **Loss of Growth momentum**- India risks its position of being the fastest growing largest economy: reduced consumption, income, investment etc. may reduce India's GDP growth as the liquidity impact itself may last three -four months.

6. **Impact on bank deposits and interest rate:** Deposit in the short term may rise, but in the long term, its effect will come down. The savings with the banks are actually liquid cash people stored. It is difficult to assume that such ready cash once stored in their hands will be put into savings for a long term. They saved this money into banks just to convert the old notes into new notes. These are not voluntary savings aimed to get interest. It will be converted into active liquidity by the savers when full-fledged new currency supply take place. This means that new savings with banks is only transitory or short-term deposit. It may be encashed by the savers at the appropriate time. It is not necessary that demonetization will produce big savings in the banking system in the medium term. Most of the savings are obtained by biggie public sector banks like the SBI. They may reduce interest rate in the short/medium term. But they can't follow it in the long term.

7. **Impact on black money:** Only a small portion of black money is actually stored in the form of cash. Usually, black income is kept in the form of physical assets like gold, land, buildings etc. Hence the amount of black money countered by demonetization depends upon the amount of black money held in the form of cash and it will be smaller than expected. But more than anything else, demonetization has a big propaganda effect. People are now much convinced about the need to fight black income. such a nationwide awareness and urge will encourage government to come out with even strong measures.

8. **Impact on counterfeit currency:** the real impact will be on counterfeit/fake currency as its circulation will be checked after this exercise. Demonetization as a cleaning exercise may produce several good things in the economy. At the same time, it creates unavoidable income and welfare losses to the poor sections of the society who gets income based on their daily work and those who doesn't have the digital transaction culture. Overall economic actives will be dampened in the short term. But the immeasurable benefits of having more transparency and reduced volume of black money activities can be pointed as long term benefits.

MERITS AND DEMERITS OF DEMONETIZATION

The demonetization policy will help India to become corruption-free. Those indulging in taking bribe will refrain from corrupt practices as it will be hard for them to keep their unaccounted cash. This move will help the government to track the black money. Those individuals who have unaccounted cash are now required to show income and submit PAN card for any valid financial transactions (Rajkumar). The government can get income tax return for the income on which tax has not been paid. The move will stop funding to the unlawful activities that are thriving due to unaccounted cash flow. Banning high-value currency will rein in criminal activities like terrorism etc.

The ban on high value currency will also curb the menace of money laundering. Now such activity can easily be tracked and income tax department can catch such people who are in the business of money laundering. This move will stop the circulation of fake currency. Most of the fake currency put in circulation is of the high value notes and the banning of 500 and 1000 notes will eliminate the circulation of fake currency (Lahiri).

This move has generated interest among those people who had opened Jan Dhan accounts under the Prime Minister's Jan DhanYojana. They can now deposit their cash under this scheme and this money can be used for the developmental activity of the country(Rajkumar). The demonetization policy will force people to pay income tax returns. Most of the people who have been hiding their income are now forced to come forward to declare their income and pay tax on the same. Even though deposits up to Rs 2.5 lakh will not come under Income tax scrutiny, individuals are required to submit PAN card for any deposit of above Rs 50,000 in cash. This will help the income tax department to track individuals with high denominations currency. The ultimate objective is to make India a cashless society. All the monetary transaction has to be through the banking methods and individuals have to be accountable for each penny they possess. It is a giant step towards the dream of making a digital India. If these are the merits, there are demerits of this policy as well.

The announcement of the demonization of the currency has caused huge inconvenience to the people. They are running to the banks to exchange, deposit or withdraw notes. The sudden announcement has made the situation become chaotic. Tempers are running high among the masses as there is a delay in the circulation of new currency (Chaudhari). It has deeply affected business. Due to the cash crunch, the entire economy has been made to come to a standstill. Many poor daily wage workers are left with no jobs and their daily income has stopped because employers are unable to pay their daily wage.

The government is finding it hard to implement this policy. It has to bear the cost of printing of the new currency notes. It is also finding it difficult to put new currency into circulation. The 2000 rupees' note is a burden on the people as no one likes to do transaction with such high value currency. Some critics think it will only help people to use black money more easily in future (Goyal).

Further, many people have clandestinely discarded the demonetized currency notes and this is a loss to the country's economy. Demonetization is a generations' memorable experience and is going to be one of the economic events of our time. Its impact is felt by every Indian citizen. Demonetization affects the economy through the liquidity side. Its effect will be a telling one because nearly 86 per cent of currency value in circulation was withdrawn without replacing bulk of it (Rajkumar). As a result of the withdrawal of Rs 500 and Rs 1000 notes, there occurred huge gap in the currency composition as after Rs 100; Rs 2000 is the only denomination. Absence of intermediate denominations like Rs 500 and Rs 1000 will reduce the utility of Rs 2000. Effectively, this will make Rs 2000 less useful as a transaction currency though it can be a store value denomination.

CONCLUSION

Demonetization technically is a liquidity shock; a sudden stop in terms of currency availability. It creates a situation where lack of currencies jams consumption, investment, production, employment etc. The announcement of the demonization of the currency has caused huge inconvenience to the people. They are running to the banks to exchange, deposit or withdraw notes. The sudden announcement has made the situation become chaotic. Its effect will be a telling one because nearly 86 per cent of currency value in circulation was withdrawn without replacing bulk of it. As a result of the withdrawal of Rs 500 and Rs 1000 notes, there occurred huge gap in the currency composition as after Rs 100; Rs 2000 is the only denomination. The government is finding it hard to implement this policy. It has to bear the cost of printing of the new currency notes. It is also finding it difficult to put new currency into circulation. The 2000 rupees note is a burden on the people as no one likes to do transaction with such high value currency. A very comprehensive critique of the ill-fated demonetization. It does not stop cross border terrorism... it is verily continued. It does not stop the fake currency, the very new Rs. 2000 notes are merrily faked even during this demonetization period.

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PENSION SYSTEM IN INDIA: POLITICAL AND ECONOMIC ISSUES

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PATIALA

ABSTRACT
Pension schemes have a very positive impact on the poor people of the country for enhancing the poverty. The analysis reveals that the lack of awareness, problems of funds, inappropriate planning and policies, and corruption etc. are the main problems accord under national pension system in the whole country. Major political and economic issues exhausted the power of pension schemes. The study finds that, the aged group of people becomes helpless to sprint the daily household tasks after retirement, exclusive of supplementary family support. The Study suggests strong political will and administrative commitment for efficient implementation, greater monitoring and regular reforms can change the pension system. Important changes on the policy and narrow fronts, healthier promotion and better pricing of goods can give this sector a much-needed improvement.

KEYWORDS
pension schemes, national social assistance programme (NSAP), reforms, social security.

INTRODUCTION

India, like most other developing countries, does not have a universal social security system to protect the elderly against economic deficiency. The debate on social security reforms have taken the centre stage in developed and developing countries as one of the most critical policy issues. The policy makers and economists intensely debating for an appropriate mechanism to confront the complex issues related to demographic burden to owing to aging, growing inability of the government to finance unfunded pensions, pressure on government budget due to increasing costs of retirement benefits. Pension reforms, have therefore become a hot pursuit for planners economists and policy makers in the country (Sadhak, 2004).

Multiplicities of problems plague the pension system in India. The ongoing disintegrate of the traditional old age maintained mechanism and the rise in elderly population highlights the need for intensification the recognized channels of retirement savings. The essential, more immediate reasons for pension reform are also well known tilted coverage of the obtainable benefit schemes favoring organized workforce while informal employment is on the rise, aggravation financial situation of government pension schemes against a surroundings of rising system expenditure, inequitable management of private sector workers vis-a –vis public sector employees, an under developed private pension market, and lastly they require to increase the domestic rate of savings from beginning to end higher contractual savings (Goswami, 2001). The pension (social security) system suffers from many short comings, like poor coverage, increased burden on the exchequer long term fiscal un-sustainability, absence of formal social security coverage to the unorganized and organized sector. The central government, states and union territories provide pension benefits to the public employees. Adding together, a large number of public and local bodies and autonomous institutions run their own pension schemes guaranteed by the government. The central government without help of administers divide pension programs for civil employees, defense staff and workers in railways, post, and telecommunications departments. These benefit programs are characteristically run on a pay-as-you-go, defined-benefit basis. The schemes are non-contributory i.e. the workers do not make a payment throughout their working lives. As a substitute, they pass by the employer's contribution into their provident fund account. The total pension expenditure is stimulating in the annual revenue expenditure account of the government. The occupied superannuation benefit is a monthly pension fixed at fifty percent of the average monthly earnings during the last year of service. The pension is indexed to provide an authentic allowance to the retirees. Public employees, in addition to their pension benefits are also sheltered under the General Provident Fund (GPF) scheme. The GPF is a non-contributory program where only employees themselves contribute a minimum of six percent of their monthly earnings. The accumulation underneath the GPF account is returned to the worker in lump sum at the time of retirement (Goswami, 2001).

Article 41 of the Constitution of India states "the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want". Social Security invalid and old age pensions figure as Items 23 and 24 of the Seventh Schedule of the Constitution of India in the Concurrent List. Several State Governments started social pension schemes for vulnerable groups, long before the Central Government (Report of the task force, 2013). The Employees Provident Fund Organization (EPFO) is a statutory body of the Government of India under the Ministry of Labour and Employment. It administers a compulsory contributory provident fund scheme, pension scheme and an insurance scheme. It is one of the largest social security organizations in India in terms of the number of covered beneficiaries and the volume of financial transactions undertaken. The EPFO's apex decision making body is the Central Board of Trustees (CBT). Pension system refers to the various mechanisms by which society protects its members from economically and socially, and other exigencies encountered by individuals or group are faced certain disadvantaged. An important first step towards a unified and inclusive pension policy framework for formal and informal sector workers was taken in 2004 when the government decided to bring new government employees into the New Pension System.

NEED OF THE PRESENT STUDY

The motivations for present study have provided by a universal lack of awareness on the subject of pensions in the society. Through the rate of growth in the ageing population be converted into faster than the young population, there is an imperative necessitate to move around about the future of retirement planning. Additional motivations for this study are the exclusive nature of society and family. The joint family system has windswept due to a boost in immigration from native places, therefore creating the vague family system. In such circumstances, the aged group of people becomes helpless to sprint the daily household tasks after retirement, exclusive of supplementary family support. Consequently, the researcher through the challenge to generate social awareness with respect to retirement planning in proceed and located a full platter of pensions, which would definitely help the people to overcome the anxiety in life after retirement.

Pension Structure - pension can be paid by two main ways, the first is called Pay as You Go where the young workers agree to pay the pension of retired people in lieu of a guarantee that their younger generation will track the suit. The structure is an unfunded scheme and has been principally accepted in several countries. In the second system, every individual of each generation contributes a share of their current income to a fund which accrues over a period of time. The returns on such assets or a segment on such accumulated assets is used for paying pensions. In equally of the ways there exist two significant characteristics, time and risk. This is because both provide an economic role of transferring income from working years to post retirement years. There is some risk that the authentic pension payments received will be less than those predictable when the plan was initiated (Sanyal and Singh,2013).

World Banks Three Pillars - In general, in the writing on pensions, three pillars are traditionally discussed (World Bank, 1994). The first pillar is provided by the state as part of its social security system. There are two types of pension categorization under this pillar. First, universal, where all the inhabitants are measured as eligible for pension benefits. Second, means-tested where a pension is provided to a resident after a resources (income, asset, participation in the labor force, retirement from paid employment, etc.) analysis. The first pillar is financed by collecting tax (part of the social security tax that the government raises) from workers and paying it out instantly to pensioners (PAYG System). The outgo mode in this system is in general Defined Benefit (DB) but in current times countries like Sweden and Poland are trying out with non-financial (or notional) defined contribution (NDCs) (Sanyal and Singh, 2013).

The second pillar is provided by the companies in the form of job-related pension schemes or plans sponsored by the employer. Job-related pension schemes are funded, a fund of pension assets accrues from the assistance paid by the employer (the scheme sponsor) and worker (the scheme member) and from the investment returns on these contributions. The pension is paid from the accrued fund once the associate retires. The outgo mode in this system, until recently was a Defined Benefit (DB) which is now changing to Individual Retirement Accounts (IRAs).

The third pillar represents supplementary savings for retirement where other assets can also be second-hand to provide income in retirement. To demonstrate, after retirement, individuals can sell, borrow or rent their homes to increase their expenditure power. Individuals can also choice to work after attaining retirement. This is from time to time called a fourth pillar of pension. This phenomenon can take place either by a choice or a compulsion as some persons prefers an unhurried entry into retirement at the same time others need means to meet their ends (Sanyal and Singh, 2013).

PROPOSED PENSION MODEL FOR INDIA

The recent initiates of the Government of India appear to indicate that we may follow the World Bank model for Pension Reforms in India. The viable model may be as under:

Pillar-I; Very modest means tested tax financial pension for people living below poverty line.

Pillar-II; D.C. fully funded individual retirement accounts with funds management entrusted to Private fund managers as recommended by the OASIS committee.

Pillar-III; Building pensions through occupation and personal pension initiatives through the liberalized life insurance industry (Sonig, 2002).

INDIAN PENSION SYSTEM: India has an extensive tradition of old age income support system. The perception of old age security in India dates back to the 3rd century B.C. According to Sukraniti, a king had to pay half of the wages for people who had completed forty years of service (Gayithri, 2007). Practices of civil service pension were evident way back in 1881 when the retirement benefits were provided by the Royal Commission on Civil establishments during the British colonial rule. The Government of India Acts of 1919 and 1935 made further requirements. These schemes were later consolidated and extended to provide retirement benefits to the whole public sector working population. Post-independence, several provident funds were also set up to make longer coverage in the middle of the private sector workers (Goswami, 2001). The Indian pension system classified as follows;

1. **Civil Service Pension Schemes-** central and state government employees accept pension under these schemes. The pension payments under these schemes were distinct benefits and were related to final salary. They were paid out of recent revenues of respective central and state governments. In recent times these schemes are shifting from Defined Benefit (DB) scheme to a defined contribution (DC) scheme for the new entrants (New Pension System) whereas the old scheme immobile provides pensions for employees who connected with the civil service preceding to 2004 and the armed forces.

2. **Employee's Provident Fund Organization Schemes (EPFO)-** The Employees' Provident Fund (EPF) came into existence on November 15, 1951. It was replaced by the Employees' Provident Funds Act, 1952. The Act and Schemes are framed and managed by a tri-partite Board known as the Central Board of Trustees, Employees' Provident Fund, consisting of legislative body of Government (both Central and State), employers and employees. The Board manages a contributory provident fund, pension scheme and an insurance scheme for the labor force occupied in the organized sector in India. It is one of the world's largest organizations in terms of customers and the amount of financial transactions undertaken by it. The Board is assisted by the EPFO and concluded three schemes; first, Employees' Provident Fund Scheme (EPFS), 1952 which is a mandatory saving scheme for old age/ contingencies. Second, Employees' Pension Scheme (EPS), 1995 which provides pension to members, widows, widower, children, orphans, physically disabled members and dependent parents or nominee. And third, Employees' Deposit Linked Insurance Scheme (EDLIS), 1976 which makes provision for insurance benefits to beneficiaries of members who died in harness.

3. **Occupational Pension Schemes-** The public sector enterprises have comparable type of pension provision, like civil servants. These systems are at present time changed and most of them have become contributory. The private sector enterprises also provide pensions and contribute in these types of schemes. On the other hand, the mode of payment of pensions varies from endeavor to endeavor. The enterprises sometime manage the fund themselves and sometimes mutually with pension providing companies.

4. **Public Provident Fund-** the Public Provident Fund initiated in 1968 stands as a charitable tax-advantaged defined contribution (DC) saving opportunity with personalized accounts. This scheme has been release to all general public (except non-resident Indians) but since it uses income tax rebates as incentives for clienteles, it has primarily paying attention for formal sector workers, who pay income taxes. The minimum contribution is Rs 500/- per annum and the maximum contribution is Rs.1, 00,000/- per annum. Withdrawals are allowed from the sixth year and a subscriber is permitted to withdraw the entire fund after the expiry of a period of fifteen years. As well as loan conveniences are offered from third financial year up to fifth financial year.

5. **National Pension Scheme-** National Pension Scheme has evolved over the years, after 2003. NPS was made operational from December 22, 2003 for all new recruits of central government employees (except for the armed forces) amalgamation service on or after January 1, 2004. The NPS originated based on the Old Age Social and Income Security project (GOI, 2000), Report of the Working Group (GOI, 2001) and Report of the High Level Expert Group (GOI, 2002) commissioned by the Central Government. These reports led to the setting up of a Pension Fund Regulatory and Development Authority (PFRDA) in October 2003 and introduction of a PFRDA bill in Parliament in 2005. An addition of the NPS occurred on May 1, 2009 when this scheme was comprehensive to all citizens. On December 1, 2010, the voluntary pillar was introduced. As of May 7, 2013, only 4,90,988 individuals have subscribed to the scheme, of which more than fifty percent are civil servants for which the scheme is mandatory (Sanyal and Singh,2013). To support general public from unorganized sector to open a pension account, government has started a new program, *swavalamban*, in which contributes Rs. 1000 per annum for each NPS account in 2010-11 to 2012-13.

6. **Micro Pension and Other Alternatives-** Micro-pensions are provided by micro-finance institutions. Micro-pensions stick to the requirements of very precise individual groups or local communities in substitute of low contributions and low quality. In stipulations of coverage, the largest part successful examples are Self-Employed Women's Association (SEWA). In 2009, 50,000 self-employed women were enrolled in SEWA's micro-pension scheme. On the other hand, micro-pensions are targeted to particular groups and can definitely be regarded as evaluate to achieve assured economically deprived groups but not the masses. Further alternatives are long-term saving options accessible by banks, and pension schemes accessible by insurance companies that offer the investor with a choice of funds.

7. **National Social Assistance Programme (NSAP)** -The National Social Assistance Programme (NASP) is a welfare programme being administered by the Ministry of Rural Development. This programme is being implemented in rural areas as well as urban areas. It was only in the year 1995 that the National Social Assistance Programme (NSAP) was introduced as a centrally sponsored scheme and this was converted into Additional Central Assistance (ACA) scheme in the year 2002. When NSAP was introduced in 1995, it had three components: (a) National Old Age Pension Scheme (NOAPS) providing a monthly pension of Rs. 75 to destitute of 65 years or higher; (b) National Family Benefit Scheme (NFBS) providing one-time assistance of Rs. 5000 in the case of death due to natural causes and Rs. 10000 in the case of death due to accidental causes of primary breadwinner in the age group of 18-64 years in a below poverty line household; and (c) National Maternity Benefit Scheme (NMBS) providing a lump sum cash assistance of Rs. 300 to pregnant women of 19 years and above for up to the first two live births in a below poverty line household in the whole India. NMBS was later transferred to the Ministry of Health and Family Welfare from 2001-2002. On 1st April, 2000, a new scheme with the objective of providing food security to the destitute called Annapurna was introduced to benefit justified to beneficiaries who could not be given assistance under the National Old Age Pension Scheme. In 2007 NOAPS was renamed as Indira Gandhi National Old Age Pension Scheme (IGNOAPS) and made applicable to all aged persons belonging to families living below the poverty line, instead of restricting it to destitute aged persons (Report of the task force, 2013). Further, in 2009, two more pension schemes for widows and the disabled were introduced in India. It is a centrally sponsored scheme with 100 per cent central assistance provided to states and union territories.

TOTAL FUNDS RELEASED UNDER NSAP- The total requirement of funds for the current proposal comes to RS. 3861.09 crore per annum. However, after taking into account the existing rate of assistance and number of beneficiaries, the net additional requirement for implementing the announcement comes to Rs. 1325.10 crore per annum (Annual Report, 2013). Table number 1.2 shows that total number of beneficiaries under NSAP in India and fund release under these programmes. Table shows the allocations Rs. in crore under NSAP from 2002-03 to 2012-13. In all these years total allocation almost increases. Funds releases Rs. 5162.00 crore

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in 2010-11 to Rs. 6596.47 in 2011-12 but funds decreased in Rs 5859.50 in 2012-13. Total expenditure also decreased in Rs. 4855.77 in 2012-13 from Rs. 6188.67 in 2011-12 under this programme. Figure 1 presents the share of different schemes under NSAP in government of India's funds and expenditure.

**TABLE 1.1: FUNDS RELEASE AND EXPENDITURE UNDER NASP IN INDIA**

Years	Allocation Rs.in Crore	Release Rs. in Crore	Total Exp. Rs. In Crore
2002-03	680.00	657.09	594.06
2003-04	679.87	602.26	655.97
2004-05	1189.87	1032.01	868.37
2005-06	1190.00	1189.71	1033.89
2006-07	2489.61	2489.61	1968.28
2007-08	2891.48	2889.73	3123.08
2008-09	4500.00	4500.00	3961.51
2009-10	5200.00	5155.50	4914.88
2010-11	5162.00	5162.00	5352.36
2011-12	6596.47	6596.47	6188.67
2012-13	8447.30	5859.50	4855.77
CAGR %	30.91	30.01	29.87

Source: Annual report 2012-13, ministry of rural development GOI

FINGER 1: PERCENTAGE OF CAGR OF FUND RELEASE AND EXPENDITURE UNDER NSAP IN 2002-03 TO 2012-13

Fund Release and Expenditures in different schemes in NSAP
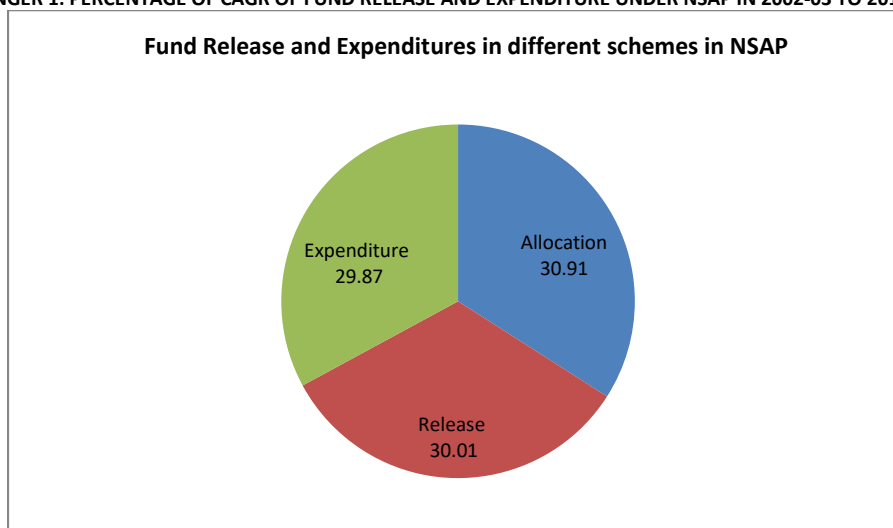
NSAP AT PRESENT HAS THE FOLLOWING COMPONENTS
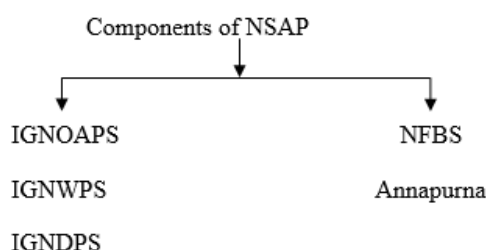
Indira Gandhi National Old Age Pension Scheme (IGNOAPS) – Old age social security plays a pivotal role in a welfare state and one of its major components is pension. The developed countries generally provide pension to those who contribute for pension whereas in majority of the developing countries pensions are provided on a discretionary basis which reduces the overall coverage of pension. India is no exception to this phenomenon and has a low coverage of pension too (Sanyal and Singh,2013). IGNOAPS is a national old age pension scheme in India. It was launched by ministry of rural development since 1964, as old age pension scheme. All persons of 60 years and above (revised downwards from 65 in 2011) and belonging to below the poverty line category according to the criteria prescribed by the government of India time to time, are eligible to be a beneficiary of the scheme. Improve central assistance under IGNOAPS from Rs. 200 per month to Rs. 300 per month for the age group 60-79 to make it equal to pensions under the other two schemes for this age group with effect from the financial year 2013-14. This amendment will need an additional expenditure of Rs 1762 crore per annum. These will assistance the obtainable 1.47 crore old age pensioners in this age group.

Indira Gandhi National Widow Pension Scheme (IGNWPS)- In practically all the states of India, there has been in existence a scheme since early 1 960s, addressing the destitute old and widows. The coverage of the scheme, in terms of the proportion of the population covered, differs from state to state principally because of the ceiling, on the maximum number to be covered, imposed explicitly or implicitly, by state governments out of financial consideration (Gulati and Gulati, 1995). IGNWPS is implemented by ministry of rural development, government of India. The pension is given to the widows aged between 40 and 64 years of age. The applicant should be a household below the poverty line as per criteria prescribed by the government of India. The pension amount is Rs. 200 per month per beneficiary and the concerned state government is also urged to provide the equal amount to the person. The pension will be discontinued if there is the case of remarriage or once the widow moves above the poverty line. Now a pension of Rs. 300 per month (from fiscal 2012-13) to be granted to widows aged 40-59 living below poverty line conditions. Pradhan of gram panchyat shall review the list of widows and report in case of remarriage. It is estimated that during the year 2011-12, 29 lakh beneficiaries would be covered the scheme.

Indira Gandhi National Disability Pension Scheme (IGNDPS)- persons with disability in India face many challenges. In India, the disability sector in general esti-mates that 4-5% of the population is disabled. The Department acts as a Nodal Agency for matters pertaining to disability and Persons with Disabilities including

effecting closer coordination among different stakeholders: related Central Ministries, State/UT Governments, NGOs etc. in matters pertaining to disability. Further government of India gives the central assistance of Rs. 200 per month per beneficiary to be granted to physically/ mentally handicapped individual in the age group of 18-64 years and belonging to a household living below the poverty line as per criteria prescribed by government of India. On reaching 60 years of age, the disabled who were getting pension under IGNDPS continue to get pension under IGNOAPS. It is estimated that during the year 2011-12, 14 lakh beneficiaries would have covered under the scheme. According to Census 2011, there are 2.68 crore Persons with Disabilities in India (who constitute 2.21 percent of the total population). Out of the total population of Persons with Disabilities, about 1.50 crore are male and 1.18 crore female. These include persons with visual, hearing, speech and loco-motor disabilities; mental illness, mental retardation, multiple disabilities and other disabilities (Annual Report, 2013-14).

Table 1.2 shows that the total number of Beneficiaries under NOAPS, NFBS, and Annapurana increased from 2002-03 to 2012-13, ratio of disable persons increase 729345 in 2010-11 to 794249 in 2011-12 but this ratio decreased in 2012-13 to 743806 persons in Lakh. under IGNWPS total number of beneficiaries increased from 3213467 in 20019-10 to 4130876 in 2012-13 in the whole country. This table present the condition of all beneficiaries that is increased from 2002-03 to 2012-13. Table shows that in every year number of beneficiaries increased but expenditure of funds decreased. This tendency shows that our plan interrelated to pension scheme are extremely pathetic. Figure 2 present the CAGR share of beneficiaries in thses schemes at the national level.

TABLE 1.2: TOTAL NO. OF BENEFICIARIES UNDER NASP IN INDIA

Years	NOAPS	NFBS	Annapurna	IGNWPS	IGNDPS
2002-03	6697509	85209	776173	-	-
2003-04	6624000	209456	1057155	-	-
2004-05	8079386	261981	820583	-	-
2005-06	8002598	276737	851654	-	-
2006-07	8708877	243972	871424	-	-
2007-08	11514026	334153	1051030	-	-
2008-09	15020640	423292	1011240	-	-
2009-10	16356058	342809	1015655	3213467	699680
2010-11	17081556	335044	958419	3425390	729345
2011-12	21384404	330240	778682	3628467	794249
2012-13	22318295	2910109	824001	4130876	743806
CAGR%	14.53	21.21	0.03	8.44	2.72

Source- annual report 2012-13, ministry of rural development GOI

FIGURE 2: PERCENTAGE OF BENEFICIARIES OF DIFFERENT SCHEMES UNDER NSAP IN 2002-03 TO 2012-13
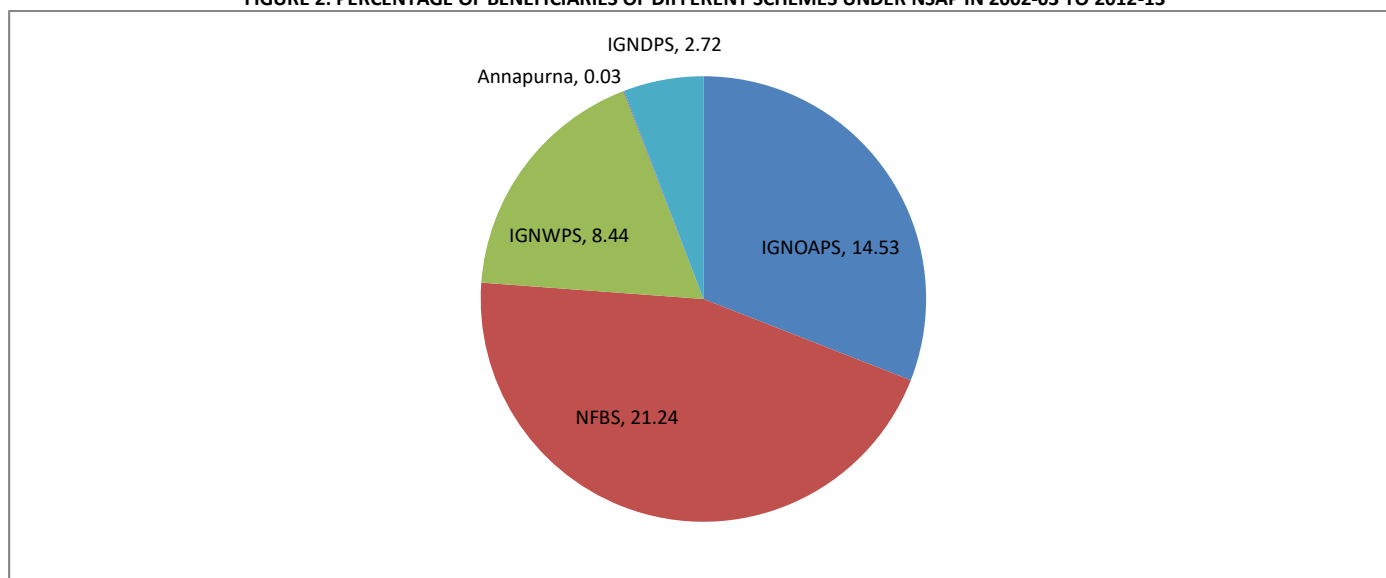
National Family Benefits Scheme (NFBS) - A grant of Rs 5000 in case of death due to natural causes and Rs 10,000 in case of accidental death of the "primary breadwinner" is provided to the bereaved household under this scheme. The primary breadwinner as specified in the scheme, whether male or female, had to be a member of the household whose earning contributed substantially to the total household income. The death of such a primary breadwinner occurring whilst he or she is in the age group of 18 to 64 years i.e., more than 18 years of age and less than 65 years of age, makes the family eligible to receive grants under the scheme. As per the present estimates, the number of cases to be covered under NFBS is 4.50 lakh. If the benefit is to be extended as recommended, the number is estimated to double to 9 lakh. The additional financial implication would be Rs. 900 crore per annum (ministry of rural development, 2013-14).

Annapurna- scheme is a centrally sponsored scheme which has been executed since 1st April, 2000 in India. This scheme aimed at providing food security to meet the requirement of those senior citizens who, though eligible, have remained uncovered under the NOAPS. Under the Annapurna Scheme 10 kg of food grains per month are provided free of cost to the beneficiary. The numbers of persons to be benefited from the scheme are, in the first instance, 20 per cent of the person's eligible to receive pension under NOAPS in States/ UTs.

PENSION SCHEME: POLITICAL AND ECONOMIC ISSUES

The main purpose of any social security system is the condition of a socially sufficient and reasonable retirement protection system on a sustainable basis. Political leaders and economist as a complete have a strong concentration in ensuring not only that each provident and pension fund organization is managed professionally and competently but also that their broader concerns about economic possessions and future development of the pension system of the country (Asher, 2003). The ministry of finance in 1999 instituted a high level expert group to study the pension accountability of the government of India; even though the OASIS recommendations were dismissed similar recommendations emerged for reforming civil service pensions were announced in 2003. In 2004 an interim normal, the Pension Fund Regulatory Development Authority (PFRDA) was established; on the other hand, it failed to receive legislative support in parliament till 2013 because of pointed political opposition from members of the coalition government. United Progressive Alliance (UPA) government introduces the new pension scheme on 1st April, 2008 that state government would also accept the scheme as states have differing fiscal capacities and were under pressure to finance current pension expenditure as of August 2013, 26 out of 28 states have notified their version of the national pension scheme for the civil servants but only 23 of them have been made operational (Bali, 2014). The lok sabha passed the pension fund regulatory and development authority bill 2011 which pension bill has been execution flames

since 2005 when it was first introduced in the parliament. It was again reintroduced in 2011. Finance minister P. Chidambaram said 26 states have joined national pension scheme and it would help enlarge pension benefits for more people. The pension bill could assist channelize funds into building long term assets for the country including the infrastructure sectors. The UPA government desires to simplicity rules for insurance and pension sector to permit them to invest in infrastructure till 2017. Consistent with India's federal structure its pension system has evolved gradually with individual programs being added in an ad hoc manner by both central and state governments. The pension system has lacked a universal program. Presently programs are administered by both central and state governments and by challenging government agencies including the ministry of finance ministry of labour and ministry of rural development (Bali, 2014).

In the election time 2014 all the political parties initiate positive scheme to win the next election in a country. UPA-II government passed the pension bill to ensuring the old age people in the entire country. In the general election 2014 Bharatiya Janata Party started his political campaign with "sabka saath, sabka vikas", "ek bharat-shreshtha bharat". BJP party says that he committed to the welfare of senior citizens, particularly their pension security, and will obtain actions to agreement with the issues related to the pension scheme in the whole country. To provide financial support invest in setting up and improving old age homes and improve the social security system. After winning the 2014 election prime minister Narendra Modi launch the three major social security on May 2015 in Kolkata; namely, The Pradhan Mantri Suraksha Bima Yojana (PMSBY), The Pradhan Mantri Jeevan Jyoti Bima Jojana (PMJJBY), and The Atal Pension Yojana (APY). These schemes are aimed at providing affordable universal access to essential social security protection in a convenient manner. Finance Minister Mr. Arun Jaitley say this major schemes launched by the BJP government, these scheme were announced in the union budget on 28 February 2015, by the finance minister. Mr. Rahul Ghandi says that all the schemes and programmes started by the UPA-I and II government but now BJP government just change her name and launched it again in a country. The two schemes PMSBY and PMJJBY will provide insurance envelop in the case of death as well as death/disability due to an accident. The pension scheme APY will attend to old age income security needs. PMSBY will offer a renewable is year accident death cum-disability cover of Rs. 2 lakh for partial/permanent disability to all saving banks account holders in the age group of 18-70 years for a premium of Rs. 12 per annum per subscriber. PMJJBY will offer a renewable one year life cover of Rs. 2 lakh to all saving banks accounts holders in the age group of 18-50 years covering death due to any reason for a premium of Rs. 330 per annum per subscriber. The centre and state government and union territories provide pension benefits to the community workers. In accumulation a large number of public and local bodies and autonomous institutions run their own pension system guaranteed by the government. The central government alone administers separates pension programs for civil employees, defense staff and workers in railways post and telecommunications departments. There benefit programs are classically run on a pay-as-you-go defined benefit basis (Goswami, 2001). Both developed and developing country are facing the problem of pension reforms but there is no suitable model of reforms and every country has adopted its personal pension system, that is depends on socio-economic and political needs. Indian pension system face many short coming like poor coverage, lack of funds and knowledge, and offensive planning. Pension system must be fiscally and politically sustainable to achieve their income maintain objective. Unsustainable pension system can be a barrier to fiscal stability, economic growth and poverty reduction. Over the past two decades need for pension reforms has become more urgent in customer countries, because demographic aging and the unprofessional conduct of pension systems have put a damage on government budgets which threatens to challenge macroeconomic stability and retirement income security (World Bank, 2006).

Pensions Reforms in India- similar to other countries India is also confronted with the problem of growing ageing and according to ballpark figure of Indian over 60 will grow from 76 million in 2000 to more than 218 million by 2030. Social Security System that prevails in India has not been very valuable to provide coverage to the presented population as well as to tackle the challenges emerging due to ageing and fiscal constraints. A serious consideration and debate is going in India to restore Indian Social Security System, and to put in place mechanism of, pension Security (Sadhak, 2004). The current levels of cash transfer under NSAP are small amounts and insufficient. It is a national responsibility to provide social security to the poor based on a norm which has to be linked to the minimum wage or poverty line cut off form. The national minimum wage which is not statutory was fixed at Rs.66 per day in 2004, and the current value would be around Rs.130. It has been argued that Old Age Pension should be at least half this amount which would make it Rs.1950 per month. If the poverty line fixed by the Tendulkar Committee is taken, averaging it across the rural and urban areas and factoring inflation, it would come to around Rs.950 per month. Correspondingly, assistance under National Family Benefit Scheme was fixed at Rs. 10,000 in 1995 which was around 80% of the per capita GDP. If that principle is adopted, the current value would come to around Rs.60, 000 (Report of the task Force, 2013). The last decade has been an observer to comprehensive reforms in the financial sector in India. The limitations of the current structure of the pension system and bring some critical issues pertaining to reform into focus. The failure of these reform initiatives therefore underlines the need for a lasting reform, adequately supported by a systematic approach. Three main issues are; first, the direct challenge for India is to design and implement a pension reform strategy capable of restoring the long run financial feasibility for public scheme. Second, important is to provide better returns to private workers through recreation of investment norms. And thirdly, the elimination of the huge majority of unorganized and informal workers under the current system is a serious negative aspect (Goswami, 2001). There is a need for making a positive step in the way of reforming the pension sector in India by the Central and State Governments.

Definitely, social security measures are very important for the common public who do not have sufficient sources to hold them for various reasons. These measures are generally comprised of employment security, health security, unemployment allowance, old age pension, maternity benefits, disability pension, dependency benefits, etc. Adequate social assistance should be given to the needy persons, who are satisfying the prearranged circumstances, preferably by the government out of its own revenue resources. The following suggestions are emerged for making improvement in the pension schemes in India.

➤ In view of the growing cost of living, prices of necessary commodities such as the food items and expenditure on health care, a larger majority of beneficiaries found the amount of obtainable pension Rs. 250/- per month per person as inadequate. Hence it is suggested that amount of Rs. to be increased for the accomplishment of all requirements of all the beneficiaries.

➤ The process to be appropriate for the schemes should be made simple and easier. On-line applications should be allowed at the earliest.

➤ For superior transparency in the selection procedure of the beneficiaries of all the pensions' schemes, the whole data for all the applicants (successful and unsuccessful) is uploaded on the department website after six month or every year. Such information interrelated to pension schemes show in every month at the level of village by panchyats and the level of wards by the municipal corporation in the urban areas.

➤ Beneficiaries of the scheme were receiving the money due to them under the scheme/s too late. To keep away from this ambiguity, it is suggests that there must be a fixed regularity of payment and every pension must be credited into the beneficiaries' bank account or post-office account by 7th of subsequent month.

➤ A greater part of the people in the country generally is dependent and measured as a financial burden on the family, their self esteem; health and all other common requirements well-being are low. Therefore, the government could believe universal pension and insurance reporting for all people to give them wisdom of significance and thoughts as a vital participant in nation building.

➤ The state should take satisfactory steps to fulfill all essential needs as well as food commodities to the needy poor, old people and to other defenseless sections of the society. There is also a need to have hygienic and suitable old age homes for the elderly where extraordinary care, medical assistance and shelter could be provided to them on a long root.

➤ Pension security measures must be made a individual face of the state and be made an significant component of social welfare programmes of the government.

➤ There is need to frequently supervise and evaluate the working of all pension security schemes for their superior achievement and also in the benefit of economic effectiveness. And a need to generate better awareness about these schemes among the selected representatives and beneficiaries.

CONCLUSION

The earlier studies discussed here built a strong case in favour of various social security and complementary pension schemes in India and across all other countries. Study examined some of the modern trends in the pension schemes need for reforms. The problem of aging population and other structural short coming are looking the old people commonly those who belonged to the working and non-working. The road ahead has a lot of challenges, which involve to be tackled efficiently for the system to increase to cover the unorganized sector, agriculture workers, provisional and casual workers and self-employed persons. Many

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political parties make an agenda for the pensions system in the election time. Many political factors are responsible for the frailer of this system in the whole country. The lack of proper information regarding the programmes is the main problem in the country. So provide the proper information regarding the programmes to each beneficiary by the village level, block level and district level.

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TO STUDY THE NATIONALIZE PLASTIC MONEY PAYMENT GATEWAY SYSTEM: RUPAY

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ABSTRACT
India as the fastest growing economy in the developing nations and is one of the favorite destination for the investors. As result of the investment, trade more and more of transaction are taking. Most of the transactions that are done are mostly electronic in nature to fast up the transaction process, ensure more security, easy settlement, big volume, to simplify and to reduce the transaction cost. So to reduce the time of transaction, to make transparency in transactions, etc. We can use plastic money instead of Cash transaction, which will be easier not only to the common people but also it is very helpful to govt. to know the flow of the money. India introduced the RuPay payment gateway. This paper tries to give the overview of the Rupay card, and discusses its future scope supporting data analysis and its advantages.

KEYWORDS
Rupay.

INTRODUCTION
Plastic money or polymer money, made out of plastic, is a new and easier way of paying for goods and services. Plastic money was introduced in the 1950s and is now an essential form of ready money which reduces the risk of handling a huge amount of cash. It includes debit cards, ATMs, smart cards, etc. Credit cards, variants of plastic money, are used as substitutes for currency. This book on plastic money is divided into two sections titled Concepts and Experiences. The former covers articles on the emergence of plastic money, different types of plastic cards and their growth in India and other related issues. An experience discusses the experiences of banks like Standard Chartered, Citibank, which deal with plastic money and their growth in the market.

MEANING & DEFINITION
Plastic money refers to cards, you use them whenever you want and pay. It makes it too easy for people to buy things, which makes it easier to get into debt. A slang phrase for credit cards, especially when such cards used to make purchases. The "plastic" portion of this term refers to the plastic construction of credit cards, as opposed to paper and metal of currency. The "money" portion is an erroneous reference to credit cards as a form of money, which they are not.

TYPES OF PLASTIC MONEY
DIFFERENT TYPES
➢ **CREDIT CARD**
• A credit card is plastic money that is used to pay for products and services at over 20 Million locations around the world. All you need to do is produce the card and sign a charge slip to pay for your purchases. The institution which issues the card makes the payment to the outlet on your behalf; you will pay this 'loan' back to the institution at a later date.
➢ **DEBIT CARD**
• Debit cards are substitutes for cash or check payments, much the same way that credit cards are. However, banks only issue them to you if you hold an account with them. When a debit card is used to make a payment, the total amount charged is instantly reduced from your bank balance.
• A debit card is only accepted at outlets with electronic swipe-machines that can check and deduct amounts from your bank balance online.
➢ **CHARGE CARD**
• A charge card carries all the features of credit cards. However, after using a charge card you will have to pay off the entire amount billed, by the due date. If you fail to do so, you are likely to be considered a defaulter and will usually have to pay up a steep late payment charge.
• When you use a credit card you are not declared a defaulter even if you miss your due date. A 2.95 per cent late payment fees (this differs from one bank to another) is levied in your next billing statement.
➢ **AMEX CARD**
• Amex stands for American Express and is one of the well-known charge cards. This card has its own merchant establishment tie-ups and does not depend on the network of MasterCard or Visa.
• This card is typically meant for high-income group categories and companies and may not be acceptable at many outlets. There are a wide variety of special privileges offered to Amex cardholders.
➢ **DINNER CLUB CARD**
• Diners Club is a branded charge card. There are a wide variety of special privileges offered to the Diners Club cardholder. For instance, as a cardholder you can set your own spending limit. Besides, the card has its own merchant establishment tie-ups and does not depend on the network of MasterCard or Visa.
• However, since this card is typically meant for high-income group categories, it may not be acceptable at many outlets. It would be a good idea to check whether a member establishment does accept the card or not in advance.
➢ **GLOBAL CARD**
• Global cards allow you the flexibility and convenience of using a credit card rather than cash or travelers cheque while traveling abroad for either business or personal reasons.
➢ **CO-BRANDED CARD**
• Co-branded cards are credit cards issued by card companies that have tied up with a popular brand for the purpose of offering certain exclusive benefits to the consumer.
• A debit card with a difference
• For example, the Citi-Times card gives you all the benefits of a Citibank credit card along with a special discount on Times Music cassettes, free entry to Times Music events, etc.
➢ **SMART CARD**
• A smart card contains an electronic chip which is used to store cash. This is most useful when you have to pay for small purchases, for example bus fares and coffee. No identification, signature or payment authorization is required for using this card.
• The exact amount of purchase is deducted from the smart card during payment and is collected by smart card reading machines. No change is given. Currently this product is available only in very developed countries like the United States and is being used only sporadically in India.
➢ **PHOTO CARD**
• If your photograph is imprinted on a card, then you have what is known as a photo card. Doing this helps identify the user of the credit card and is therefore considered safer. Besides, in many cases, your photo card can function as your identity card as well.

THE PAYMENT GATEWAY

FIG. 1

Steps in a Typical Payment Transaction
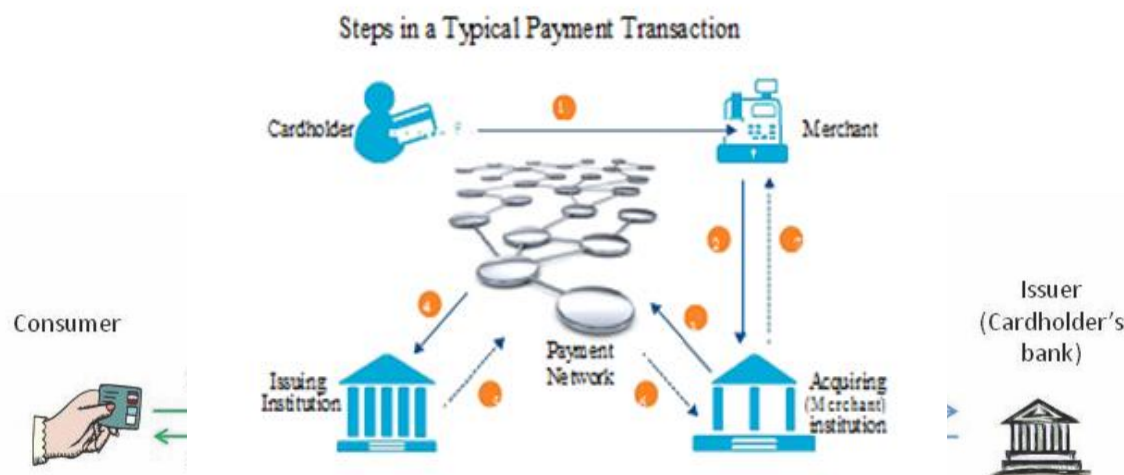
1. User buys goods from merchant and pays by using his banks card.
2. The merchant submits the purchase details to its financial institution (acquire).
3. The acquirer then sends the purchase details to cardholders bank through the
4. Card payment network (at this stage the merchant receives the "payment guarantee" and the card user receives his goods).
5. The cardholder's financial institution pays the acquirer the transaction amount less
6. the interchange fee (a default fee set by the network provider or a customized fee negotiated directly between the two financial institutions)
7. The acquirer then pays the transaction amount less a "merchant discount" to the merchant (the merchant discount may include interchange fee, cost of transaction processing, cost of service, acquirer's profit margin, and any other cost).

PLAYERS IN THE MARKET

GLOBAL MARKET

1) Visa
2) MasterCard
3) Union pay
4) Amex (American Express)
5) JCB
6) Discover

GLOBAL STANDARDS

FIG. 2: MARKET SHARE OF PURCHASE TRANSACTION WORLDWIDE, 2013
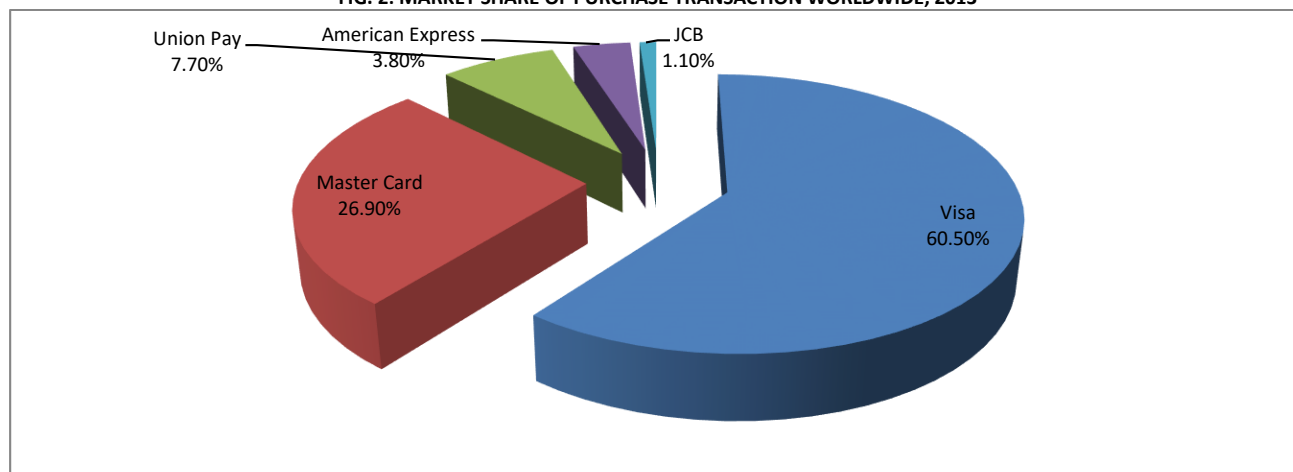
Source: Nilsan Report

INDIAN MARKET

1. Visa
2. MasterCard
3. Amex (American Express)
4. Discover
5. Rupay

OBJECTIVES OF THE STUDY

1. To study the integrations of plastic money payment system.
2. To study how plastic money, contribute for financial institutions in India.
3. To study the future of plastic money.
4. To study the opportunity of Rupay card in Indian market.

RESEARCH METHODOLOGY

The **Descriptive research methodology** is used to describe the study about the plastic money.

REVIEW OF LITERATURE

1. Mandeep Kaur and Kamalpreet Kaur (2008) in their article, "Development of Plastic Cards Market: Past, Present and Future Scenario in Indian Banking" conclude Despite the strong advances in e-payment, an estimated 90 percent of personal consumption expenditure in India is still made with cash which indicates tremendous growth potential of plastic cards.
2. Bansi Patel and Urvi Amin (2012) in their research paper "Plastic Money: Roadway Towards Cashless Society" discussed that life become more easy and it became possible to control money laundry and effective utilization of financial system. It is also helpful for tax legislation.
3. P Manivannan (2013) in his research paper "Plastic Money a way for cashless payment system" examined that Plastic money especially credit card is used by high income group. How- ever fixed income group or salaried classes also start using it. The facility extended to both urban and rural area.
4. Sushma Patel (2014) in her article, "Impact of Plastic Money on Banking Trends in India" examined that Indian customers find it easier to make payment through Debit Card and Credit Card rather than carrying too much cash. Use of cards has enhanced because product offering at a lower cost and that too with lucrative deals delighted with rewards scheme, bonus points etc.

OBJECTIVE FULFILLMENT
THE INTEGRATIONS OF PLASTIC MONEY PAYMENT SYSTEM

TABLE 1

1	The consumer selects a card for payment. The card holder data is entered into the Merchant's payment system, which could be the point-of-sale (POS) terminal/software ran e-commerce website.
2	The card data is sent to an acquirer/payment processor, whose job it is to route the data through the payments system for processing. With e-commerce transactions, a "gateway" provider may provide the link from the merchant's website to the acquirer.
3	The acquirer/process or sends the data to the payment brand (e.g. Visa,Master Card, American Express,etc.) who forward it to the issuing bank/issuing bank process
4	The issuing bank /process or verifies that the card is legitimate, not reported lost or stolen, and that the account has the appropriate amount of credit/funds available to pay for the transaction.
5	If so, the issuer generates an authorization number and routes this number back to the card brand. With the authorization, the issuing bank agrees to fund the purchase on the consumer's behalf.
6	The card brand forwards the authorization code back to the acquirer/processor.
7	The acquirer/process or sends the authorization code back to the merchant.
8	The merchant concludes the sale with the customer.

PROCESSING A PAYMENT TRANSACTION

A typical payment card transaction results in a two-way communication among multiple stakeholders. Each stakeholder has an incentive to be part of the payment network:
■ **Cardholder** – Using a card increases the convenience for the cardholder since he or she does not have to carry cash all the time. This reduces the risk of theft or loss.
■ **Merchant** – The merchant increases the chance of sale by accepting popular cards used by cardholders. Cardholders are more likely to spend in a store or channel that accepts cards.
■ **Merchant's Financial Institution** – The merchant's financial institution charges a fee called "merchant discount" for every transaction at the merchant's point of sale. This means the financial institution receives revenue from every sale.
■ **Card Issuing Institution** – The issuing bank charges a fee called "interchange fee" to the merchant's institution for every transaction. The more cards issued the more revenue the issuing institution can make off this fee.

PAYMENT CARD NETWORK PROVIDER

For every transaction, the payment card network provider charges fees for services provided to merchants and financial institutions.
Migration to electronic payments will have a huge positive impact on the overall economy. It will decrease the amount of cash with people and thus improve liquidity available with banks. In addition, electronic transactions leave an audit trail and help in reducing black money in the country. Prof. Ashish Das and Rakhi Agarwal in their Report "Cashless Payment System in India—A Roadmap" have estimated that every additional 1% increase in the use of cards in retail sales, will lead to a Rs. 28 crore savings in note printing cost (excluding the huge costs incurred for secured transportation, counterfeit detection / prevention, etc.). A study by The Payments Institute concluded: "A developed economy may spend 0.75% of GDP and an emerging economy up to 2% of GDP for maintaining cash supplies." Credit and debit-cards have increasingly become the preferred methods for consumers to pay for goods and services, making these forms of electronic payments an indispensable way for merchants big and small to conduct business. The trend of rising usage is predicted to continue for some time. Credit and debit card transactions surpassed more than 50% of all non-cash transactions by 2006, up from 42% in 2003, according to a tri-annual study by the Federal Reserve.

FIG. 3: IN-STORE TRANSACTION MIX, 1999 AND 2010
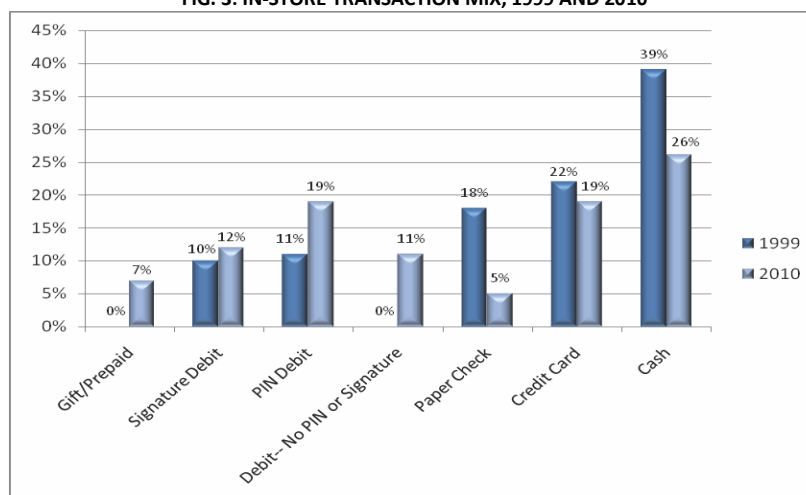
Source: Hitachi Consulting and BAI. "2010 Study of Consumer Payment Preferences," September 2010.

Thus, as time passes, it's no surprise cash has lost out to almost every form of electronic payments in stores. Cash transactions, at 10 per month in 2010, represented 26% of a customer's in-store purchases, down from 39% in 1999, according to a 2008 study by Hitachi Consulting and BAI. Credit cards decreased over the time period, from 22% to 19% transactions per month -- while debit cards continued their rise, accounting for 14 transactions per month in 2010, or 42% of all purchases, up from 21% in 1999.

- India's retail market is estimated at $ 450 billion (over Rs. 22 lakh crores), as per A. T. Kearney Global Retail Development Index. The card transactions at POS are estimated at Rs. 1.5 lakh crores in 2011-12 (Rs. 40000 crores in 2005-06) accounting for about 6.5% of the retail sales.
- As of Feb. 2012, there were ~273Mn Debit cards (Source: RBI). Debit cards issuance has increased at a CAGR of 22% over the last 5 years. Expected issuance by 2014-15 is ~ 450 Mn cards. The volume and value of debit card transactions have increased at CAGR of 30 and 34% respectively over the last 5 years. However then total debit card spending is a meager 0.5% of the GDP.

As of Feb. 2012, there were~17 Mn Credit cards (Source: RBI). In the last 5 years, banks have withdrawn credit cards from the market to curb delinquencies. Expected issuance by 2014-15 is~23Mn cards. The volume and value of credit card transactions have increased at CAGR of 7% and 11% respectively over the last5 years. Total credit card spending is a barely 1% of the total GDP.

The numbers of pre-paid card issued by banks are barely a few million and the market potential remains un-exploited. Non-banking entities have issued a large number of cards for closed loop and semi–closed loop usage. The Pre-paid cards can be issued as Pay-roll cards (for those who do not have bank accounts), travel cards, gift cards, transit cards, remittance cards, government disbursement cards, etc. According to Global Pre-paid Exchange, the market opportunity in India for pre- paid cards was estimated at $9.3 billion in 2011.
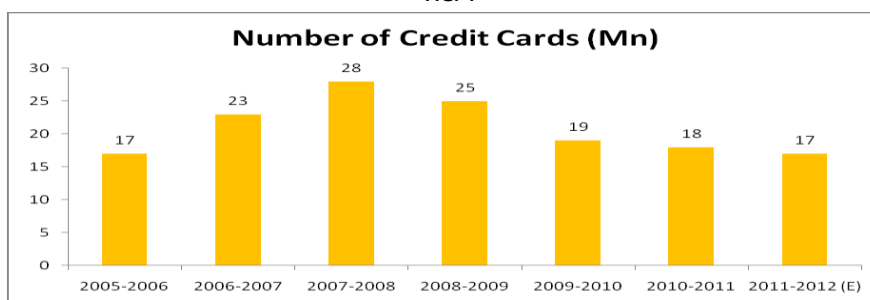
CARD USAGE IN INDIA AND OTHER COUNTRIES
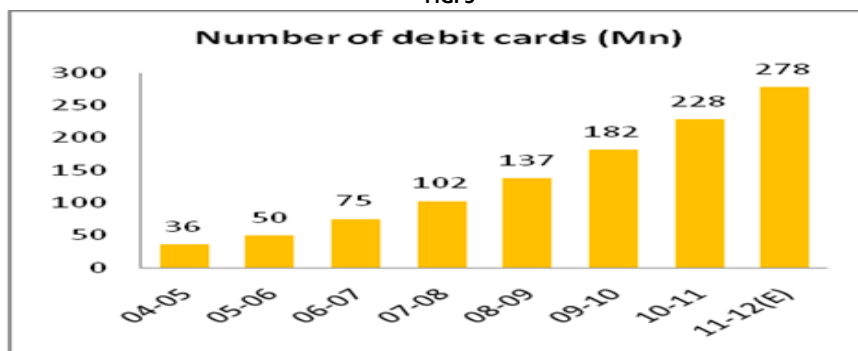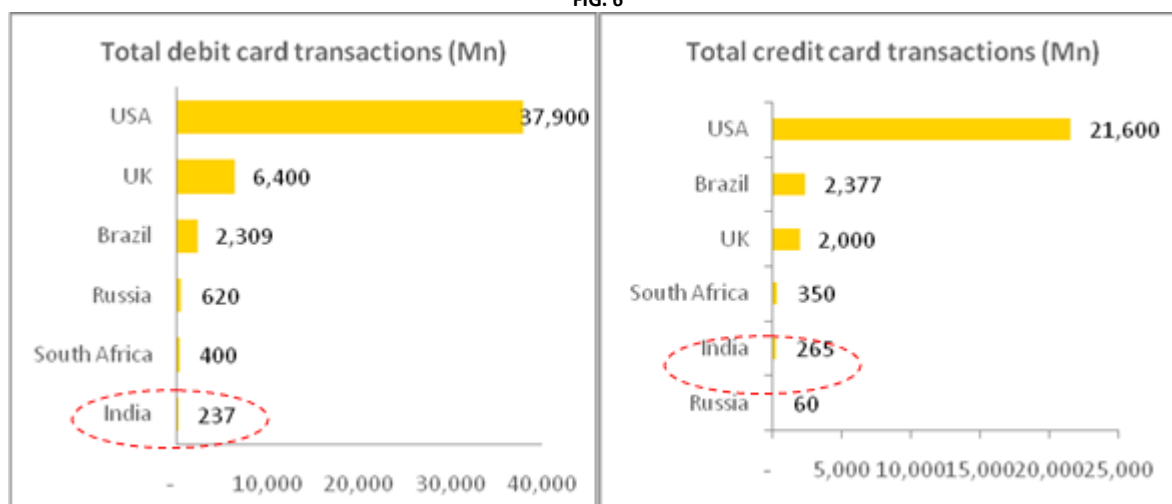
FIG. 4

FIG. 5

FIG. 6

Total debit card transactions Total credit card transactions

RUPAY CARD

"RuPay" the word derived from the adhesion of the two words rupee and payment, the name indicates a sense cof nationality. The RuPay icon or symbol consists of two colours saffron and green which denotes the colour of the Indian flag. The Rupay card was launched on 26th March, 2012 with the help of National payment systems in India. National payment systems in India, the pioneer institute in retail payment settlement in the India, described in the section (25) company in the company act. Initially India-Pay was the name suggested instead of RuPay but to remove the naming conflict, the later was accepted. The main objective of

introduction of RuPay by RBI is to offer the multilateral and domestic system to enable the Indian banks and financial institution to participate in the electronic payment. To make acceptance of the RuPay card globally National Payments Corporation of India enters into a strategic partnership with the Discover Financial Services. Finally on 8th May, 2014 Rupay card was dedicated to the present president of India, Pranab Mukherjee. The RuPay payment gateway linked to the 19 other payment links in the world that includes the countries like the US, UK, Singapore, China, Japan, Australia, Germany, South Africa, Canada etc. The RuPay supports the pin based transaction, it embedded with a microprocessor chip which contains the details of the card holders and highly secured as it is using EMV technology. The RuPay payment gateway is also similar to the other popular payment gateways like Visa and Master card. To make its application wider several steps has been adopted by the government by linking it various government incentive plans, to financial institutions, door for financial inclusion etc. The Roadmap for the RuPay mainly divided into different phases as explained below, as most of the phases have been implemented successfully.

After the announcement of Jan Dhan Yojana Scheme 174.5 Mn accounts opened. And 152.6mn out of 190 Mn Rupay Debit Cards issued under Jan Dhan Yojana. In Rupay, Banks pay a fee Rs. 2.5 for a 2000 transaction; this is Rs. 3.25 for global gateways such as Visa and Master Card. With Rupay, Banks are not required to pay Rs. 25 lakh entry fee or 10-30 lakh quarterly fees that is international gateway charges from banks
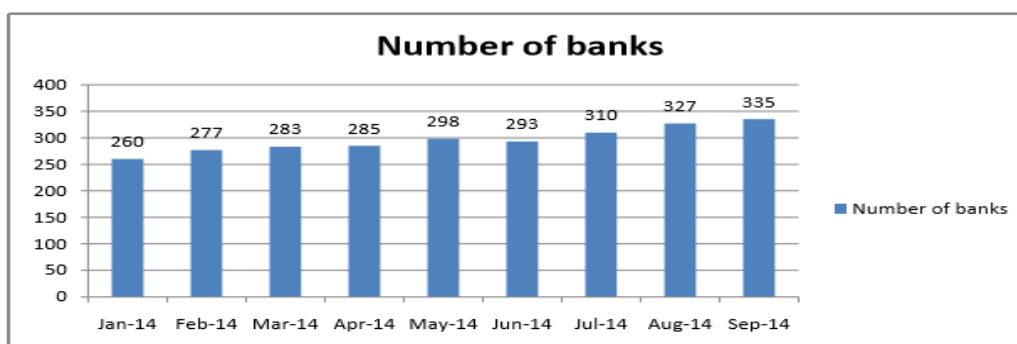
EYE ON FUTURE

Public sector Banks are likely to push for Platinum Cards to attract non-zero balance account holder away from global leader Visa and Master Card. NPCI is set to launch Rupay credit cards by coming year.

FIG. 7

FIG. 8

YEAR WISE NUMBER OF BANKS UNDER NFS

NFS member banks and number of ATMs in India we have a very different kind of banking system as of the rest of the world mostly we have the branch banking. Further Indian banking is classified as the RRBs, developmental banks, cooperative banks etc. The number of banks is increasing in each month in the NFS network. In future the same will dominate as RBI will give more banking licenses to the foreign and banks for micro areas of financing.

As the numbers of the member banks are increasing, as already discussed they are spreading by branch banking. Mainly banks are targeting the rural India especially as most of the populations are excluded from the financial system. The contribution to GDP by the non-corporate sector in India is 45%, which includes much small business mostly in the rural India. So what the banking are doing rather than putting the whole branch they are establishing the number of ATMs and POS. The figure below showing the number of ATMs increases over the period of time.

FIG. 9
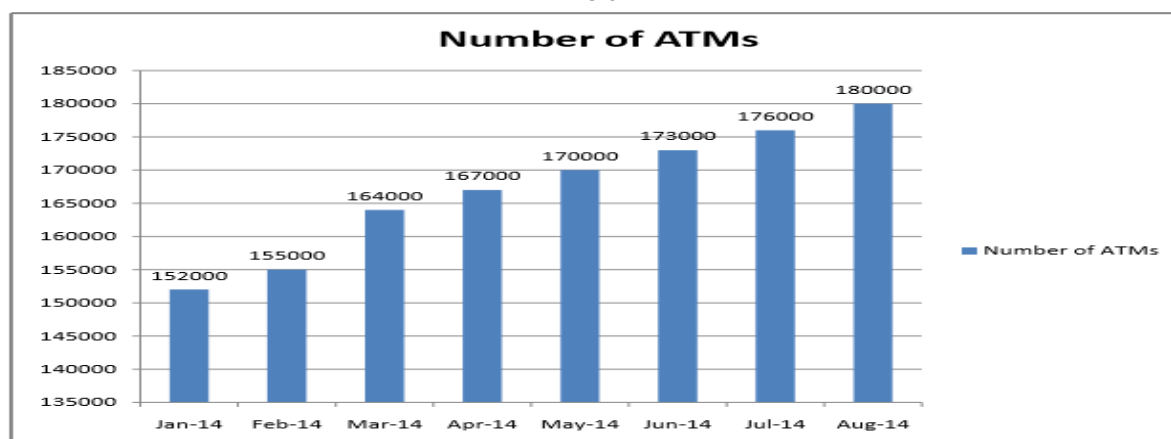
YEAR WISE NUMBER OF BANKS UNDER NFS

From the above two graph it is very much clear that the Rupay payment has huge market in the Indian scenario. Presently as of September 2014, it has 83 direct member banks with 1,75,066 numbers of ATMs; 196 sub member banks with 976 number ATMs; 49 RRB banks with 82 ATMs and 7 group of whit label ATMs with total 1,80,494 number of ATMs. The same trend is going to dominate in the near future also because major banks are working with the solution of different types of payment systems to make it easier for the customers or the user to give a wider range of options for payment.

FIG. 10
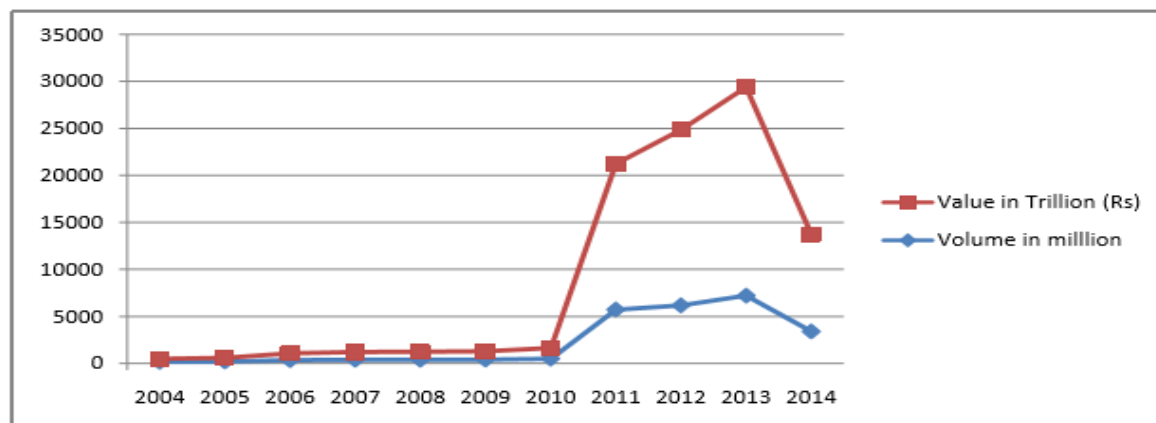
YEAR WISE TOTAL VOLUME OF CARDS USED AND THEIR VALUE OF TRANSACTIONS

Further breakdown the analysis to number of times the cards has been used and the value of the transactions made. The above graph showing the year wise increases in the usage of card and value of the transaction has been increased significantly. Especially after the year 2010 onwards per transaction more value of amount transacted.

To get into the deeper the usage pattern of the credit and debit card has been studied. The figure below is showing the total number of times credit card usage in the Point of sale and ATM transactions. Two important observation made from the graph is that the over a period of time the usage of credit card in both POS and ATM transaction has been increased. But mostly credit cards are used for POS transactions.

YEAR WISE GROWTH RATE OF CADS BOTH CREDIT AND DEBIT CARDS

TABLE 2

Year	Total Card Growth	Credit Card Growth	Debit Card Growth
2007	0.270468039	0.200892609	0.290452649
2008	0.224755424	0.200892609	0.265383341
2009	0.192340052	-0.230927356	0.24904596
2010	0.187405484	-0.162125806	0.218873656
2011	0.175076321	-0.049273036	0.190653201
2012	0.160079394	0.047268811	0.166931843
2013	0.161048727	0.021761703	0.168239691

Due to the development of the e-commerce and internet usage the online payment has been increased significantly year wise. Similarly, online ticketing, fees payment, ECS schemes, bill payment, salary payment etc., and usage of internet usage it also increase the mobile banking. The growth of mobile banking is increasing at very higher rate.

CONCLUSION

From the above discussion it is very much clear that the e-payment in any form is growing year wise and the need for it is more. To support it a strong and flexible IT infrastructure is needed to provide a smooth and secure transaction to sustain the competition from the world players like Visa and Master cards. Development of RuPay payment gateway helps to all banking and financial institution of India to reduce the overall cost and also to protect data in our country. In future it is going to be emerged as the future gate way of not only in India but also in the world. It also helps India to prevent loss in Indian GDP as RBI has to spend 2% of GDP for maintaining cash supplies.

They also more use of Rupay cards will reduces the amount of money which goes out as the payment of Visa and MasterCard's services.

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