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WOMEN IN LOCAL GOVERNANCE: A STUDY OF PRIS IN GANJAM DISTRICT**DR. URMALA DAS****DIRECTOR****WOMEN'S STUDIES RESEARCH CENTRE****BERHAMPUR UNIVERSITY****BERHAMPUR****SARBANI SANKAR PANIGRAHI****RESEARCH SCHOLAR****WOMEN'S STUDIES RESEARCH CENTRE****BERHAMPUR UNIVERSITY****BERHAMPUR****ABSTRACT**

Women constitute a major part of the population in India. Their role in politics is vital as they have been empowered by the Government of India by the 73rd amendment of the constitution by reserving one third of the seats for women in the Panchayati Raj system. It has brought to the historical change in Indian Politics. Even the Government of Odisha has taken a decision to increase the reservation seats to fifty percent for women at the PRI level. This not only empowered their position and status in the society but also affected the areas of politics in India. But, when reservation has been made for them and they have been selected, the question arises whether they are truly represented by the society or guided by the male members of their family? Whether they are the active participants in the election process or are under the control of their husband and other elderly male members of their family? The study attempts to answer all the questions of such types by collecting information from the PRI members who have been elected and elected in the process of local governance. The data have been collected by personal interview method, it has been seen that women act in accordance with the direction of male members in their family. They do not have self confidence to maintain their position in the field of local governance.

KEYWORDS

Governance, Decision making, PRI, Political Consciousness, social change.

INTRODUCTION

Among the three tiers of the federal government structure, local governance comes at the bottom or grass root level. Its focus is on people living in the areas of Panchayat Zilla Parishad etc. Reservation for women in local government is not just a question of getting a certain number of in; it also develops their capacities to play their rightful roles in the development process and makes an important difference as the local government deals mostly with the quality of life for citizens. Municipal responsibilities relate both to women's practical needs and their strategic needs. The better we meet women strategic need the better they are able to contribute to good city governance. Good local governance in turn, enables a better response to women's practical needs.

WOMEN AND LOCAL GOVERNANCE

Most local governments have initiated orientation / training programmes to encourage women to participate in local governance by organizing city-specific induction or theme- based training programmes, where in intensive training is given in various subject areas such as, municipal acts and its implementation, laws of meetings, municipal budgeting at ward level, municipal taxation, mobilisation resources, urban service delivery system (solid waste management, water supply, sewerage health care services, traffic and transportations), poverty alleviation schemes, community management, environment management , shelter programmes, new reforms in municipal administration, functioning of ward committees, motivation techniques, communication skills, women and development handling the media etc.

Bringing women to position of political power in local government is just the first step in social transformation. Gender sensitization of those in power, be they men or women, is of critical importance, Government departments, other institutions, non-governmental organizations, and women organization have undertaken several programmes to sensitise local governments about the issues and needs of women in their cities.

Women are changing governance in India by reservation policy under Panchayati Raj Institutions for local bodies. They are being elected to local bodies to the extent of one third of the total position at local level. Unprecedented numbers of women representatives have been elected as per provisions of the 73rd amendments of the constitution, the women whom PRI has brought into politics are now governing be it in one village, or a larger area such as 100 villages or a district. This process of restructuring the national, political and administrative system started as recently as January 1994 (Get comments from fellow members on such statements and record their reaction on the statement in the resource file).

It is too early to assess the impact of women entry into formal structures of government. But some evidence of women impact can be drawn from the experiences of PRI in the two states, which have experimented a full 5 year term of this new administrative and political regime (1987-1992). The sheer number of women that PRI has brought into the political system has made a difference. By 1994, 330,000 women had entered politics as a result of PRI and many more have been elected in the last two years. The percentage of women at various levels of political activity have shifted dramatically as a result of this constitutional change, from 4-5 percent before PRI to 25-40 percent after PRI. But the difference is also qualitative, because these women are bringing their experience of the state. In this way, they are making the state sensitive to issues of poverty, inequality and gender injustice.

REVIEW OF LITERATURE

There is a vast literature on women participation in politics and especially on women's participation in local governance. The studies undertaken enable us to know which have been studied and which area are remain untouched by the researchers.

Let us focus on few studies undertaken in this field.

Patel (1992) throws light in the statistics on women's participation in electoral process, which are not very encouraging. His findings point out that it is important not only to pressurize the political parties but also to make the leaders understand the significance of organizing systematic training of women possessing leadership qualities of carefully selecting women candidates and ensuring financial, technical and human resources for affirmative action.

Kumari and Kidwai (1996) find that the number of women in politics at the local level had been very small and their influence is negligible. Prior to 1990, the women in local politics were generally either politicians who had lost membership of higher institutions, and whose who were given such an opportunity to serve the purpose of publicity. In many cases, the motive was partially also to satisfy the aspirations of these few women, since they could be kept under virtual control and denied higher aspirations. The insignificant presence of women at these levels was an important indicator of two basic facts: one that women who

are planted at the top often lacked the kind of training required for effective participation, second the society was unable to accept women politics, particularly at the grass-root level.

Yadav and Anil Dutta Mishra (1997) in their study describe the status of women as, down the ages women have always been treated as subordinate to men in every aspect of life. Their place of work was confined to the domain of the household with household chores and rearing of children. Her identity was attached to that of her father, husband or son, i.e. she was given a status in accordance with that of her male partner. It is not that women in the past have not contributed substantially in politics, but because of their secondary status and low esteem, most of them were denied entry in political decision-making.

Nath (1998) analysed that the women's movement and groups have to recognise the importance of women as a constituency and ensure their participation and representation in policy formulation. This can be achieved through reorienting existing structures for entry into decision-making including the political party system and introduce quotas or reservation as a temporary means of women's representations. The movement should also provide a support system (women's group) for women who enter political processes to win elections. The women's groups working at the grass root level are small and scattered and have diverse ways of empowering women. There are not infrastructural facilities of networking available that could bring them together and strengthening them while allowing autonomy in their functioning. It is important to create unity in diversity between women's group organizations and individuals involved with women's empowerment. They need to adopt a common strategy, informed by a common vision, to be able to bring about changes in the policies and structures that perpetuate their subordinate status. Non-partisan women's groups should provide necessary moral and advisory support to women candidates to increase their chances of being elected to political offices. They should work towards enhancing the capacity of women candidates to win the elections by providing them with a forum whereby they could exchange ideas and experiences and learn from experts on electoral laws and politics and evolve issues and strategies to win elections.

Mishra Sweta (1997) in her paper "Women and 73rd Constitutional Amendment Act A Critical Appraisal", Social Action, Vol.44 16-30 outlines the marginal position occupied by the India women in the society and also in the political process due to socio-economic constraints. It outlines the evolution of the Panchayati Raj Institutions (PRIs) against this backdrop. It then gives a brief account of the position of women in the PRIs before the 73rd Constitutional Amendment Act. Finally, it examines the probable role of women in the context of the 73rd Amendment Act. It examines whether women will be able to exercise political power through this system, what hurdles are there on their way and finally how they can overcome there?

Narayana Shashi S. (1998) in his paper "Gender equality through reservation in decision-making Bodies", Social Action pg-147 discusses the need for political empowerment of women through reservation in its decision making bodies like parliament and state legislative in the same line as at "Panchayat" (village) level in India. The current economic and socio-political maladies along with increasing violence against women and children are attributed to the failure of male oriented polity. Representation of women in higher bodies of political authority has been considered a pre-requisite for the success of democracy at the grass-root level. However, the need for accountability and sense of commitment on the part of the elected women representatives is stressed. This requires a higher degree of awareness among women regarding health, literacy, gender and other relevant social, economic and political issues.

NEED/IMPORTANCE OF THE STUDY

For so many years, women lived under the shadow of men. Because of the social rules, culture, customs, limitation of education and lack of knowledge some men still think that women belong to men. Men largely control the public domain while women control the domestic one. In extreme cases, it is said that women who are working pose a kind of harassment to men, or that women are supposed to be supported by men. That is why women are still unprotected, under developed, and lack of knowledge in business and trade.

Actually, the situation of women has limited men too improving economic, social and environmental realities, as well as democratic participation in local, national, regional and international developments. Women have long been a suppressed group and they are dominated by male counterparts of society. The women are dominated by men in most advanced countries also. The practice can change by women's liberation movements, which have started from western countries. Level of development of a country is correlated with the status of women in that country. The nature of women's participation in political parties is greatly affected by the level of development of a country. The Panchayati Raj in India is an experimental in rural self-government. It is an autonomous local rural institution, rejuvenation and energisation of rural India is its chief goal. This study is undertaken how many women actually working in establishing the local self governance in the Panchayati Raj system.

SAMPLE

The present study confines with the PRI members of Ganjam district. It covers one developed block i.e. Chhatrapur and one under developed block i.e. Seragada of the district. The opinion of the PRI members both women and men regarding women in local governance comprise the core of the data which have been further analysed and interpreted for getting the result.

OBJECTIVES

The study has been undertaken to fulfill the following objectives

- To find out how many women are really involved in the PRI.
- To determine if there has been any correlation between their socio-economic lives with political life.
- To ascertain the extent of social change brought out due to women's entry into politics.
- To study how many women depend on their family members for rendering the duties assigned in PRI.
- Aim of our study is to document the voices of women representatives in the local government of Ganjam district in selected blocks.
- one of the objective of our study is to identify the shortcomings and the failure of the women PRI member in delivering the decisions in the public space.
- To strategise action plan for the capacity building of women PRI members.
- Baring on their felt needs.
- To analyse the nexus of class, caste and gender while contextualising their experiences in our study.
- To suggest the policy makers and planners the points of empowerment of women PRI members for a better future.
- To discuss whether entry of women in politics has become an agency of empowerment or not.

HYPOTHESES

The study is undertaken to examine the following hypotheses:

- Women representatives in PRI are positively oriented towards women's participation in politics.
- Women take decision by the help of their male counterparts in the society.
- Women are politically less active than their male counterparts.
- Women of the upper strata of the society are politically more advanced than those of lower strata.
- Women trust their family members for political decision-making.
- Political awareness and political efficacy of women are correlated with political participation.
- Educated women succeed in politics than uneducated women.
- Young women are more aware of politics than comparatively elder women.

RESEARCH METHODOLOGY

The study has been undertaken by following personal interview method to collect information with the help of a structured questionnaire including close-ended and open-ended questions on women representatives in PRIs. The method of the study is exploratory. The data have been collected by interview method. However, relevant documents from various secondary sources have been referred to make the study more comprehensive and trustworthy.

RESULTS AND DISCUSSIONS

The number of women participating in the PRI in Odisha has been increased due to the fifty percent reservation of seats for women as decided by the Government. So, it has made the difference in the political system of the state. The difference is not only quantitative but also qualitative, because these women are bringing their experience in governance of civic society into governance of the State.

In this way, they are making the State sensitive to issues of poverty, inequality and gender injustice measuring and assessing these qualitative changes is not easy, however. Furthermore, the immeasurable is sometimes invaluable. Thus, while much in this document is subjective and preliminary in character, it gives a strong indication of positive outcomes for gender-equitable governance and is very suggestive of areas for future research.

FINDINGS

1. Majority of the female representatives say that the decision making to stand in election was done by family members followed by support from the society.
2. 85% of PRI members say that their election campaign was done by female members. Male members also provided a helping hand in it.
3. They also express that the election campaign was dominated by male members. Female members only played their role in it.
4. Majority if the PRI members say that the political decision making was done by their family members. Hence, they act in accordance with direction of the male members.
5. Maximum number of women representatives say that they do not discuss about political affairs. Rather, they remain busy with the household work. For this, they shoulder the responsibility to the male persons living in the family, i.e., husband, father-in-law etc.
6. 90% of women favour the 50% reservation policy for women in PRI election in Odisha. 80% of men too praised this idea of the government.
7. 90% of women and 75% men also express their favour on the same kind of reservation in the Parliament and Assembly Election if possible.
8. Cent percent (100%) of the women respondents express that education is a vital factor for good political decision-making. 90% of men too support the above idea.
9. 93% of women PRI members express that there should be equal facilities or opportunities provided to women like men for their social upliftment.
10. 50% of women participate in political meetings. But they are actually guided by the male members. Few of them even expressed that they send the male members in the family to attend in the party meeting and some are also used to remain absent.,
11. 93% of women PRI members say that the change of society can be brought out by the entry of women into politics. 90% of men to support the above idea.
12. 90% of women say that they took decision by the help of male members in their family. They do not take decision of their own.
13. Majority of women PRI representation do not have general knowledge about the political affairs of their region and state.
14. The female PRI members say that their social prestige remain almost the same after being elected but the male members say the social prestige has been risen.
15. Women representatives express that an ordinary woman can succeed in politics but majority of male members opposed to this idea.
16. Majority men and women representatives say that they have taken developmental work for women as per the scheme of the govt. for women in rural areas.
17. Very few women express that they never aspire to go higher level whereas men have the interest to go to higher level if they will get scope.
18. Majority of women do not know about their work/duties in the Panchayat. Hundred percent, i.e. all men know about their works in the Panchayat.

RECOMMENDATIONS / SUGGESTIONS

Women's entry to PRI is a success story. But the measures at this success must be somewhat different from the indicators that are commonly used to identify success stories. Examples of such commonly used indicators include the capability (vision, insight, commitment) organizations of women or NGOs. to establish movements which generates ideas and prototypes for people led development activities. (e.g. Green Belt Movement in Kenya and the Sewa Movement in India), or the success of organised advocacy and pressure groups such as the "Support stockings" in Sweden and the Notational Women's Coalition of South Africa, in transforming political representation by putting direct pressure on the state from outside.

But in this storey, the success of PRI lies in possibility of women transforming the State from within, I argue that this new arrangement provides the first step to converting grassroots leadership into state leadership, which many feel is the key to ushering in equitable, people led development. What appears to be happening is that as women enter the structures of governance in large numbers, they are changing there structures so that they reflect more closely the concerns women?

CONCLUSIONS

The 73rd and 74th Amendment Act of India provided 33 percent reservation of seats for women in the grass-root level i.e. Panchayat/village level. The Govt. of Odisha too has taken initiative to increase the percentage of reservation to fifty by allowing more women to enter into the politics at the local self government. But, as it has been discussed earlier in this chapter, it has been seen that women act in accordance with the direction of male members in their family. They do not take decision of their own. Most of them were still now under the clutches of their husbands. They only maintain their job as a post office bearer. They do not have self confidence to maintain their position in the field of local governance. Majority of them only say that the change in the society can be brought out the entry of more women into the political field. They say education as compulsory for women in making decision by themselves. Majority of women do this job in a mechanical way as they do not have aspiration to go to higher level in future.

LIMITATIONS

The following are some of the limitations of the study

1. The study covers only two blocks of Ganjam District.
2. It collects the data from women representatives selected at random basis.
3. It collects the information also from elected male representatives.
4. It analyses the data by following simple statistics. It has been designed as per the responses given by elected representatives at PRI level.

SCOPE FOR FUTHER RESEARCH

The present study in limited to Chhatrapur and Seragada blocks of Ganjam district of Odisha. However, there is enough scope for future researches to opt other blocks of the same district, so that the conclusion will more generalised and representative of the population. They may also take other district of the state to present the effect of reservation in the political scenario of the state as a whole. This may help the policy makers of not only Odisha but also India to realize the participation of women and social change.

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APPENDIX / ANNEXURE

QUESTIONNAIRE

1. Name of the respondent :
2. Village: Block: Panchayat Ps: District Word in which he/she is elected.
3. Age:
4. Gender:
5. Caste: General/ OBC/SC/ST/ Others:
6. Mother toung :
7. Marital status : Married/ Unmarried / widow/ divorcee/ others :
8. Education qualification :
9. Present Status :

10. Occupation: House wife / working lady/ Male/ Student/ Old Lady/ others:
11. If working lady/ male, (i) What do you do? (ii) What is your monthly income?
12. Who is the head of your family? Father/ Mother/ Husband/ Wife/ Self/ others

POLITICAL PARTICIPATION

13. Did you decide yourself of someone has said to stand in the election?
14. Who were campaigning in the election?
15. Did women dominate in the election campaign?
16. Are you belonging to any political party?
17. Did you relate to any women organization before election?
18. If so, name the organization.
19. What type of works you have taken after being elected?
20. Do you decide yourself or guided by someone to decide after elected as a member of PRI?
21. What expenditure did you bear in the election?
22. From where did you get the fund?

POLITICAL AWARENESS

23. Do you discuss about politics with any body?
24. Since when you are in the political field?
25. Is the position reserved/ unreserved?
26. Do you agree with the fifty percent reservation for women in PRI on declared by the Government of Odisha?
27. In this manner, do you think this fifty percent reservation for women should be in assembly or parliament election?
28. Do you think education is necessary for political decision making?
29. In your opinion, women should get equal opportunity with man or not.
30. Do you participate in the meetings organized by any political party?
31. Do you participate in the discussion?
32. Do you sacrifice yourself while working in the office?
33. How many blocks are there in your district?
34. Who is the present chairman and Vice-Chairman of your block?
35. Who is the present MLA under Chhatrapur/ Hinjili constituency?
36. Who is the present MP? He /she belong to which party?
37. Who is the present Chief Minister? He /she is the leader of which party?

PARTICIPATION AND SOCIAL CHANGE

38. In your opinion do social changes be possible if women enter into politics?
39. Women should take decision by themselves or should depend on men?
40. Is there any change in your family after election?
41. What steps do you take to change your area society after being elected as a Member of Parliament?
42. Do the people pay more prestige to you after walking in the Panchayat?
43. Do the people respect all of your family members?
44. Do you think, an ordinary woman can get success than that of an educated woman?
45. What type of important do you get than man as a woman leader in the social-cum-cultural and political organization?
46. What type of important activities have you taken as a woman leader?
47. What development has happen in them?
48. Do you want to contest in the MLA/MP election in future?
49. If so what is your main aim?
50. What is your main duty being a Member of Parliament?
51. Have you shown yourself truly in your work?
52. What type of plan have you taken for development of your area in future?



MICRO-CREDIT THROUGH REGIONAL RURAL BANKS (RRBs)-A CASE STUDY OF SAPTAGIRI GRAMEENA BANK WITH FOCUS ON CHITTOOR DISTRICT

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ABSTRACT

The paper aims at studying the Micro-credit through Regional Rural Banks (RRBs)-A case study of Saptagiri Grameena Bank with focus on Chittoor district. Micro-credit means providing very poor families with very small loans to help them engage in productive activities or grow their tiny businesses. Micro-credit has received an extensive recognition as a strategy for poverty alleviation and for economic empowerment of the poor. In the last few years there is growing importance of micro-credit as it is considered as the most effective approach to economic empowerment of the poor in general and women in particular. Regional Rural Banks (RRBs) were established since 1975 under the provisions of the RRBs Act 1976 with a view to developing the rural economy as well as to creating an alternative channel to 'co-operative credit structure' in order to ensure sufficient institutional credit for rural and agricultural sector. In other words, RRBs were established to take the banking services to the door steps of rural masses especially in remote rural areas with no access to banking services. Basically, RRBs were introduced in to banking sector for the upliftment of rural economy. Though the vast network of bank branches of RRBs may definitely reached to the unreached poor of the rural India, as far the banking and financial services are concerned. The present paper seeks to examine (i) MFI-Bank Linkage Programme, Progress under MFI-Bank Linkage Programme (ii) Progress under Microfinance - Savings of SHGs with RRBs (iii) Progress under Microfinance – Bank loans disbursed to SHGs by RRBs (iii) Progress under Microfinance – Bank loans outstanding against SHGs of RRBs (iv) Progress of Saptagiri Grameena Bank in provision of Micro-Credit in Chittoor district (v) Credit linked, loans disbursed and outstanding loans against SHGs in chittoor district. It is concluded that Saptagiri Grameena Bank is pioneer in lending SHGs. The bank has been continuously standing first in SHGs financing in Chittoor district since inception of the scheme.

KEYWORDS

Micro-credit, Regional Rural Banks, SHGs

INTRODUCTION

Micro-credit is the extension of very small loans to impoverished borrowers who typically lack collateral, steady employment and verifiable history. It is designed not only to support entrepreneurship and alleviate poverty, but also in cases to empower women and uplift entire communities by extension. In many communities, women lack the highly stable employment histories that traditional lenders tend to require. Many are illiterate, and therefore unable to complete paper work required to get conventional loans from formal financial banking institutions.

Micro-credit is part of microfinance, which provides a wider range of financial services, especially savings accounts, to the poor. Micro credit is generally considered to have originated with the Grameena Bank founded in Bangladesh in 1983. Many traditional banks subsequently introduced micro credit despite initial misgivings. The United Nations declared 2005 the international year of micro credit. As of 2012, micro credit is widely used in developing countries and is presented as having 'enormous potential as tool of poverty alleviation.

HISTORY OF MICRO CREDIT

EARLY BEGINNINGS OF MICRO CREDIT

Ideas relating to micro credit can be found at various times in modern history. Jonathan Swift inspired the Irish Loan Funds of the 18th and 19th centuries. In the mid-19th century, Individualist anarchist Lysander Spooner wrote about the benefits of numerous small loans for entrepreneurial activities to the poor as a way to alleviate poverty.^[9] At about the same time, but independently to Spooner, Friedrich Wilhelm Raiffeisen founded the first cooperative lending banks to support farmers in rural Germany. In the 1950s, Akhtar Hameed Khan began distributing group-oriented credit in East Pakistan. Khan used the Comilla Model, in which credit is distributed through community-based initiatives. The project failed due to the over-involvement of the Pakistani government, and the hierarchies created within communities as certain members began to exert more control over loans than others.

MODERN MICRO CREDIT

Nobel laureate Muhammad Yunus, the founder of Grameen Bank, which is generally considered the first modern micro credit institution. The origins of micro credit in its current practical incarnation can be linked to several organizations founded in Bangladesh, especially the Grameen Bank. The Grameen Bank, which is generally considered the first modern micro credit institution, was founded in 1983 by Muhammad Yunus. Yunus began the project in a small town called Jobra, using his own money to deliver small loans at low-interest rates to the rural poor. Grameen Bank was followed by organizations such as BRAC in 1972 and ASA in 1978. Micro credit reached Latin America with the establishment of PRODEM in Bolivia in 1986; a bank that later transformed into the for-profit BancoSol. Micro credit quickly became a popular tool for economic development, with hundreds of institutions emerging throughout the third world. Though the Grameen Bank was formed initially as a non-profit organization dependent upon government subsidies, it later became a corporate entity and was renamed Grameen II in 2002. Muhammad Yunus was awarded the Nobel Peace Prize in 2006 for his work providing micro credit services to the poor.

DISTINCTIVE FEATURES OF MODERN MICRO CREDIT

(a) GROUP LENDING

Lending to groups has long been a key part of micro credit; micro credit initially began with the principle of lending to individuals. Despite the use of solidarity circles in 1970s Jobra, Grameen Bank and other early micro credit institutions initially focused on individual lending. Indeed, Muhammad Yunus propagated the notion that every person has the potential to become an entrepreneur. The use of group-lending was motivated by economics of scale, as the costs associated with monitoring loans and enforcing repayment are significantly lower when credit is distributed to groups rather than individuals. Many times the loan to one

participant in group-lending depends upon the successful repayment from another member, thus transferring repayment responsibility off of micro credit institutions to loan recipients.

(b) LENDING TO WOMEN

Lending to women has become an important principle in micro credit, with banks and NGOs such as BancoSol, WWB, and ProMujer catering to women exclusively. Pro Mujer also implemented a new strategy to combine micro credits with health-care services, since the health of their clients is crucial to the success of micro credits. Though Grameen Bank initially tried to lend to both men and women at equal rates, women presently make up ninety-five percent of the bank's clients. Women continue to make up seventy-five percent of all micro credit recipients worldwide. Exclusive lending to women began in the 1980s when Grameen Bank found that women have higher repayment rates, and tend to accept smaller loans than men. Subsequently, many institutions have used the goal of empowering women to justify their disproportionate loans to women.

MFI-BANK LINKAGE PROGRAMME

Micro Finance Institutions (MFIs) act as an important conduit for extending financial services to the micro credit sector in the country by raising resources from Banks and other institutions and extending loans to JLG / members. MFIs are of different legal entities viz. (1) NGO MFIs - registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1880; (2) Cooperative MFIs - registered under the State Cooperative Societies Act or Mutually Aided Cooperative Societies Act or Multi State Cooperative Societies Act; (3) NBFC MFIs incorporated under Section 25 of Companies Act, 1956; (4) NBFC MFIs incorporated under the Companies Act, 1956 and registered with RBI. The Reserve Bank of India has since notified guidelines for the lending operations to a new class of financial organizations named as NBFC - MFIs, subject to certain conditions regarding the capital to be employed, lending to members, cap on interest to be charged and margin to be retained, etc. The RBI amendment of fixing margin caps of 12% over the cost of borrowing rather than cost of funds to the MFI has done little to reduce cost of credit for poor. The loans extended to these NBFC-MFIs by banks now qualify for priority sector lending category.

PROGRESS UNDER MFI-BANK LINKAGE PROGRAMME

In addition to their internal resources, MFIs obtain bulk loans from Banks / other Financial Institutions for providing micro credit to its members.

TABLE-1: PROGRESS UNDER MFI-BANK LINKAGE PROGRAMME (Rs.crore)

Particulars	2009-10		2010-11		2011-12		2012-13	
	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount
Loans disbursed by Banks to MFIs	779 (34%)	10728.50 (187.4%)	471 (39.5%)	8448.96 (21.3%)	465 (1.3%)	5205.29 (38.39%)	426 (-8.4%)	7839.51 (50.6%)
Loans outstanding against MFIs as on 31 March	1659 (13.4%)	13955.75 (178.6%)	2315 (39.5%)	13730.62 (-2.0%)	1960 (15.3%)	11450.35 (-16.6%)	2042 (4.2%)	14425.84 (26.0%)
Fresh loans as % age to Loans outstanding		76.9		61.5		45.5		54.3

Source: NABARD, 2013

Note: 1 (figures in the parenthesis indicate percentage growth/decline over the previous year)

Note: 2 Actual number of MFIs availing loans from Banks would be less than the figures shown as most of MFIs avail loans from more than one Bank/more than one loan account.

After 3 years of the MF crisis, the MFIs seem to be on the path of regaining the confidence of the clients as well as with the lending institutions. Fresh loans issued to MFIs by Banks showed a 50% increase over the previous year low, while the number of MFIs having access to fresh loans declined by 8.4% indicating selective lending by the Banks. The spurt in loan outstanding in banks books is perhaps the highest compared to previous years. This could be largely due to the existing NPAs and large quantum of restructured assets (CDR), which continues to be a matter of concern.

The agency wise details of loans extended to MFIs are shown in Table-below

TABLE-2: LOANS TO MFIS BY BANKS/FINANCIAL INSTITUTIONS

Financing Agency	Period	Loans disbursed to MFIs During the year (Rs.crore)		Loan outstanding against MFIs As on 31 st March (Rs.crore)	
		No. of MFIs	Amount	No. of MFIs	Amount
All Commercial banks	2009-10	645	8038.61	1407	10095.32
	2010-11	460	7601.02	2153	10646.84
	2011-12	336	4950.98	1684	9810.98
	2012-13	368	7422.66	1769	12467.72
Regional Rural Banks	2009-10	46	24.14	103	52.22
	2010-11	9	4.16	23	42.01
	2011-12	113	13.28	128	37.51
	2012-13	14	4.58	153	70.66
Cooperative Banks	2009-10	0	0	3	0.01
	2010-11	NA	NA	NA	NA
	2011-12	4	1.61	19	4.75
	2012-13	3	4.00	18	6.83
SIDBI	2009-10	88	2665.75	146	3808.20
	2010-11	2	843.78	139	3041.77
	2011-12	12	239.42	129	1597.11
	2012-13	41	408.27	102	1880.63
Total	2009-10	779	10728.50	1659	13955.75
	2010-11	471	8448.96	2315	13730.62
	2011-12	465	5205.29	1960	11450.35
	2012-13	426	7839.51	2042	14425.84

Source: NABARD, 2013

Among the agencies lending funds to MFIs, the major share belonged to Commercial Banks recording over `2,500 crore increased disbursements, while Small Industries Development Bank of India (SIDBI) recorded a meagre increase of `160 crore disbursements over that of the previous year

REGIONAL RURAL BANKS AS A MICRO-CREDIT PROVIDERS

Besides the public and private banks in Indian banking sector, a new category of scheduled commercial banks came in to existence in 1976 when six Regional Rural Banks (RRBs) established under the Regional Rural Banks ordinance 1975. This ordinance was promulgated by the government of India on September 26, 1975. The ordinance was subsequently replaced by the RRBs act, 1976.

Although the commercial and cooperative banks achieved a high reach and disbursement of credit, there existed a vast gap in the area of rural credit. To fill this gap, a new set up of banks, namely RRBs was introduced in the banking sector. The RRBs were set up as banking institutions which combine the local feel and familiar with rural problems, which the cooperative possess and degree of business organization, ability to mobilize deposits, access to money markets and modernized outlook which the commercial banks have. The major objective of setting up RRBs was to develop the rural economy for providing for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural laborers, artisans and small entrepreneurs.

The number of RRBs rose from 6 in the 1975 to 196 in 2005. These 196 RRBs operate in 500 districts with a network of 14,313 branches excluding satellite branches and extension counters. After the commencement of consolidation and amalgamation process of RRBs initiated by the government in September 2005, in terms of section 23 A of the RRBs declined to 91 as on March 2009, operating in 25 states across 586 districts with network of 14,970 branches.

Basically, RRBs were introduced in the banking sector for the upliftment of rural economy. Through the vast network of bank branches RRBs may definitely reach to the unreached poor of rural India, as far as the banking and financial services are concerned.

TABLE-3: PROGRESS UNDER MICROFINANCE - SAVINGS OF SHGS WITH RRBs (Amount ₹ lakh).

Sr. No.	Period	Total Savings of SHGs with Banks		Out of Total - Under SGSY		Out of Total Exclusive Women SHGs	
		No. of SHGs	Saving amount	No. of SHGs	Saving amount	No. of SHGs	Saving amount
1	2008-09	1628588	198975	433912	77454.74	1336219	177115.36
2	2009-10	1820870	129937.49	462370	26850.40	1240342	99686.25
3	2010-11	1983397	143539.67	618032	33775.29	1649422	119244.83
4	2011-12	2127368	130013.93	691304	30194.22	1698705	103229.53
5	2012-13	2038008	152710.20	758306	61018.71	1683036	128054.08

Source: NABARD, 2009, 10,11,12,13.

TABLE-4: PROGRESS UNDER MICROFINANCE - BANK LOANS DISBURSED TO SHGS BY RRBs

Sr.No.	Period	Loans disbursed to SHGs		Out of Total - Under SGSY		Out of Total Exclusive Women SHGs	
		No. of SHGs	Loans disbursed	No. of SHGs	Loans disbursed	No. of SHGs	Loans disbursed
1	2008-09	405569	319349.01	81662	65527.74	355184	283439.65
2	2009-10	376797	333320.06	67531	68241.02	284120	273912.79
3	2010-11	296773	319761.59	75922	83848.02	257258	286447.78
4	2011-12	304809	502605.15	67873	98224.12	263478	455458.33
5	2012-13	312010	562652.22	58890	73536.00	273835	519987.39

Source: NABARD, 2009, 10,11,12,13.

Table 3 and 4 reveal that in respect of the aspect of SHG bank linkage RRBs have achieved phenomenal progress, particularly in rural and semi rural areas women SHGs have loans share in SHGs to whom loans disbursed and the loan amounts to SHGs.

TABLE-5: PROGRESS UNDER MICROFINANCE - BANK LOANS OUTSTANDING AGAINST SHGS OF RRBs

Sr.No.	Period	Total Outstanding Bank Loans against SHGs		Out of Total - Under SGSY		Out of Total Exclusive Women SHGs	
		No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding
1	2008-09	977834	522441.61	258890	150810.18	724179	414723.74
2	2009-10	1103980	614458.24	368795	172593.66	843697	467992.52
3	2010-11	1281493	743005.23	425492	232543.46	1116182	648931.55
4	2011-12	1293809	861357.81	476063	259879.86	1069035	734845.10
5	2012-13	1327367	1052122.91	460817	306837.35	1145086	908473.35

Source: NABARD, 2009, 10,11,12,13.

From table 5 it can be found that loan outstanding of the bank against SHGs has been increasing year after year during period 2008-09 and 2012-2013.

PROGRESS OF SAPTAGIRI GRAMEENA BANK IN PROVISION OF MICRO-CREDIT IN CHITTOOR DISTRICT

ABOUT THE BANK

Saptagiri Grameena Bank has been formed with the merger of Sri Venkateswara Grameena Bank, Chittoor district and Kanakadurga Grameena Bank, Gudivada, Krishna District w.e.f from 01/07/2006 with Head office at Chittoor, Chittoor District, Andhra Pradesh, in terms of Government of India GO dt 29/06/2006.

BANK OPERATIONAL AREA

Bank's Operational area is spread over across Chittoor and Krishna district in the state of Andhra Pradesh.

BRANCH NET WORK

The Bank is having 157 branches (102 branches in Chittoor district and 55 branches in Krishna district) and 1 Satellite Office. Of the 154 branches, 108 branches are in Rural, 37 are in semi-urban and 12 branches are in urban areas.

SHG Promotion and Bank Linkage by Saptagiri Grameena Bank.

The bank is pioneer in lending SHGs. the bank has continuously standing first in SHG financing in chittoor district since inception of the scheme. Credit linked, loans disbursed and outstanding loans against loans of Saptagiri Grameena Bank in chittoor district for three years were as follows.

TABLE 6-CREDIT LINKED, LOANS DISBURSED AND OUTSTANDING LOANS AGAINST SHGS IN CHITTOOR DISTRICT (Rs.in crores)

s.no	period	Credit linked during the year		Loans disbursed		outstanding loans against loans	
		No. of SHGs	Amount	No. of SHGs	Amount	Amount	%ge in total advance
1.	2010-11	14182	235.69	4375	24.75	48.79	27.81
2.	2011-12	16463	411.78	33676	558.46	16.31	25.23
3.	2012-13	16037	619.47	33862	563.00	27.62	22.89

Source: Head office books Saptagiri Grameena Bank, Chittoor.

Table 6 reveals that the amount of credit linked during year, Loans disbursed increased year by year. Percentage in total advance outstanding loans against SHGs decreased year by year.

CONCLUSION

Though statistical data regarding SHG bank linkage is impressive in terms of physical progress, that is number of SHGs linked to bank and financial progress that is in terms of SHG savings with banks, loans disbursed to SHGs all is not well with SHG bank linkage. At the National, a state and district level there is a huge supply-demand gap of credit. Credit itself is not cure all panacea for rural poverty alleviation to mitigate rural poverty they should be a holistic focus on rural poverties

house hold with a focus on implementing there financial capital, physical capital human capital and social capital those SHG which have entered the maturity phase or to graduate to the micro enter prises as collectivity entities or some of their members are facilitative to take of micro enterprise venture this ensures the mobility of SGH bank linkage programme as on effective strategy of eradication of rural poverty . It is concluded that Saptagiri Grameena Bank is pioneer in lending SHGs. The bank has been continuously standing first in SHGs financing in Chittoor district since inception of the scheme.

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ROLE OF PUBLIC PRIVATE PARTNERSHIP IN URBAN INFRASTRUCTURE: A CASE STUDY ON WEST BENGAL STATE IN INDIA

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ABSTRACT

Since last decade, rapid urbanisation has augmented the need for urban infrastructure in India. Due to paucity of public funds, Urban Local Bodies (ULBs) have to look for alternative sources for financing their infrastructure needs. Accessing capital markets and Public Private Partnership (PPP) have emerged as viable options to finance urban infrastructure. PPP is a sustained and long-term partnering relationship between the government and private sector for the purpose of providing or provisioning of public services or infrastructure. A number of PPP options have emerged in India and these includes- performance-based service contract, joint sector company to implement and finance the project, a management contract for operations and maintenance and construction cum build-operate-transfer contract. As on 31st July, 2011 a total of 758 projects awarded by the Government of India under PPP programme; value of contract being INR 383332 crores. Roads were the leading sector both in number and contract value. In West Bengal state 30 projects were in operation under PPP model and a majority of them targeted for urban development. In this paper the initiative of West Bengal state government in implementation of projects under PPP model for urban development is evaluated on the basis of secondary data.

KEYWORDS

Infrastructure, partnering relationship, Urban Local Bodies, private, public.

INTRODUCTION

In India, the level of urbanisation is growing at a rapid pace. Census data 2011 reveals that about 377 million (31 per cent of Indian population) live in urban areas; and this number will be jumped to 590 million at the end of 2030. In the coming years, the concentration of India's urbanization will be huge. As against one state currently (Tamil Nadu), about 5 states are going to be more than 50 per cent urbanized by 2030 as per McKinsey estimates (2010). The process of urbanization in India is mostly characterized by dramatic increase in the number of large cities. In 1951, there were only five metropolitan cities (with population of over 1 million), i.e., Kolkata, Mumbai, Chennai, Hyderabad, and Delhi. Their number increased to 12 in 1981, 35 in 2001 and 53 in 2011 and is further expected to be about 68 in 2030. Urbanization in India has become an irretrievable process, and an important determinant of national economic growth and poverty reduction. Urbanisation and growth are in fact two-way linked. While urbanisation is an inevitable outcome of the faster rates of growth, it is also a process that leads to growth. It is quite evident from the urbanization pattern in India that the rate of development is clearly related to the rate of urbanization. Generally, states with higher gross state domestic product (GSDP) have higher levels of urban population. Advanced states in India, such as, Gujarat, Maharashtra, Tamil Nadu and Karnataka are significantly more urbanized than Bihar, Odisha and Assam. In the coming decades, the urban sector will play a vital role in the structural transformation of the Indian economy and in maintaining the high rates of economic growth.

A growing urban population has been creating additional demands on infrastructure and services, requiring both short-term funds for their upholding as well as long-term funds for producing additional facilities. But the size of the fiscal sector of Urban Local Bodies (ULBs) in India is very small, especially in relation to the public services and also in comparison to many developing nations. The total municipal revenue in India accounts for about 0.75 per cent of the country's GDP as against a figure of 4.5 per cent for Poland, 5 per cent for Brazil and 6 per cent for South Africa. In terms of both revenue and expenditure, the ULBs account for only about two to three per cent of the combined revenue and expenditure of Central Government, State Governments and ULBs. The fiscal reforms initiated at the center since 1990's had put considerable pressures on the state finances, by reducing grants, subsidies, loans, and other forms of transfers from the central government; again the reform in the financial sector has been slowly reducing the "directed credit" component of the financial institutions. However, the reform had their own way for the private sector participation in the provision of urban infrastructure and civic services, thereby to an extent also enlarged the capabilities and resource base of the local governments. In this context, sub-national governments has been required to seek new sources of funding, including exploring the participation of private sector in service delivery.

The 74th Constitutional Amendment bestowed ULBs the responsibility to provide the urban infrastructure services like urban water supply, sewerage and sanitation, drainage and solid waste management. Traditionally, urban infrastructure has been financed mainly through budgetary allocations. Other financing options come from financial institutions like Housing and Urban Development Corporation and limited investments by the ULBs themselves through their internal resources. Funding from all these sources, however, fall far short of the urban sector's estimated investment requirements. Since public funds for these services are inadequate, ULBs have to look for alternative sources for financing their infrastructure costs. Market-based financing and Public-Private Partnership (PPP) have emerged as a viable alternative to finance urban infrastructure requirement.

PUBLIC – PRIVATE PARTNERSHIP (PPP): CONCEPTUAL ISSUES

A PPP is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are often referred to as Private Sector Participation (PSP), P3 or P3 (Asian Development Bank: 2006). It is a sustained and long-term partnering relationship between the government and private sector for the purpose of providing or provisioning of public services or infrastructure. With a common vision in place, the public and private sector bring to the table their own experiences and strengths resulting in accomplishment of common objectives. PPP is born based on the fact that government provision of goods and services should not only lay emphasis on finance but on the quality of goods and services. However, government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may offer a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by removing guaranteed annual revenues for a fixed time period. Through PPP, the public sector seeks to bring together the resources of the public sector and the technical expertise of the private sectors to provide services and goods to the public at the best value for money (Ministry of Finance, Singapore, 2009). With PPP as an alternative form of financing infrastructure project, the public sector will focus on the provision of infrastructure developments at the most cost-effective basis, rather than directly owning and operating infrastructures.

Typically, a private sector group forms a special company called a "special purpose vehicle" (SPV) to develop, build, maintain and operate the asset for the contracted period. In cases where the government has invested in the project, it is typically (but not always) allotted an equity share in the SPV. The group is usually made up of a building contractor, a maintenance company and bank lender(s). It is the SPV that signs the contract with the government and with subcontractors to build the facility and then maintain it. In the infrastructure sector, complex arrangements and contracts that guarantee and secure the cash flows make PPP projects prime candidates for project financing. A typical PPP example would be a hospital building financed and constructed by a private

developer and then leased to the hospital authority. The private developer then acts as landlord, providing housekeeping and other non-medical services while the hospital itself provides medical services.

There are usually two fundamental drivers for PPPs. Firstly, PPPs are claimed to enable the public sector to harness the expertise and efficiencies that the private sector can bring to the release of certain facilities and services traditionally procured and delivered by the public sector. Secondly, a PPP is structured so that the public sector body seeking to make a capital investment does not invite any borrowing. Rather, the PPP borrowing is incurred by the private sector vehicle implementing the project and therefore, from the public sector's perspective, a PPP is an "off-balance sheet" method of financing the delivery of new or refurbished public sector assets.

COMMON TYPES OF PPP MODEL FOLLOWED IN INDIA

While the preferred form of PPP model is the one in which the ownership of underlying assets kept by the public entity during the contract period and the projects get transferred back to the public entity at the end of the contract period, the final decision on the form of PPP is determined by using the value for Money Analysis. Following are the PPP model supported by the GOI -

- (i) **Modified Design Build (turnkey) contracts:** The design build contract provide benefits in the form of time and cost savings, efficient risk sharing and improved quality. The turnkey approach with milestone-linked payments and penalties of incentives can be linked to such kind of contracts.
- (ii) **BOT (build-operate-transfer) models:** The BOT form of model and it variants is the most common of PPP model used in India accounting for almost 2/3 rd of PPP projects in the country. The two major forms of PPP model are –
 - (a) User-free based BOT model – commonly used in medium to large scale PPPs for the energy and transport sub-sector, and
 - (b) Annuity-based BOT model – commonly used in sector or projects not meant for cost recovery through user charges e.g. rural, urban, health and education sectors.
- (iii) **Performance based management / maintenance contracts:** The PPP model that lead to improved efficiency and encouraged in an environment that is constrained by the availability of economic resources. The sectors meant for such form of PPP model includes water supply, sanitation, solid waste management, road maintenance etc.

HISTORY OF PPP

The history researchers show that as early as 1438, the French nobleman Luis de Bernam was granted a river concession to charge the fees for goods transported on the Rhine. Another well-known literature example of the concession of this type was the one that had been granted in 1792 in France to the brothers Perrier for water distribution in Paris (Wikipedia) Soon the French legal practice structured the so-called public works concession. The broad participation of private capital in public investments has found widespread use in the period since the turn of the seventeenth and eighteenth centuries to the end of the nineteenth century, when construction of infrastructure facilities (water channels, roads, railways) in Europe and later in America, China and Japan was funded by private sources under concession contracts. After the period of expanded government intervention in the infrastructure sector during the period from the late nineteenth century to the 1970s of the twentieth century the transformation of the infrastructure into market oriented economy became very popular in the 1980's and 1990's. In 1992 the UK started to implement Private Finance Initiative (PFI) a comprehensive program of the government, which was to cover the state-owned enterprises. Under PFI, the public sector became a purchaser of services provided by an entrepreneur, while the latter provided the necessary fixed assets for their implementation. Under this scheme the chore in the areas such as roads, subways, prisons, national defence, health care, housing for the administration and computerization are successfully implemented. In France, a popular model for establishing cooperation between public entities and private partners has, in the 1990's, become the *delegation de service public* institution. In Canada the federal conservative government under Stephen Harper solidified its commitment to P3s with the formation of a crown corporation, P3 Canada Inc, in 2009. The Canadian vanguards for P3s have been provincial organizations, supported by the Canadian Council for Public-Private Partnerships established in 1993 (a member-sponsored organization with representatives from both the public and the private sectors). From 1990 to 2009 nearly 1,400 PPP deals were signed in the European Union, representing a capital value of approximately €260 billion. However, since the onset of the financial crisis in 2008, estimates point out that the number of PPP deals closed has fallen more than 40 percent in the world.

EVOLUTION AND CURRENT STATUS OF PPP IN INDIA

For a fast-growing economy like India, a sustained growth rate of about 8–9 percent is feasible and necessary to maintain global competitiveness. The Approach paper for the Twelfth Five Year Plan (FYP) (2007-2012) set a target for infrastructure spending requirement of INR 40,992 billion (up from infrastructure spending level of INR 9,061 billion and INR 20,542 billion during the Tenth and Eleventh FYPs respectively) in order to attain a share of 10 % of the country's GDP. Around 50 % of such investment is estimated to come from the private sector against the average of 35.8 % contribution that was estimated in the Eleventh FYP. Therefore, the creation of world class infrastructure would require huge investments in addressing the deficit in quality and quantity, and it is necessary to explore the scope for plugging this deficit through implementation Public Private Partnerships (PPPs) in all areas of infrastructure projects like roads, ports, energy, etc.

The history of genesis and development of PPP projects in India can be divided into three phases –

Phase I (19th century and early 20th century): Few notable PPPs were found in the 19th century e.g. The Great Indian Peninsular railway Company (1853), The Bombay Tramway Company. In the early 20th Century PPP models were found in power generation and distribution sector at Mumbai and Kolkata.

Phase II (1991 – 2006): In post liberalised era, Government of India envisages that a significant role can be played by the PPP model in improving level and quality of economic and social infrastructure services. 86 PPP projects worth INR 340 billion were awarded till 2006 and most of the projects were in bridges and road sector.

Phase III (2006 onwards): Indian economy witnessing increasing acceptance of PPP model in urban infrastructure due to favourable policy reforms and innovative PPP structures. Number of PPP projects improved from 15 in 2006 to 758 in 2011 and value of contracts jumped by 46.29 times to INR 383332 crores during the same period (table 1). These projects spread over various sectors like health, education, energy, roadways, Railways, Airports, ports, tourism and urban development. Roads are the leading sector in terms of number and value of contract (405 and INR 176743 crores respectively) [table 2 and table 3]; and National Highway Authority of India (NHAI) is the leading user of PPP model. The other significant sector includes port (60 and INR 81038 crores), energy (56 and INR 67245 crores) and airport (5 and INR 19116 crores). Still there exist significant untapped potential for the use of the PPP model in e-governance, health and education sector. However, there is regional disparity in the initiatives on PPP projects. It was observed that across states and union territories, the leading users of Public Private Partnership Projects have been Karnataka (104), Andhra Pradesh (96), Madhya Pradesh (86), Maharashtra (78), Gujarat (63) and Rajasthan (59). In states like Chandigarh (2), Uttarakhand (2), Assam (4), Bihar (7), Uttar Pradesh (14) the initiative for PPP projects is minimum (table 4). So far value of PPP contract is concerned, top five states account for 58.3 % of total and bottom 10 states represent 3.5 %, thus indicating differences in attractiveness of investment by private sector.

PPP PROGRAMME IN WEST BENGAL STATE

The Government of West Bengal is now taking up several infrastructure projects including physical and social infrastructure with the objective of providing better and efficient public services. In addition to traditional public sources of funding for infrastructure projects, alternative sources of financing have gained importance in the recent times. Keeping in mind, the state government has introduced a state policy on PPP for implementation of various projects in the state.

OBJECTIVES OF THE PPP POLICY OF THE STATE

The broad objectives of the PPP Policy of the West Bengal state government are outlined below:

- To fix the principles for following projects on PPP basis;
- To support private sector investments and create a favourable environment so as to enable the state to utilize private sector efficiencies, innovativeness, capacity, flexibility and resources with the objective of developing both physical and social infrastructure at minimum cost;
- To provide a steady and transparent framework for identifying, structuring, awarding and managing projects under PPP model;
- To facilitate identification and creation of appropriate projects and assisting the concerned departments in effective project structuring, implementation and monitoring of the same ;
- To create an efficient institutional framework for speedy clearances of PPP projects;
- To create a regulatory framework for PPP Projects;

INFRASTRUCTURE SECTORS TO BE COVERED

The spectrum of PPP of the state will cover the followings -

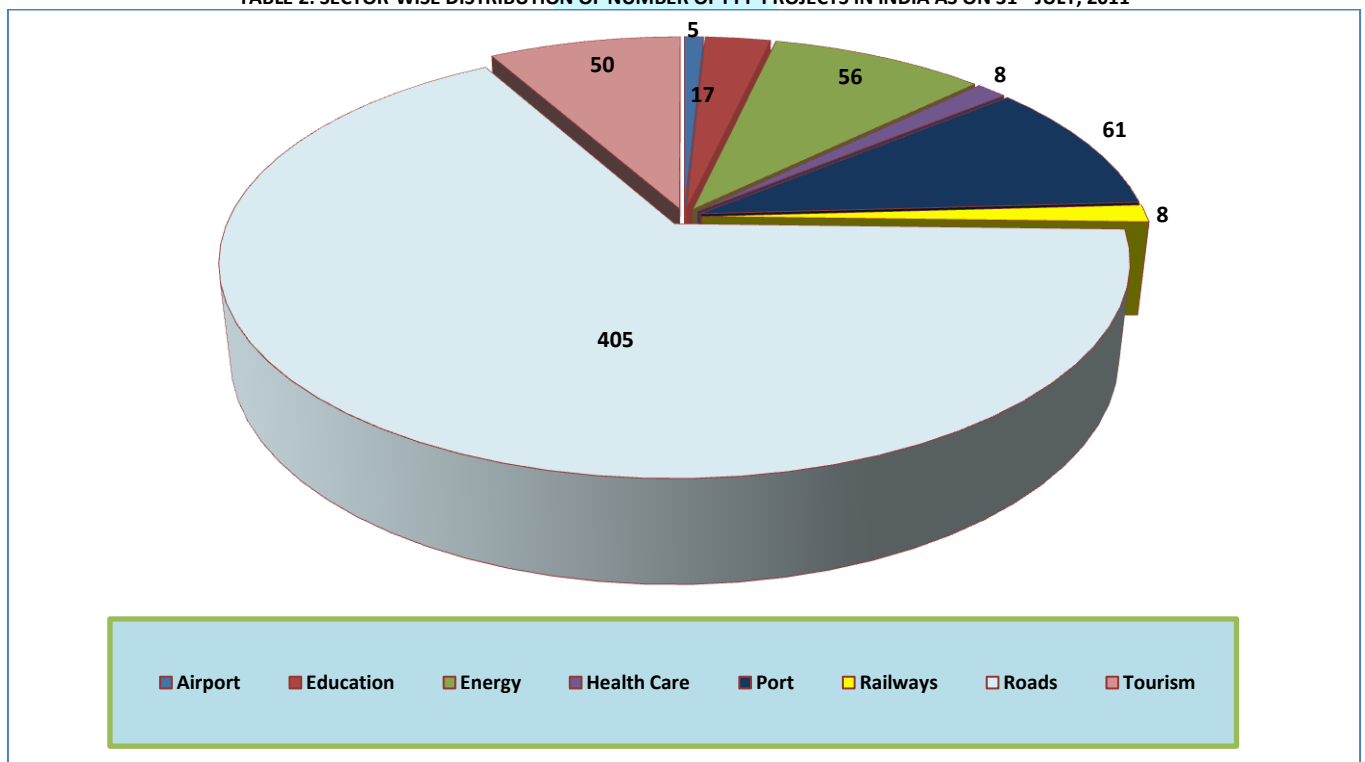
- Health (specific areas) * Education (specific areas) * Tourism related projects * Roads, bridges and bypasses * Airports, Airstrips and Heliports * Inland container depots and logistics hubs * Industrial parks, Theme Parks, Knowledge Parks, Special Economic Zones and Townships, Industrial Training Centres * Water Supply, Treatment and Distribution * Power generation, transmission and distribution systems * Solid waste management * Drainage and Sewerage * Inland water

TABLE 1: TRENDS OF PPP PROJECTS IN INDIA

Year	No of projects	Value of Contracts (INR crores)	Cost per contract (INR Crores)
2006	15	8280	460
2007	221	129575	586
2008	300	135876	453
2009	450	224176	498
2010	518	273847	529
2011	758	383332	506

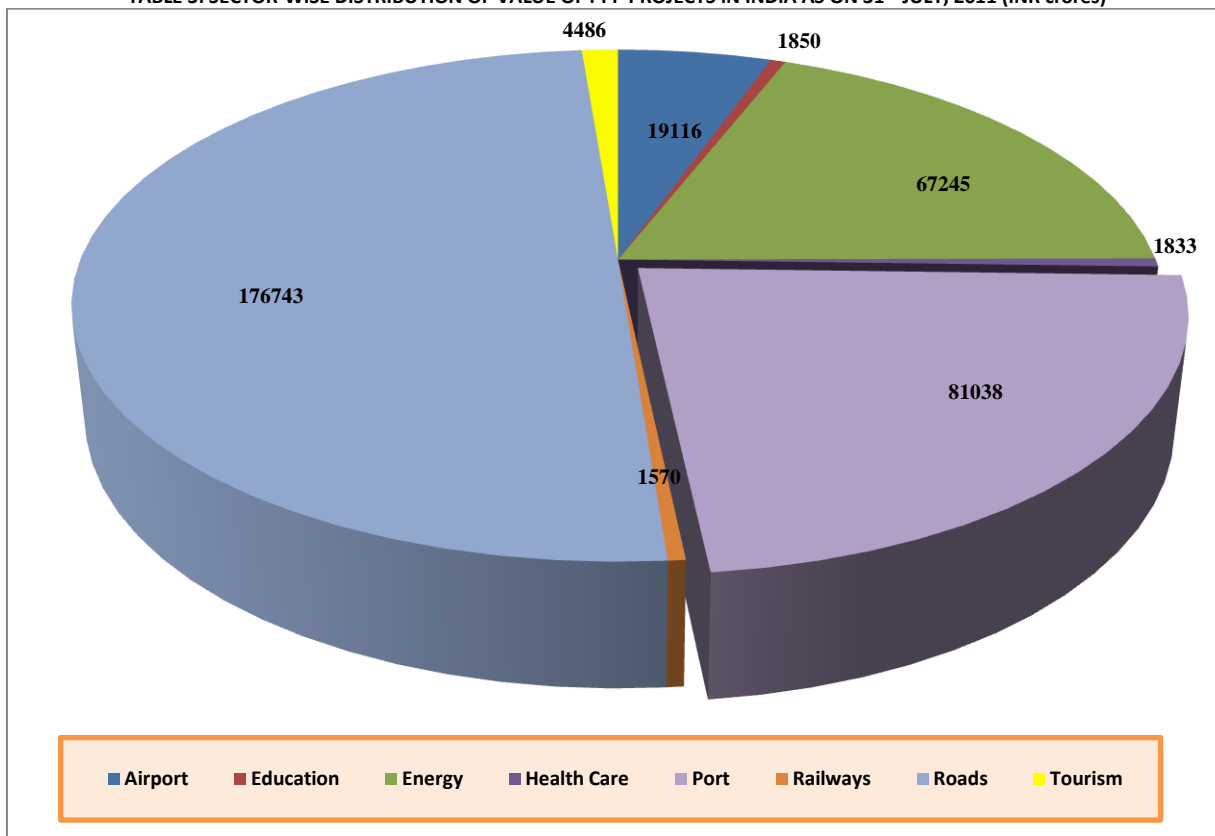
Source: Public Private Partnership India Database, Department of Economic Affairs, Ministry of Finance, GOI

TABLE 2: SECTOR-WISE DISTRIBUTION OF NUMBER OF PPP PROJECTS IN INDIA AS ON 31ST JULY, 2011



Source: Public Private Partnership India Database, Department of Economic Affairs, Ministry of Finance, GOI

TABLE 3: SECTOR-WISE DISTRIBUTION OF VALUE OF PPP PROJECTS IN INDIA AS ON 31ST JULY, 2011 (INR crores)



Source: Public Private Partnership India Database, Department of Economic Affairs, Ministry of Finance, GOI

TABLE 4: STATE –WISE DISTRIBUTION OF NUMBER OF PPP PROJECTS IN INDIA AS ON 31ST JULY, 2011

States	Number of Projects			
	Below 25	26 to 50	51 to 75	76 and above
Chandigarh, Goa, Puducherry, Uttarakhand, Meghalaya (2), Jammu and Kashmir (3), Assam, Chhattisgarh (4), Bihar (7), Haryana (10), Delhi (13) Uttar Pradesh (14)	Orissa (27), Punjab (29), West Bengal (30), Kerala (32), Tamilnadu (43)	Rajasthan (59), Gujarat (63)	Maharashtra (78), Madhya Pradesh (86), Andhra Pradesh (96), Karnataka (104)	

Source: Public Private Partnership India Database, Department of Economic Affairs, Ministry of Finance, GOI

transport * Urban transportation systems * Housing and related facilities * Any other sector / facility as may be included by the state government from time to time.

PPP PROCESS IN THE STATE

The state government departments / bodies shall identify, conceptualize the projects to be developed under PPP model and place before Empowered Committee of Secretaries (ECOS) through PPP Cell. The ECOS shall prioritise projects based on demand and supply gaps, inter-linkages and any other relevant parameters and create a *project shelf*. In order to assess the same, pre-feasibility report shall be prepared by the respective department. The Pre-feasibility report, would establish, inter alia, the need for the project, project cost, estimation and indicative financial viability of the proposed project including preliminary engineering studies, if any. Approval of the project would then be obtained from ECOS.

INSTITUTIONAL FRAMEWORK FOR IMPLEMENTATION OF PPP PROGRAMME

A strong, well defined and robust institutional structure is critical for implementation of a sustainable PPP programme. Again, a framework is needed to ensure that the projects are commercially viable and the contingent liabilities of the government should kept minimum within accepted norms. Keeping in mind, the state government frame a Standing Committee of the Cabinet on Industry, Infrastructure and Employment and Empowered Committee of Secretaries (ECOS) to look after the implementation of various PPP programme.

The Standing Committee of the Government is constituted vide Notification No. 1 Cab.Sub.Com dated June 29, 2011 of Government of West Bengal to consider for approval of all large value Projects under PPP which are above INR 50 crores on the recommendation of the ECOS.

ECOS is constituted under the chairmanship of the Chief Secretary, Government of West Bengal for facilitation of infrastructure project under PPP. ECOS will take up for approval all the PPP Projects with project cost up to INR 50 crores. It will also consider the PPP projects above INR 50 crores and recommend for approved to the Standing Committee.

Again, With a view to providing necessary route and hand-holding support to the departments sponsoring PPP projects, a PPP cell is created in the Finance Department. The PPP cell would co-ordinate the efforts of the different administrative departments of the state government with a view to develop infrastructure sectors involving private sector participation. The Finance Secretary is acting as the Nodal Officer of the PPP cell and assisted by the Special Secretary besides a PPP expert(s), MIS expert, financial expert, public finance expert, legal and regulatory and other supporting staff.

In order to ensure quality project preparation, a West Bengal Infrastructure Development Fund (WBIDF) will be set up under the Finance Department for assisting all the commissioned projects. The fund will finance all project preparation activities such as conducting feasibility studies, social and environment impact studies, project structuring, preparation of project documents, etc. It will also assist in capacity building and training. In some selected cases, the fund may give financial support directly to projects to enhance project viability and enable projects to be agreeable with the PPP model. The ECOS will administer the fund and prescribe detailed guidelines for operation of the fund.

CURRENT STATUS

As on 31st July, 2011 a total of 30 projects were awarded under PPP model to the West Bengal state government having an estimated cost of INR 5070 crores. Out of the 30 projects 6 projects are under operation and in rest of them project work has been already started. These projects were spread over between urban development (28) and information technology (2) sector. The details are given below (table 5):

TABLE 5: SECTOR –WISE DISTRIBUTION OF PPP PROJECT IN WEST BENGAL AS ON 31ST JULY, 2011

Sector	Type of Project	Status	Cost (INR Cr.)	Type	Implementing Agency
Information Technology	Information Technology Park, Siliguri	Bidding	400		Siliguri Jalpaiguri Development Authority
Information Technology	IT Logistics centre at Sector V, Salt Lake	Construction	300	JVCo	Kolkata Metropolitan Development Authority
Urban Development	Residential Complex and office cum commercial complex at 2 nearby sites in East Kolkata	Bidding	Yet to be assessed	JVCo	Kolkata Metropolitan Development Authority
Urban Development	Food Court at DN -6 at Sector V, Salt lake	Bidding	Yet to be assessed	BOO	Kolkata Metropolitan Development Authority
Urban Development	Development of Parking Plaza at City Centre Commercial Area	Construction	5	N.A.	N.A.
Urban Development	Commercial Complex-cum-Parking Lot Near Hasmi Chowk, Siliguri	Construction	8	N.A.	N.A.
Urban Development	Solid Waste Management Project	Construction	26	N.A.	N.A.
Urban Development	O&M and Management of 25 MGD Water Treatment Plant	Construction	45	N.A.	N.A.
Urban Development	Sealdah Commercial Complex	Construction	50	N.A.	N.A.
Urban Development	Bus-cum-Truck Terminal at Alisha P.S.& Distt. Burdwan	Construction	65	N.A.	N.A.
Urban Development	Water Supply and Sewerage System at Salt Lake	Construction	67	N.A.	N.A.
Urban Development	Multi Storied Car Park at Salt Lake	Construction	70	N.A.	N.A.
Urban Development	Commercial-cum-Recreational Hub at Durgapur	Construction	80	N.A.	N.A.
Urban Development	Water Treatment Plant (25 MGD) and Distribution Network	Construction	93	N.A.	N.A.
Urban Development	Residential & commercial complex on KMDA land at Maniktala	Construction	175	BT - Residential & BOO comm -ercial	Kolkata Metropolitan Development Authority
Urban Development	Raniganj Square High Way Facility Hub	Construction	200	N.A.	N.A.
Urban Development	Stadium Based Commercial Complex at Rajdanga	Construction	206	N.A.	N.A.
Urban Development	Office-cum-Institutional-cum-Commercial Complex at Salt Lake	Construction	500	N.A.	N.A.
Urban Development	Health City at Burdwan	Construction	650	N.A.	Burdwan Development Authority
Urban Development	5/7 Star Hotel near crossing of EMBP & Dhapa road	Construction	700	BOO	Kolkata Metropolitan Development Authority
Urban Development	Kolkata Logistics Hub at Kona	Construction	800	BOO	Kolkata Metropolitan Development Authority
Urban Development	Setting up Tubular Poles on G.T.Road in Burdwan	Under Operations	1	N.A.	N.A.
Urban Development	Kichhukhan Tourist Centre at Alisha, P.S. and District Burdwan	Under Operations	5	N.A.	N.A.
Urban Development	Shopping Complex at G.T. Road, Asansol	Under Operations	5	N.A.	N.A.
Urban Development	Amusement Park at Dagapur	Under Operations	20	N.A.	N.A.
Urban Development	Bus-cum-Truck Terminal at Nababhat P.S. and District Burdwan	Under Operations	35	N.A.	N.A.
Urban Development	Multi Utility Infrastructure Project at Dagapur	Under Operations	50	N.A.	N.A.
Urban Development	Waste Management Facilities at Haldia	Under Operations	54	N.A.	N.A.
Urban Development	City Centre at Salt Lake	Under Operations	120	N.A.	N.A.
Urban Development	HILAND Park at Baghajatin	Under Operations	140	N.A.	N.A.

Source: Public Private Partnership India Database, Department of Economic Affairs, Ministry of Finance, GOI

CONCLUSION

The GOI recognising the importance of PPP model for urban infrastructure in the changing dynamics of Indian population have establish a framework and provide incentives to promote PPP to states and urban local government e.g. Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Again in the light of growing PPP trends and policy/institution intervention GOI, following Finance Minister's budget speech (2011-12), formulate a comprehensive national PPP policy; significant growth in the number of PPPs in last 15 years has made India one of the leading PPP markets in the world. In west Bengal, out of 30 projects under PPP model, 28 projects were initiated for urban development. However, implementing projects under PPP model require considerable efforts which includes project documentation, developing institutional arrangements for project structures, securing approvals and clearances from stakeholders, financial structuring, selecting a contractor, operator or concessionaire and ensuring overall financial closure. A wide range of executors have to be involved in all these

processes and consistent coordination is necessary. In addition there is a constant need for the sponsor to pursue project related activities to mitigate and minimize risks. Both capacity and legitimacy are required to perform these roles.

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INNOVATIONS AND TECHNOLOGY TRANSFER AS SOURCES OF EMPLOYMENT STRUCTURE TRANSFORMATION BASED ON THE EXAMPLE OF THE VOLVO GROUP

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ABSTRACT

Technology transfer appears to constitute a crucial determinant which shapes and defines the character of demand for work. It consists of a few phases related to research and development work, defining and monitoring continuous fluctuations observable on the market, and changes in customers' expectations, creating prototypes or assessing the accuracy of an invention designed. Such transfer leads to a multilateral cooperation between business and science, and obviously has an impact on the employment level in many spheres of life. Each phase listed requires various types of employees with a wide range of skills and expertise. Moreover, favorable results of the R&D activity and efficient technology transfer allow a company to start a new production or develop the existing one, thereby enable sales increase, which is naturally followed by employment increase. Innovation clearly determines competitiveness of a domestic economy. At present, innovations along with advanced technologies serve as the basis for the functioning and development of both the greatest world economies, as well as countries characterized by strong competitive foothold and dynamically developing enterprises. Nevertheless, it should be noted that innovation activity may result in the development of any entity that pursues such type of business. This in turn enables companies to create new jobs. Changes in products and product manufacturing processes that become innovation are followed by quality increase or cost reduction. Thus, they improve a company's financial standing, while higher quality boosts competitive advantage of a given entity. In the case of competitiveness of the domestic economy, a bigger number of innovative enterprises translate into an increase of innovative potential of the entire country. Innovations that enable a company to reduce costs related to product manufacturing (product and process innovations) or overhead costs (organizational innovations) may increase its current or future competitiveness. (Świtalski 2005) On the other hand, an increased competition of domestic business entities exerts positive effects on domestic and foreign markets, and yields higher profits from export and multiplies government receipts. Implementation of innovative solutions may produce stable sales increase followed by a surging demand for local raw materials, which is connected with an increased demand for workforce and employment. (Ibidem) Innovation activity provides companies with opportunities to develop, enter new markets or expand into the existing ones, which consequently results in the necessity to create new jobs and determines economic development.

KEYWORDS

technology transfer, employment structure transformation.

INTRODUCTION

What we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous. Just as management has become the specific organ of all contemporary institutions, and the integrating organ of our society of organizations, so innovation and entrepreneurship have to become an integral life-sustaining activity in our organizations, our economy, our society. (Drucker 1997)

Technology transfer is understood as a transfer of essential information that enables one entity to copy or develop work of a different entity. Such information assumes a technical form (engineering skills, scientific knowledge, rules) and a form of procedures, e.g. legal, non-disclosure agreements, patents, licenses. Technology transfer may occur between enterprises, enterprises and scientific and research institutions or scientific institutions. (Głodek & Gołębiowski 2006) Furthermore, technology transfer constitutes a process of adjusting the results of scientific research, patents or innovative ideas so as to enable their practical application at the production level. The process comprises a few phases such as research and engineering studies which are about creating models and prototypes, or monitoring the course of a given technological process. Moreover, technology transfer allows defining functional and economic features of new products or technological processes suggested, qualitative research, market analysis, and selecting the right producer as well as starting production. Each of the above-mentioned phases differs in terms of demand for workforce with diverse skills developed.

The relationship among innovation, technology transfer and employment is a crucial aspect of numerous studies on economic processes. The interdependence of the three elements is rather complex and has long been the focus of interests for economists. A number of studies and analyses (Krelle 1989, Pianta 2000, Pianta 2004) provide evidence of the tremendous significance of various types of innovation as well as structural and institutional economic factors which influence this relationship. M. Pianta, in his *Innovation and employment*, poses an important question: How, and to what extent, do innovations have a bearing on the volume, structure and quality of employment? W. Krelle discusses the impact of innovation and technological progress on the functioning of business entities, mentioning such aspects as productivity, efficiency, reduction of prices, growth of consumption, and the resultant increase in production and employment.

The purpose of this paper is to present the role innovation and technology transfer play in the employment area. The research has been based on a thorough analysis of a Swedish enterprise, the Volvo Group. Considered one of the most innovative enterprises in the world, operating on one of the most innovative world markets, the Volvo Group proved a good candidate to illustrate the notion of innovations and technology transfer.

ESSENCE OF INNOVATIONS AND TECHNOLOGY TRANSFER

The notion of innovation has been thoroughly analyzed and widely discussed. It refers to all spheres of life, from new solutions regarding the economic or social sphere to new mental and cultural trends. *Innovation* is popularly understood as something new and different from the existing solutions. It may be frequently associated with the need for changes for the better. Generally speaking, innovation is about introducing something new, is an item newly introduced, a novelty, or a reform. Such a definition is present both in the Polish terminology as well as in others. This results from a strong influence of Latin as the term *innovation* in Latin is *innovatio*, i.e. renewal. (Prystrom 2008)

Joseph Schumpeter, who at the beginning of the 20th century promulgated the notion of innovation in economics, is considered to be the father and precursor of innovation. He presented economic development as a process of positive changes driven by innovations that takes place over a particular period. He viewed innovation as a new combination of the existing possibilities and pointed out its highly important developmental function, most of all with reference to the state of economy. (Fagerberg 2005)

As an example of innovation Schumpeter singled out the introduction of new products, modification of the existing ones, introduction of a new production method, finding sources and seizing opportunities, exploring areas and markets that have not been expanded before, or implementing new business ideas. (Schumpeter 1932)

On the other hand, the term *technology transfer* indicates that technology is inherent in this matter. From an encyclopedic perspective, technology is a domain of engineering that deals with developing and carrying out processes, such as production or processing raw materials, half-finished products and products, that would prove most beneficial in given conditions (Wielka Encyklopedia Powszechna). However, it seems that such understanding of the term *technology* is greatly narrowed as it does not include the whole of technical innovations, IT solutions or non-technical solutions such as organizational innovations. Moreover, machines, equipment and know-how also happen to be transferred. Therefore, technological and organizational knowledge and innovative solutions may all be defined as technology transfer. (Zawicki 2006)

In the case of business entities, technology transfer means above all acquiring and implementing innovations. This means that a project which includes information necessary for practical application of technological ideas and solutions, which make up a given technology, is the subject of technology transfer. (Ibidem)

Technology transfer is based on constant cooperation between knowledge centers, academic units, enterprise sector and industry. Technology transfer programs correspond with missions and assumptions of academic institutions. Thus, they are connected with such issues as education, research activity and initiatives in favor of public utility.

Technology transfer processes are connected with: (Lipinski et al. 2008):

- mechanisms that play a significant role while performing the R&D activity, whose results are aimed at satisfying the needs and expectations of society;
- services addressed to scientific institutes and inventors, which are aimed at facilitating the management of an industrial activity dependent on technology transfer;
- methods in the form of an additional support of industrial research that facilitate and encourage entrepreneurs to R&D initiative;
- sources of unlimited funds available for institutions whose aim is to support research activity;
- sources of specialist knowledge essential to carry out the R&D activity;
- methods that help institutions meet continually changing requirements.

Cooperation between innovative business entities with scientific infrastructure enables quick exchange of information, consulting and promotion of innovation which leads to increase of knowledge of up-to-date techniques and qualifications of industrial employees. Moreover, another significant issue is the reduction of costs related to obtaining information about innovations and current market situation, more efficient use of the potential of human knowledge and easy information processing and access to it. (Popławski 1995)

Technology transfer is a phenomenon that may be observed between companies, and companies and the R&D sector, including higher education facilities. Specialist literature on the subject provides for various terms that apply to this phenomenon, e.g. technology transfer channels, forms, sources, mechanisms or modes. Sources of new technologies may comprise own R&D studies, experience in production, quality management, marketing, design and construction of production facilities. Furthermore, another issue that appears important is being up to date with the latest scientific and technical publications and patents, employing well-educated staff including scientists and engineers, and having contacts with scientific facilities and state research organizations. In this case mergers or acquisitions, joint-venture, scientific and research cooperation and transfer of know-how are also of great importance. (Freeman 1992)

Technology transfer is also described as a process of transferring specialist knowledge from the "exporter country" to the "importer country", and applying such knowledge once all necessary adjustments have been made. This is an act of using both tangible and intangible knowledge that is or was previously used in a different country.

Usually, technology transfer takes place via a few basic channels (Kraciuk 2009:14):

- direct foreign investments, partnership alliances and control takeover;
- trade of hi-tech goods and equipment;
- licences.

Whereas, informal technology transfer methods include the exchange of scientific and technical staff, scientific and technical conferences, trade fairs and exhibitions, training sessions for foreigners, trade missions and industrial intelligence. (Ibidem)

Technology transfer may affect the employment situation both within individual business entities as well as the entire country. Technology transfer between countries may lead to structural changes in economy of the importer country in three main ways. Firstly, the existing economic structure may be extended by new segments. This may be achieved by initiating innovative investments that enable creation of new branches of industry. Secondly, technology transfer may accelerate development of certain fields of industry by increasing their share in economy due to new investments or extension/modernization of the existing projects. Technology and/or a product improved and upgraded thanks to technology transfer may support development of some sectors. Thirdly, technology transfer may exert direct impact on actions undertaken in other sectors. It may help to strengthen the structure of domestic industry as well as support the development and improve efficiency of related and ancillary domains, which may appear necessary for domestic companies to become competitive. If appropriate connections exist, new technology imported may lead to structural adjustments in other sectors of industry.

Long-term actions may produce the following results: (*Negocjacje w transferze...* 2004)

- Accelerated industrial growth due to GDP increase,
- More efficient use of production factors in the importer country,
- Heightened competitiveness of domestic enterprises on the international market,
- Greater balance of the structure of the state economy.

Technology transfer constitutes one of many ways to reach technical innovations. Imported technology may have a direct impact on economic development of the importer country in three partly unrelated ways, i.e.: (Ibidem)

- Technology transfer may increase physical resources of accessible production factors such as: foreign employees who render technical services or hold managerial positions in local enterprises, imported machines and specialist devices, foreign raw materials, components and elements unavailable in a given country, and relevant technology transfer contracts; the said increase may be either short-term, e.g. temporary employment of foreign specialists, or long-term.
- Foreign technologies may contribute to economic increase through the use of the existing resources, for instance by creating new jobs for the unemployed, reducing the unused potential in certain sectors of economy, increasing acreage to start growing new crops. This category may also include cases when local resources, which were not previously exploited due to their limited technical potential or poor condition of local enterprises, start being utilized.
- Transfer of a foreign technology may trigger off a significant efficiency increase of the existing factors, e.g. workforce, equity, natural resources including land. This is possible thanks to increase in the production volume while maintaining an unchanged volume of outlays, or decrease of outlays while maintaining an unchanged production volume.

By spreading the effects of the R&D and innovation activity both throughout the local, domestic as well as international ground, technology transfer translates into strengthening the condition of economy and increasing economic competitiveness, and consequently allows creating new jobs and improving situation on the job market.

INNOVATION ACTIVITY AND TECHNOLOGY TRANSFER IN THE VOLVO GROUP AND THEIR IMPACT ON THE EMPLOYMENT STRUCTURE

The Volvo Group represents an example of a Swedish enterprise which due to its innovation activity, against a background of competition, achieved success and increased the employment level. The company is one of the leading producers of trucks, buses and construction equipment and drive systems. (Grupa Volvo 2009)

The Group has clients in 180 countries worldwide, mainly in Europe, North America and Asia. Its products and services are available via a network of independent dealers and outlets owned by the Group. Clients' queries and orders for spare parts or any other services are handled by a global service network. In this way the Group's structure includes such areas of activity as product development, production, and supply of spare parts, logistics, administration and supporting functions. (Ibidem)

The Volvo Group comprises about twenty enterprises including Volvo Trucks, Renault Trucks, Volvo Buses, Volvo Penta, Volvo Financial Services (VFS), Mack Trucks, Nissan Diesel, Volvo Construction Equipment, Volvo Aero, Volvo Logistics, Volvo 3P, Volvo Powertrain, Volvo Parts, Volvo Business Services Central Europe CE, Volvo Treasury and Volvo Group Real Estate (VRE). The Group's business activity is greatly based on technological innovations, and thus it is hardly surprising that the following departments: Volvo Technology, Volvo Information Technology and Volvo Technology Transfer are present in the corporate structure. (Struktura Grupy Volvo 2009)

Volvo Technology (VTEC) develops new technical and business solutions mainly for entities of the Group. This innovative company tries to find new technical and conceptual solutions related to products and processes from the transport and automotive industry. Its biggest clients are entities of the Volvo Group and Volvo Car¹, as well as selected suppliers. Moreover, Volvo Technology runs strategic programs and specialist tasks regarding innovations. It is involved in domestic and international research programs which gather universities, research institutes and other enterprises. VTEC employs over 350 professionals and has offices in Lundbystrand and Chalmers Science Park in Gothenburg and Volvo plants in France (Lyon) and in the USA. (Volvo Technology 2009)

Volvo Information Technology (Volvo IT) provides solutions for all areas of the industrial process. Its clients are both companies from the Volvo Group as well as Volvo Car Corporation, and other global industrial companies. Volvo IT has offices in many countries all over the world, and its business activity covers a wide range of IT domains. (Volvo Information Technology 2009)

Volvo Information Technology AB was founded in 1998 as a subsidiary of the AB Volvo². Currently it employs over 6 000 employees all over the world. It should be also noted that Volvo Information Technology looks after proper functioning of complex IT systems. Volvo IT provides solutions for all areas of industrial process and offers its exceptional skills, experience and expertise in the broadly defined IT operations. (Volvo Information Technology 2009)

Along with the Volvo Group activity related to technological processes, from the point of view of the Group, Volvo Technology Transfer AB, which develops and supports innovation activeness, plays also a crucial role. Scope of the Volvo Technology Transfer actions covers three main areas: (www.volvo.com/gr... 2009)

1. Bringing the Volvo Group closer to new technologies or services by investing in companies and projects that are interesting from the technical and commercial viewpoint;
2. Supporting the development of entities that use Volvo technology based on potential from outside the Group;
3. Supporting the development of resourcefulness and innovation inside the Volvo Group.

In the case of innovation and competition issue, technology transfer plays a significant role. Thanks to updates and innovations that are being developed and implemented, likewise technology transfer, business entities are able to face the ongoing and continuous market changes, expectations of customers and the omnipresent competition. In the end, apart from better quality of products and services, intensified and improved flexibility of production and services rendered, reduced labour costs per unit, lower consumption of materials and energy per unit etc., Swedish business entities may extend the range of goods and services, enter new markets or increase their market share in the existing markets. Consequently, this is connected with production boost and development of a company, which often entails employing new staff.

Since many years, the Volvo Group has been widely known for its innovative approach to design, which may be reflected in the level of expenditure allocated to the R&D activity. (Niemożliwe staje się... 2009; see table 1)

Data illustrate a hesitant tendency as regards outlays on the R&D. Nevertheless, in 2000-2008 a growing trend could be observed. In the end, despite a drop in financial support initiated in 2009, in 2010 the level of financing of the R&D increased by approx. 49.7% compared to 1997.

TABLE 1: VOLVO GROUP R&D EXPENSES FROM 1997 TO 2012 (in million SEK³)

Year	Level of R&D expenses in the Volvo Group
1997	8,659
1998	10,104
1999	4,525
2000	4,876
2001	5,391
2002	5,869
2003	6,829
2004	7,614
2005	7,557
2006	8,354
2007	11,059
2008	14,348
2009	13,193
2010	12,970
2011	13,276
2012	14,794

Source: *The Volvo Group Report 2007*, AB Volvo, Gothenburg 2007, p. 149, http://www3.volvo.com/investors/finrep/ar07/annual_report_2007_eng.pdf, 18 Feb 2009 and *Volvo Group. Report on operations 2008*, AB Volvo, Gothenburg 2008, p. 6,

http://www3.volvo.com/investors/finrep/interim/2008/q4/q4_2008_eng.pdf, 18 Feb 2009 and *The Volvo Group 2010. Moving ...*, Volvo Group, Gothenburg 2011, http://www3.volvo.com/investors/finrep/ar10/ar_2010_eng.pdf, 21 Dec 2011, p. 129, 136, *The Volvo group annual report 2012*, AB Volvo, Gothenburg 2012, p. 89, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

Furthermore, a few examples of an incessant innovative activity of some companies of the Group, due to which it strengthens its position in the international area, should not be underestimated. Since the Volvo Group is a large company, the innovation analysis has been narrowed down to Volvo Trucks.

Novelties introduced lately by Volvo Trucks include: (*Innowacje Volvo adresowane...*2009)

¹ Volvo Car Corporation, with its registered office in Gothenburg, until 2004 was a part of the Volvo Group; then it was purchased by Ford Motor Corporation. Volvo Car Corporation is a producer of prestigious Volvo cars that are sold in over 100 countries. Apart from the United States, which are its major customer, high sales are also reported in such European countries as Sweden, Great Britain and Germany.

² AB Volvo is an official brand name of the Volvo Group.

³ SEK 1= PLN 0.5031 (NBP mid-rate as of 4 April 2013).

- Driver Alert Support System which warns weary drivers when their attentiveness is affected (applied in a truck for the first time in Europe);
- Lane Changing Support System which allows the driver to detect other vehicles in the blind spot on the passenger side; cornering lights that illuminate the edge of the road when turning; rain sensor which automatically adjusts the speed of the windscreen wipers (introduced in trucks for the first time in Europe);
- Electronic Stability Program system designed for 6x2 trucks with trailers (first in the world); Security Service – a service which enables drivers to quickly contact the nearest police station in case of emergency.

It should also be mentioned that in the nearest future Volvo Trucks will start manufacturing hybrid trucks. The hybrid technology allows reducing fuel consumption even by 30%. (*Rozwizania jutra...*2009)

Volvo research centre, Volvo Technology, is the leader in the most important EU project on traffic safety which is aimed at finding solutions that would enhance traffic safety in the future. Results of their work have been implemented in the Integrated Safety Truck. Volvo Technology has appointed a team whose task is to streamline vehicle safety systems. Effects of its work will soon find application in trucks all over the world. (*Ich praca...*2009)

Despite their reduction in 2008, increase in financial outlays on R&D activity of the Group resulted in the company's greater innovation and sales growth, e.g. of the Volvo Trucks (see table 2).

TABLE 2: SALES OF VOLVO TRUCKS PRODUCTS FROM 2008 TO 2012

Market	2008	2009	2010	2011	2012
Europe	58,187	49,145	65,503	95,113	84,355
North America	15,887	17,574	24,282	42,613	47,806
South America	12,890	12,587	21,483	29,274	23,443
Asia	13,440	34,800	53,833	51,514	56,165
Other markets	5,584	13,575	14,888	15,226	16,899
Total	105,952	127,681	179,989	238,391	224,017

Source: adapted by the author based on *The Volvo Group 2009*, AB Volvo, Gothenburg 2009, p. 41,

http://www3.volvoc.com/investors/finrep/ar09/ar_2009_eng.pdf, 27 Dec 2011 and *The Volvo Group 2010. Moving ...*, Volvo Group, Gothenburg 2011, p. 29,

http://www3.volvoc.com/investors/finrep/ar10/ar_2010_eng.pdf, 27 Dec 2011, *The Volvo group annual report 2012*, AB Volvo, Gothenburg 2012, p. 59,

http://www3.volvoc.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

Bigger number of products sold is also connected with the value increase of these products, which in 2007-2008 grew by almost 8% and reached the level of SEK 203,235 million. The European market constitutes the largest market for Volvo Trucks products. Interestingly enough, in 2007 the second largest market was Asia which outstripped the US (see table 3).

TABLE 3: NET SALES OF VOLVO TRUCKS PRODUCTS FROM 2007 TO 2012 (in million SEK)

Market	2007	2008	2009	2010	2011	2012
Europe	108,651	109,914	65,874	69,606	83,451	76,365
North America	27,255	26,588	21,563	26,901	37,042	42,650
South America	11,483	14,680	12,490	21,680	26,847	21,172
Asia	26,593	37,515	26,943	35,231	37,840	36,531
Other markets	13,910	14,538	12,069	13,887	13,741	15,565
Total	187,892	203,235	138,939	167,305	198,920	192,283

Source: adapted by the author based on *Volvo Group. Report on operations 2008*, Volvo Group, Gothenburg 2008, p. 11 and *The Volvo Group 2010. Moving ...*, p.

135, Volvo Group, Gothenburg 2011, http://www3.volvoc.com/investors/finrep/ar10/ar_2010_eng.pdf, 21 Dec 2011, *The Volvo group annual report 2012*, AB

Volvo, Gothenburg 2012, p. 59, http://www3.volvoc.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

Transfer of developed technologies, which created the possibility of production and sales increase, resulted in employment increase in 1997-2007. A year later, this level was brought down, just to increase again by approx. 2.3% in 2010 (see table 4).

TABLE 4: NUMBER OF VOLVO TRUCKS EMPLOYEES FROM 1997 TO 2012

Year	Number of Volvo Trucks employees
1997	22,090
1998	22,560
1999	23,330
2000	24,320
2001	44,180
2002	43,470
2003	46,900
2004	49,450
2005	50,240
2006	49,900
2007	64,390
2008	64,280
2009	56,505
2010	57,796
2011	62,315
2012	61,256

Source: adapted by the author based on *Number of employees at year - end in Volvo Group*,

http://www3.volvoc.com/investors/finrep/ar07/eng/elevenyearssummary/business_area_statistics.html, 07 Jan 2009 and *The Volvo Group 2010. Moving ...*, p.

136, Volvo Group, Gothenburg 2011, http://www3.volvoc.com/investors/finrep/ar10/ar_2010_eng.pdf, 21 Dec 2011, *The Volvo group annual report 2012*, AB

Volvo, Gothenburg 2012, p. 182, http://www3.volvoc.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

The aforementioned technological capacity and innovation of the Volvo Group translate into its strong position on most markets. In the third quarter of 2007, the increase of the Group's sales and income continued. Most importantly, demand for Volvo products and services remains at a high level in Europe, Asia and South America, while in North America low demand prevails. (*Informacje dla inwestorów* 2009)

Thanks to technology transfer and innovation, in 2007 the Volvo Group as a whole observed a 10% sales growth, i.e. up to SEK 285.4 billion, and a noticeable export increase. Moreover, in 2008 employment in the Group increased up to 97 thousand employees in 58 countries, with the highest number of employees in Sweden, France and the United States. (*Grupa Volvo* 2009)

Operating in 58 countries, selling its products and services on 180 markets and investing in innovations, development and technology transfer, in 2007 the Volvo Group reached the average sales of approx. EUR 27 billion. (*Volvo: Information Regarding New Capital Structure* 2009)

TABLE 5: NET SALES ON WORLD MARKETS FROM 2007 TO 2012 (in million SEK)

Market	2007	2008	2009	2010	2011	2012
Western Europe	124,239	123,881	84,452	87,241	97,925	88,325
Eastern Europe	27,116	28,126	9,632	12,570	20,298	20,751
North America	49,435	47,600	37,291	45,409	58,253	68,297
South America	15,638	19,553	16,610	27,876	34,013	27,970
Asia	42,429	55,641	44,842	65,072	73,017	68,500
Others	17,938	20,131	15,660	19,207	20,083	22,188
Total	276,795	294,932	208,487	257,375	303,589	296,031

Source: Volvo Group. Report on operations 2008, AB Volvo, Gothenburg 2008, p. 6,

http://www3.volvo.com/investors/finrep/interim/2008/q4/q4_2008_eng.pdf, 18 Feb 2009 and *The Volvo Group 2010. Moving ...*, p. 58, Volvo Group, Gothenburg 2011, http://www3.volvo.com/investors/finrep/ar10/ar_2010_eng.pdf, 27 Dec 2011, *The Volvo groupannual report 2012*, AB Volvo, Gothenburg 2012, p. 92, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 05 April 2013

Financial standing of Volvo may be reflected in the export structure of the Volvo Group products. It may be observed that the export level of the company's products was subject to considerable fluctuation, but within ten years increased by approx. 50% (see table 6).

TABLE 6: SWEDISH EXPORT OF VOLVO GROUP PRODUCTS FROM 1997 TO 2012 (in million SEK)

Year	Export level of the Volvo Group products
1997	58,569
1998	64,401
1999	52,719
2000	46,251
2001	50,394
2002	52,730
2003	49,300
2004	62,653
2005	71,133
2006	80,517
2007	88,606
2008	96,571
2009	41,829
2010	72,688
2011	91,065
2012	84,314

Source: Financial information. Eleven - year summary, http://www3.volvo.com/investors/finrep/ar07/eng/elevenyearssummary/volvo_group.html, 07 Jan 2009,

The Volvo groupannual report 2012, AB Volvo, Gothenburg 2012p. 179, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

The Volvo Group employs people virtually all over the world. Apart from AB Volvo in Sweden, the company provides employment in its subsidiaries and branches for tens of thousands of people in Western and Eastern Europe, North and South America and Asia.

Due to continuous innovation activity and multiple offices all over the world, between which transfer of developed technologies takes place, the Volvo Group offers hundreds of thousands of people a job. At the end of 2008, the Group employed 97,030 workers, while in 2007 the number totaled 92,260. (Volvo Group Report on operations 2008; *The Volvo Group Report 2007*) (see table 7).

TABLE 7: TOTAL EMPLOYEE COUNT IN THE VOLVO GROUP FROM 2006 TO 2012 BROKEN INTO VARIOUS MARKETS

Market	2006	2007	2008	2009	2010	2011	2012
AB Volvo in Sweden	160	178	196	190	198	171	236
Subsidies, branches:							
Sweden	26,722	27,826	28,126	23,637	23,313	24,793	23,028
Western Europe	26,380	27,340	27,584	25,533	23,515	24,241	22,116
Eastern Europe	4,225	5,027	5,694	5,542	5,768	6,220	6,603
North America	14,609	11,716	10,625	10,091	12,429	15,380	16,481
South America	3,874	4,664	4,328	4,180	5,264	6,080	6,150
Asia	4,075	12,824	17,924	16,650	21,205	22,915	24,798
Others	3,145	2,685	2,553	2,261	2,558	2,448	2,670
Total	83,190	92,260	97,030	88,084	94,250	102,248	102,082

Source: *The Volvo Group Report 2007*, AB Volvo, Gothenburg 2007, p. 122, 156, http://www3.volvo.com/investors/finrep/ar07/annual_report_2007_eng.pdf, 18 Feb 2009, *The Volvo Group 2009*, AB Volvo, Gothenburg 2009, p. 104, http://www3.volvo.com/investors/finrep/ar09/ar_2009_eng.pdf, 27 Dec 2011 and *The Volvo Group 2010. Moving ...*, p. 104, Volvo Group, Gothenburg 2011, http://www3.volvo.com/investors/finrep/ar10/ar_2010_eng.pdf, 27 Dec 2011, *The Volvo groupannual report 2012*, AB Volvo, Gothenburg 2012, p. 132, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 05 April 2013

Having analyzed the employment at the Group from 1999 to 2010, it may be observed that its level was variable. In 1999-2012, the trend in employment was upward, but in 2009 the number of employees fell by approx. 11% compared to the previous year. However, in 2010 a slight change was noticed, with an increase of 0.22% in the number of employees (see table 8).

Considering the number of employees in the Volvo Group as well as its innovation activity, it may be assumed that innovations developed and implemented since 1999 enabled the company to hire more people. During the decade the number of employees increased by almost 100%, from 53,470 to 101,381 in 2008.

TABLE 8: EMPLOYEE COUNT IN THE VOLVO GROUP FROM 1999 TO 2012

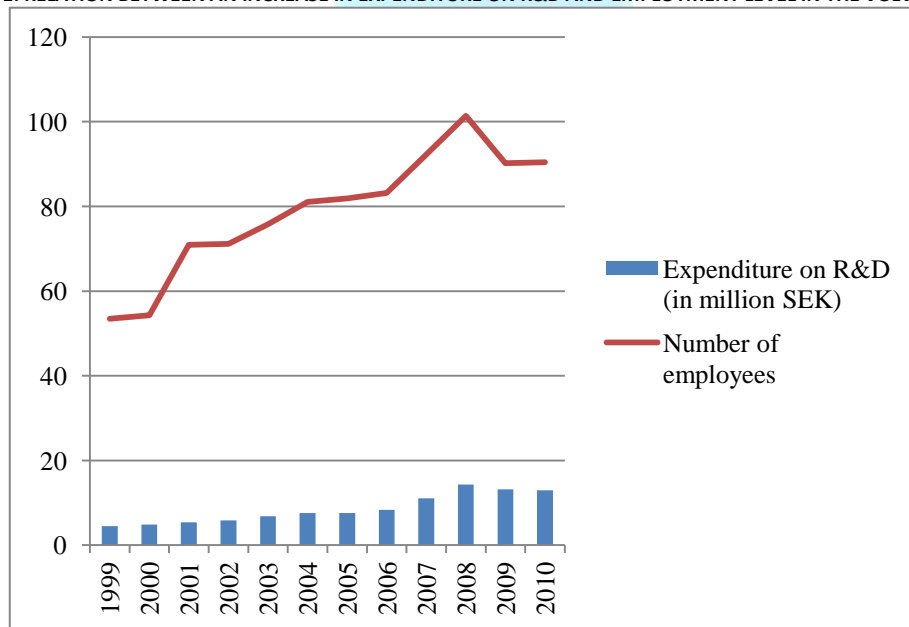
Year	Number of employees
1999	53,470
2000	54,270
2001	70,920
2002	71,160
2003	75,740
2004	81,080
2005	81,860
2006	83,190
2007	92,260
2008	101,381
2009	90,208
2010	90,409
2011	98,162
2012	98,717

Source: *The Volvo Group Report 2007*, AB Volvo, Gothenburg 2007, p. 122, 156, http://www3.volvo.com/investors/finrep/ar07/annual_report_2007_eng.pdf, 18 Feb 2009; *Volvo Group. Report on operations 2008*, AB Volvo, Gothenburg 2008, p. 9, http://www3.volvo.com/investors/finrep/interim/2008/q4/q4_2008_eng.pdf, 18 Feb 2009 and *The Volvo Group 2010. Moving ...*, p. 136, http://www3.volvo.com/investors/finrep/ar10/ar_2010_eng.pdf, 21 Dec 2011, *The Volvo groupannual report 2012*, p. 187, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

TABLE 9: EXPENDITURE ON R&D AND EMPLOYMENT LEVEL IN THE VOLVO GROUP

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenditure on R&D (in million SEK)	4,525	4,876	5,391	5,869	6,829	7,614	7,557	8,354	11,059	14,348	13,193	12,970	13,276	14,794
Number of employees	53,470	54,270	70,920	71,160	75,740	81,080	81,860	83,190	92,260	101,381	90,208	90,409	98,162	98,717

FIGURE 1: RELATION BETWEEN AN INCREASE IN EXPENDITURE ON R&D AND EMPLOYMENT LEVEL IN THE VOLVO GROUP

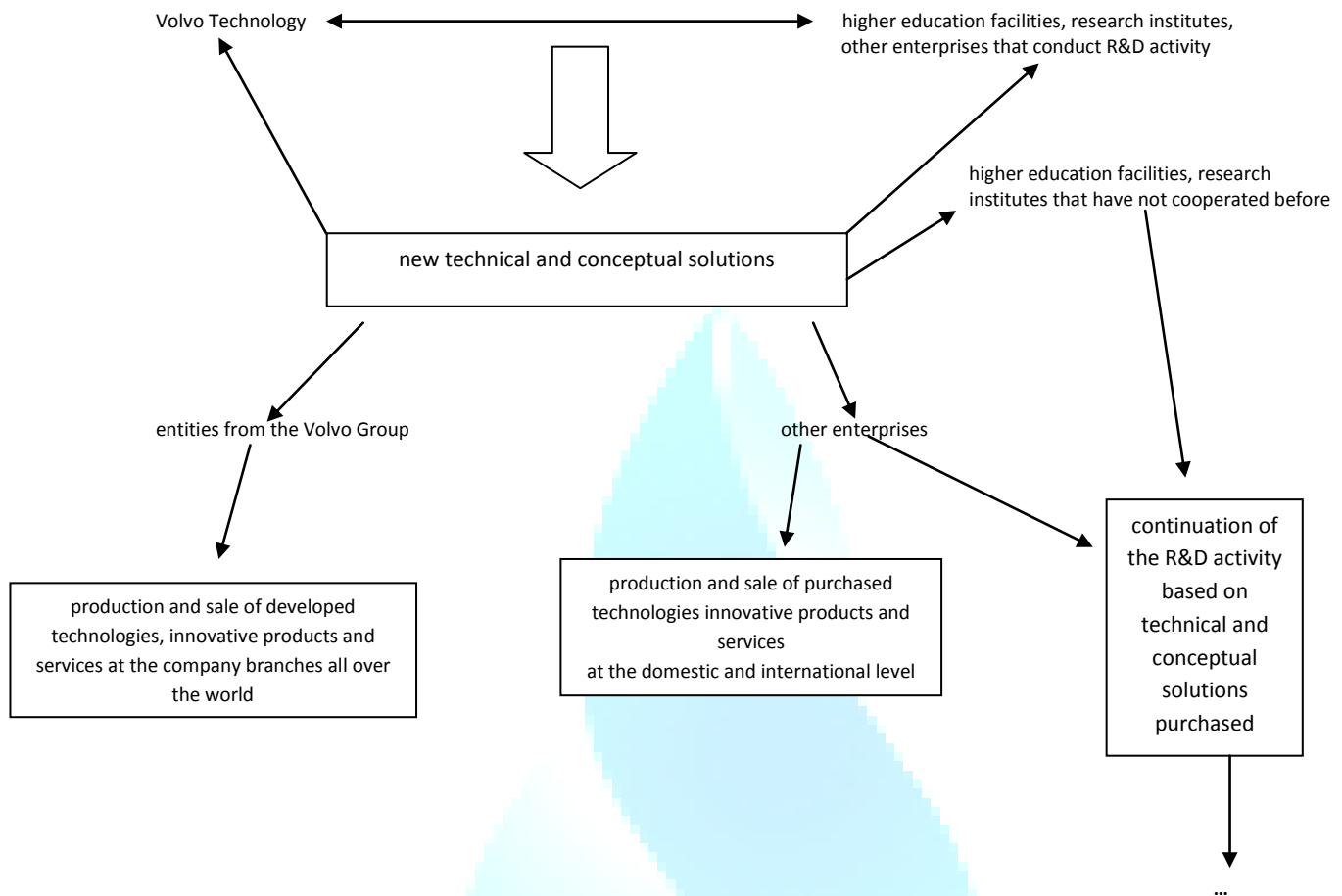


Source: adapted by the author based on *The Volvo Group Report 2007*, AB Volvo, Gothenburg 2007, p. 122, 149, 156, http://www3.volvo.com/investors/finrep/ar07/annual_report_2007_eng.pdf, 18 Feb 2009.; *Volvo Group. Report on operations 2008*, AB Volvo, Gothenburg 2008, p. 6, 9, http://www3.volvo.com/investors/finrep/interim/2008/q4/q4_2008_eng.pdf, 18 Feb 2009 and *The Volvo Group 2010. Moving ...*, Volvo Group, Gothenburg 2011, p. 129, 136, http://www3.volvo.com/investors/finrep/ar10/ar_2010_eng.pdf, 21 Dec 2011, *The Volvo groupannual report 2012*, AB Volvo, Gothenburg 2012, p. 89, 187, http://www3.volvo.com/investors/finrep/ar12/ar_2012_eng.pdf, 04 April 2013

It is interesting to note how the employment level has been shaped compared to financial outlays made on the R&D activity (see table 9). This relation has been illustrated in graph 1. It may be observed that financial outlays on the R&D activity, maintained on a stable or rising level, and dynamic technology transfer created strong possibilities for employment increase. In this way within ten years the number of persons employed has doubled.

New technical and conceptual solutions developed independently by the Volvo Technology or in cooperation with representatives of higher education facilities, research institutions or other enterprises that pursue R&D activity, are used in many different ways. Consequently, they are purchased by other business entities and research units which have never cooperated before. Moreover, innovative technologies are often subject to further research and undergo the production process, to be later sold in companies that comprise the Volvo Group as well as by other enterprises that are interested in innovations developed. Technology transfer process in Volvo covers both the R&D department of the enterprise, as well as its cooperators and subsidiaries all over the world, which are involved in the production and sales of innovative technologies. As already mentioned, while developing new technical and business solutions the Volvo Technology cooperates with higher education facilities, research institutions and other enterprises. Frequently, novel solutions are invented not necessarily by employees of the scientific department but by other persons from the cooperating units. Thus, the results of the R&D are mutually shared. In the case when a given project is developed by Volvo, the company makes respective information available to research institutes, which will further spread such data among the scientists or will use them to work on other innovation-related projects. Inventive scientific discoveries are also used by Volvo to produce innovative technical solutions. Volvo's R&D department provides all branches located all over the world with its novel discoveries. Innovative moves create the possibility of starting a new or boosting the existing production in factories all over the world. As a result, this allows the company to realize sales on new markets or increase its volume on the current ones, and also enables employment raise (see figure 2).

FIGURE 2 TECHNOLOGY TRANSFER IN THE VOLVO GROUP



Source: adapted by the author.

CONCLUSION

Technology transfer appears to constitute a crucial determinant which shapes and defines the character of demand for work. It consists of a few phases related to research and development work, defining and monitoring continuous fluctuations observable on the market, and changes in customers' expectations, creating prototypes or assessing the accuracy of an invention designed. Such transfer leads to a multilateral cooperation between business and science, and obviously has an impact on the employment level in many spheres of life. Each phase listed requires various types of employees with a wide range of skills and expertise. Moreover, favorable results of the R&D activity and efficient technology transfer allow a company to start a new production or develop the existing one, thereby enable sales increase, which is naturally followed by employment increase.

Innovation clearly determines competitiveness of a domestic economy. At present, innovations along with advanced technologies serve as the basis for the functioning and development of both the greatest world economies, as well as countries characterized by strong competitive foothold and dynamically developing enterprises. Nevertheless, it should be noted that innovation activity may result in the development of any entity that pursues such type of business. This in turn enables companies to create new jobs.

Changes in products and product manufacturing processes that become innovation are followed by quality increase or cost reduction. Thus, they improve a company's financial standing, while higher quality boosts competitive advantage of a given entity. In the case of competitiveness of the domestic economy, a bigger number of innovative enterprises translates into an increase of innovative potential of the entire country.

Innovations that enable a company to reduce costs related to product manufacturing (product and process innovations) or overhead costs (organizational innovations) may increase its current or future competitiveness. (Świtalski 2005)

On the other hand, an increased competition of domestic business entities exerts positive effects on domestic and foreign markets, and yields higher profits from export and multiplies government receipts. Implementation of innovative solutions may produce stable sales increase followed by a surging demand for local raw materials, which is connected with an increased demand for workforce and employment. (Ibidem)

Innovation activity provides companies with opportunities to develop, enter new markets or expand into the existing ones, which consequently results in the necessity to create new jobs and determines economic development.

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A FACTOR ANALYSIS OF PRODUCT ELEMENTS FOR CONSUMER BUYING PATTERN OF MALE GROOMING PRODUCTS IN SURAT CITY

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ABSTRACT

Beauty products are just not meant for females, the global market for male grooming products is about to be \$33 billion by 2015 (Global Industry analysis). Celebrity sportsmen, film stars, models are some offbeat people who are fuelling the interest in men to become more conscious about appearance and habit of improving their physic allure. This behaviour has led market to expand wider and overseas. The major objective of this study is to understand purchasing behaviour of the male while buying male grooming products. The study also focus on most important influencing aspect of buying behaviour that is factors which affects the buying of male. The research study is of descriptive in nature and has used quantitative research method. A non-probabilistic convenience sampling method is employed for selecting respondents form Surat city. The sample size has been consisting of 500 respondents. The close-ended questionnaire was developed for the study. The Statistical Package for the Social Science program (SPSS) version 22 was used in this study for conducting factor analysis. The researchers have been found that Packaging, Store location, price, Brand, quality of products and Celebrity endorsement are the key variables for the male grooming products.

KEYWORDS

Male Grooming, Cosmetics, buying behaviour, Factor analysis, Surat.

INTRODUCTION

Beauty products are just not meant for females, the global market for male grooming products is about to be \$33 billion by 2015 (Global Industry analysis). Celebrity sportsmen, film stars, models are some offbeat people who are fuelling the interest in men to become more conscious about appearance and habit of improving their physic allure. This behaviour has led market to expand wider and overseas.

Such market serving players have identified the league of such beauty conscious brigade of males and are launching wide range of grooming products to appeal aesthetically to such males. History it was, when male grooming products were been kept under niche market now it has a lead role to play as it popularity is been seen as a rising star. Now products are not just categorize as deodorants & shaving products, but merchandise are been widen like hair care, skin care, bathing products, shower products & so on...

The Indian market of grooming products is booming, it is growing by 25% YOY basis. This stunning growth is due to many factors such as self-consciousness of men about how they look, self-image, socially acceptable, appreciated and popularity among peers. According to market analysts, a major portion of the growth is likely to come from India's three million rich adult males. Industry estimates suggested that the market size for men's personal care products is Rs 1,700 cr. Due to rapid Globalization and increase in per capita income men have started taking great care of their appearance.

Now a day's many companies coming up with a various range of male grooming products as more males are willing to try out new products that'll make them look younger or in short that'll help them to increase their self-image and confidence. A recent research poll in US shows that 73% men describe standing in front of the mirror as important whereas only 72% females think the same. India is no exception, 67% men believe that standing in front of the mirror and grooming is an important everyday task.

LITERATURE REVIEW

Before going further, there is a need to make readers familiar with some concepts that would be used frequently in the analysis afterwards. So, the key concepts of the working area of the research are tried to clarify here. This conceptual framework consists with an origination of some fundamentals ideologies regarding this topic and analysis shortly.

Ajai et.al. (2013) have tried to identify the factors that influence customer behaviour and their buying decision making. The study tries to identify the significance of factors such as quality and attribute of products, price, product's ingredient, product brand name and package, on the buying behaviour. The study made use of primary and secondary data. A detailed questionnaire was developed and distributed to customers living in Ernakulam District, Kerala, India. The total sample consists of 200 respondents. The results of the study indicated that the main reasons behind the usage of grooming products are for improving personal care, attractiveness and there by improvement in developing self-confidence and result in status building.

Nair & Pillai (2007) have studied on purchase pattern of cosmetics among consumers in Kerala. The major variables selected for the study are age gender, income, education and occupation. A descriptive research was carried out at the second stage by applying a survey method. Data for the study were collected from cosmetic shops belonging to the three main cities in Kerala. The consumers were interviewed at the leading cosmetic shops and convenient sampling was applied to select samples. The sample size for the study is 300. The result revealed that Male consumers generally prefer to purchase and make the brand selection of cosmetics individually. Quality is the major factor influencing the purchase decision of male consumers.

Junaid & Nasreen (2012) has analysed in depth the phenomena of consumer behaviour in buying skin care products amongst millennials in Delhi. A questionnaire was developed and distributed to Delhi consumers aged 20 years to 35 years (Millennials). A total of 156 completed questionnaires were returned and analysed by using correlation analysis and chi square test in SPSS version 16. The major finding is the common behaviour exhibited by both the sexes in this age group. Except for difference in under eye cream, the other categories can have common marketing strategies.

Sukato & Elsey (2009) have examined in some depth the phenomena of male consumer behaviour in buying skin care products in Thailand. The research question is "To what extent do beliefs in product attributes, self-image, normative influences, and attitudes toward applying skin care products, affect Thai male consumers' purchase intention and purchase behaviour in buying skin care products?" A questionnaire was developed and distributed to Thai male consumers aged 21 to 50 years in Bangkok metropolitan by using shopping mall-intercept and cluster sampling. 422 completed questionnaires were returned and then were analysed by using factor analysis, correlation, regression analysis, and path analysis in SPSS version 15.0. The results of the study confirm that beliefs, self-image, normative influences, and attitudes have impacts on purchase intention and purchase behaviour in buying skin care products among Bangkok male consumers.

It is hard to imagine Simpson knew the extent to which his term would be adopted, especially since the word did not receive much attention prior to his 2002 article on Salon.com. Simpson then described as:

"A young man with money to spend, living in or within easy reach of a metropolis – because that's where all the best shops, clubs, gyms and hairdressers are. He might be officially gay, straight, or bisexual, but this is utterly immaterial because he has clearly taken himself as his own love object and pleasure as his sexual preference." (2002, par. 7)

Yet, what the word means today is significantly different from the originator's definition. Simpson did not find it necessary to distinguish the sexual orientation. Kotler and Keller (2007) states a consumer's buying behaviour is influenced by cultural, social and personal factors. According to these authors, culture, sub-culture and social class are particularly important influences on consumer buying behaviour. Social factors include reference groups, family and personal factors comprise of age and stage in the life cycle, occupation and economic circumstances, personality and self-concept, and life-style and values. According to Philip Kotler and Keller, the buying decision process comprises of Five-Stage model involving: Problem recognition, Information search, Evaluation of alternatives, Purchase decisions and Post-purchase behaviour.

Herdiyanti and Titus in 2013 studied the Indonesian male consumer behaviour towards grooming product (Especially Face cleanser). In their literature review they identified two contradictory statistics. One was the most growth of personal care categories comes from male segment till 2010 and contradictory to this one statistic(2011) of Maxus 3D Data was 41% of male uses female face cleanser. They also found from primary and secondary study that though 80% of males are using face cleanser but they don't give much weightage to Brand while buying it. They also mentioned that males don't go for additional spending if product is already available at their home regardless it's meant for male or how so ever. Study also have different angle such as economic aspect of consumer, occasion of using product, brand, point of purchase and influencing behaviour. Authors have also given some valuable suggestions as they have identified top 4 brands of Indonesia.

Kulkarni & Bansod in 2013 studied Indian city- Nagpur market for male grooming products. They studied product attributes for consumer behaviour. The main objective of study was to get detailed insight of 'product attributes' of male cosmetic & second was to get understanding key variables of 'product attributes' of male cosmetic concepts that affects the behaviour. They consider 312 males (20-50 years) from different job category. Study extracted 15 linear components for study; they have set-up scheduled interview with respondents and took respond in questionnaire. The result showed that out of 15 components; Brand, Quality, Advertising, Store Location were affecting most on behaviour and otherwise. The other two affecting variables were innovativeness and price value for money; these were influential but less previous four.

OBJECTIVE OF THE STUDY

The major objective of this study is to understand purchasing behaviour of the male while buying male grooming products. The study also focus on most important influencing aspect of buying behaviour that is factors which affects the buying of male. While buying male grooming products which are the attributes become very important for male and how much spending they are making on it.

RESEARCH METHODOLOGY

Research Design & Sampling Design

The research study is of descriptive in nature and has used quantitative research method. A non-probabilistic convenience sampling method is employed for selecting respondents from Surat city. The response is taken from students, service employees, business men and professionals of age between 20 to 50 years. The sample size has been consisting of 500 respondents.

Design the data collection instrument and identify the data collection method

The close-ended questionnaire was developed for the study. For collecting data, researcher has conducted schedule interviews with the help of developed questionnaire. However, secondary data has been collected with the help of print media like; books, magazines, research articles and some other websites.

Data analysis techniques

The Statistical Package for the Social Science program (SPSS) version 22 was used in this study for all the statistical assessment. The data was screened and examined for incorrect data entry, missing value, normality and outliers. In this study, factor analysis is carried out by the researchers.

DATA ANALYSIS & INTERPRETATION

The classification of respondents have been presented in Table: 1. The majority of respondents are of age 21 years to 30 years (41.4%). 37% respondents are graduate, 33.6% respondents are students and 27% respondents are having monthly income of Rs. 10001 to 20000. Almost 50% respondents are single. Out of 500 respondents, only 57.6% respondents have used or using male grooming products.

TABLE 1: DEMOGRAPHIC PROFILE OF RESPONDENTS

Characteristics	Category	Frequency	%
Age	Less than 20	87	17.4
	21 to 30	207	41.4
	31 to 40	112	22.4
	More than 41	94	18.8
Education	Undergraduate	48	9.6
	Graduate	183	36.6
	Post graduate	167	33.4
	Professional	102	20.4
Occupation	Student	168	33.6
	Government Employee	104	20.8
	Own Business	103	20.6
	Others	125	25
Monthly Income	Less than Rs. 10,000	133	26.6
	Rs. 10001 to Rs. 20000	135	27
	Rs. 20001 to Rs. 30000	107	21.4
	More than Rs. 30001	125	25
Marital Status	Single	252	50.4
	Married	248	49.6
Categories of Respondents	Using Male Grooming products	288	57.6
	Not using male grooming products	212	42.4

The following Analysis has been carried out by using response of the male who are using male grooming products. The table: 2 shows the value of KMO test of sampling adequacy and Bartlett's test of sphericity. The KMO value is 0.864 which shows that factor analysis is acceptable. Bartlett's test is significant as its p-value is less than 0.05.

TABLE 2: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.864
Bartlett's Test of Sphericity	Approx. Chi-Square	1415.289
	Df	66
	Sig.	.000

The table 3 shows the communalities which represents how much of the variance has been accounted by the extracted factors. For instance 69.8% variance is accounted with first variables i.e. medical reasons. Similarly the highest 75% of variance is accounted with store location.

TABLE 3: COMMUNALITIES

	Initial	Extraction
Medical reasons	1.000	.698
Solving skin problems	1.000	.616
Attractiveness	1.000	.705
self-confident	1.000	.673
Price	1.000	.593
Brand	1.000	.721
Quality of product	1.000	.645
Promotion and advertising	1.000	.625
Packaging	1.000	.499
Store location	1.000	.750
Yourself	1.000	.515
Celebrity endorsement	1.000	.589

Extraction Method: Principal Component Analysis.

The table 4 shows all the factors extractable from the analysis along with their eigenvalues, the percent of variance attributable to each factor, and the cumulative variance of the factor and previous factors. Before extraction, it has identified 12 linear components within the data set. The eigenvalue represents the variance explain by the particular linear component and table also displays the eigenvalue in terms of the percentage of variance explain. Factor 1 explains 42.98% of total variance. While factor 2 explains 12.24% and factor 3 explains 8.35% of total variance.

The table extracts all factors with eigenvalues greater than 1 which gives us three factors. And these three factors explain 63.57% of cumulative variance. In the third part of the table represents the eigenvalues of the factors after rotation. Before the rotation, factors 1 accounted for (42.98%) considerably more variance than remaining two, however after rotation it accounts for only 24.71% of variance.

TABLE 4: TOTAL VARIANCE EXPLAINED

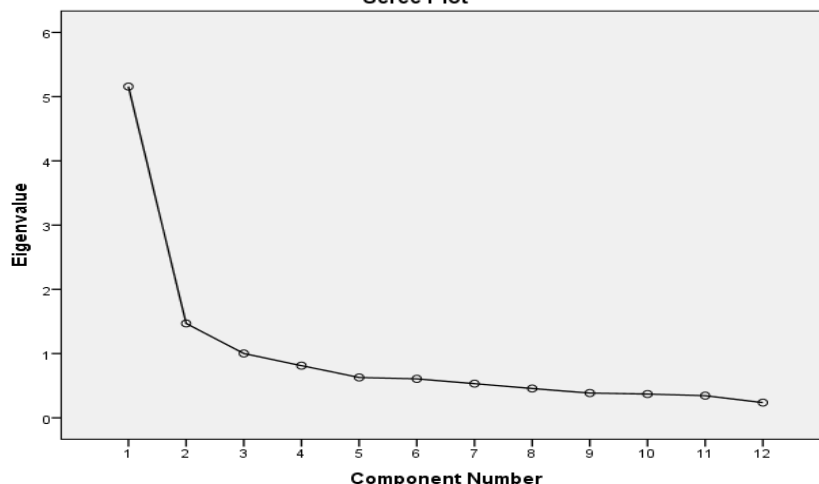
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.158	42.980	42.980	5.158	42.980	42.980	2.966	24.713	24.713
2	1.469	12.244	55.223	1.469	12.244	55.223	2.383	19.857	44.570
3	1.001	8.345	63.569	1.001	8.345	63.569	2.280	18.999	63.569
4	.812	6.767	70.336						
5	.628	5.233	75.569						
6	.607	5.060	80.629						
7	.532	4.431	85.060						
8	.456	3.798	88.858						
9	.386	3.213	92.071						
10	.370	3.080	95.151						
11	.345	2.874	98.025						
12	.237	1.975	100.000						

Extraction Method: Principal Component Analysis.

The screen plot is a graph of the eigenvalues against all the factors. The graph is also useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten after factor 3. Thus, three factors have been retained.

FIG. 1

Scree Plot



The table 5 shows component matrix before rotation. This matrix represents the loadings of each variable onto each factor extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The gap on the table represent loadings that are less than 0.5, this makes the table easier.

TABLE 5: COMPONENT MATRIX^a

	Component		
	1	2	3
Medical reasons	.651		
Solving skin problems	.619		
Attractiveness		.743	
Self-confident	.629	.514	
Price	.701		
Brand	.741		
Quality of product	.558		.578
Promotion and advertising	.742		
Packaging	.672		
Store location	.710		
Yourself	.651		
Celebrity endorsement	.724		
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

The idea of rotation is to reduce the number factors on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier. The table 6 represents rotated component matrix developed after rotation and following factors (components) have been derived:

FACTOR 1: The rotated matrix have revealed that respondents have perceived these factors to be most important with highest explained variance of 24.71%. Four out of twelve variables load on significantly to this component. It includes Medical reasons, Packaging, Store location and Celebrity endorsement.

FACTOR 2: The rotated matrix have revealed that respondents have perceived these factors to be most important with explained variance of 19.86%. Four out of twelve variables load on significantly to this component. It includes Price, Brand, Quality of product and Promotion & Advertising.

FACTOR 3: The rotated matrix have revealed that respondents have perceived these factors to be most important with explained variance of 18.99%. Four out of twelve variables load on significantly to this component. It includes Solving skin problems, Attractiveness, Self-confident and yourself (respondent).

TABLE 6: ROTATED COMPONENT MATRIX^a

	Component		
	1	2	3
Medical reasons	.793		
Solving skin problems			.691
Attractiveness			.835
Self-confident			.723
Price		.595	
Brand		.763	
Quality of product		.784	
Promotion and advertising		.637	
Packaging	.591		
Store location	.837		
Yourself			.547
Celebrity endorsement	.663		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

CONCLUSION

History it was, when male grooming products were been kept under niche market now it has a lead role to play as it popularity is been seen as a rising star. Now products are not just categorize as deodorants & shaving products, but merchandise are been widen like hair care, skin care, bathing products, shower products & so on. The stunning growth is due to many factors such as self-consciousness of men about how they look, self-image, socially acceptable, appreciated and popularity among peers. According to market analysts, a major portion of the growth is likely to come from India's three million rich adult males. The study has been conducted to understand behaviours of the male and the study of the factors which are very important for the male while buying male grooming product. The study conducted in Surat city by including 500 respondents. The researchers have been found that Packaging, Store location, price, Brand, quality of products and Celebrity endorsement are the key variables for the male grooming products.

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RISK MANAGEMENT IN THE BANKS: AN ANALYSIS

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ABSTRACT

The objective of risk management is not to prohibit or prevent risk taking, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. If a bank can take risk more consciously; anticipate adverse changes and could hedge accordingly; Risk Management becomes a source of competitive advantage, as a bank can offer its products at a better price than its competitors. For formulating effective Risk Management strategies, we need to develop various Risk Management Committees like Credit Policy Committee, Asset Liability Management Committee, and an efficient Management Information System. Besides this, an objective and reliable data base has to be built up for which bank has to analyze its own past performance data relating to loan defaults, trading losses, operational losses, etc., and come out with benchmarks so as to prepare themselves for the future risk management activities. In light of these facts the present paper introduces the concept of Risk Management, its components and the related issues. It then assesses the various Risk Management techniques being followed and the strategies suggested and implemented by banks world over and which are also in line with the Basel Committee recommendations.

KEYWORDS

risk management, banking.

INTRODUCTION

The banks in India have been seriously in the trap of ever rising Non-Performing Assets for a very long time. This has led to many of the banks playing a cautious game by investing in the safest ventures, hence minimizing risk. But profiting without exposing to risk is like trying to live without being born. Growth and development of any business organization depends on its risk management and profit generating capacity. **Hence risk is not to be avoided but to be managed.** Both risk and profit have time dimension, which leads us to future projections. These future projections have an element of uncertainty because future is not always perfectly predictable. This element of uncertainty gives rise to risk, which, in turn, affects profits. For ensuring long-term survival of banks, the risk dimension of banking has to be addressed appropriately. Mr. Walter Wriston, ex-CEO, CITI Bank has rightly observed that "...the business of banking is business of risk management, plain and simple, that is business of banking..." Of late, banks have graduated from being a financial intermediary in the past to risk intermediary now-a-days.

The importance of risk management in the present day banking industry is derived from the increasing challenges earmarked by the deregulation and liberalization of the financial system.

REVIEW OF LITERATURE

Culbertson propounded the theory of '**Term structure of Interest Rates**' which was afterwards better known as the theory of '**Risk Averseness**'. According to the theory the best way to minimize risk is to match maturities of assets and liabilities or to match maturities with holding periods. If a lender knows exactly how long his money will be available for investment, he can select the maturity date of the claim in such a way that he runs neither the income risk nor the capital risk.

In yet another study, related to Risk Management, **DM Nachane, Aditya Narain, Saibal Ghosh, Satyananda Sahoo** have presented a paper relating to the importance of ensuring **Capital Requirements** in order to manage risk. According to the theory, bank capital ratios have become a primary measure of banks' financial condition in terms of Risk Management for proper provisioning of assets. Since banks may respond to capital regulation in a variety of ways, regulators need to consider what response they want to elicit when formulating new regulations. They emphasized for **effective increase in the capital cushion** so as to ensure stability of the banking system as a whole. In the Indian context, their findings are reassuring in that capital requirements do seem to affect bank behavior over and above the influence of the banks' own internally generated capital requirements.

Summon Kumar Bhaumik and Jenifer Piesse have produced a masterpiece work on risk aversion by banks. Their study is an eye washer which proves that private ownership, although normally may improve allocative efficiency as against the public sector banks, normally considered to be less efficient, in the credit market, it may be detrimental to credit disbursal, if the risks associated with this are significantly high. Also foreign banks are willing to take significant exposures to the Indian borrowers, they are likely to restrict their exposure to blue chip borrowers and not exploit the full potential of the resources, including softness of regulatory constraints, at their disposal. Importantly, the results of both this paper and **Bhaumik and Dimova** (2004) indicate that the domestic de novo banks outperform the others with respect to both profitability and technical efficiency with respect to credit disbursal.

Another prominent contribution in the empirical works of risk management, a paper titled '**Are foreign banks active in emerging credit markets: evidence from Indian banking industry**' was presented by **Jenifer Piesse & Sumon Kumar Bhaumik**. Using bank-level data from India, for six years (1995-96 to 2000-01), they have shown that while foreign banks have high credit-deposit ratios, the domestic banks experienced much greater improvements in technical efficiency in terms of the latest risk management strategies in relation to the disbursal of credit. The most significant improvements in technical efficiency were registered by the domestic de novo banks. There is weak evidence that foreign banks may be bullish only with respect to blue chip borrowers. Together with recent literature on the Indian banking system, these results emphasize the dominance of competition rather than changes in ownership-mix as a policy objective for banks in an emerging market economy.

RISK MANAGEMENT AND RELATED ISSUES

Risk Management is the constructive containment of risk levels so as to limit the downside effect of the underlying action within the ability and capacity to bear this effect, while optimizing the returns from the actions for which the risk is assumed. Risk Management is all about managing risk and not eliminating it. The main objective of Risk Management is '**Exposure by Choice and not by Chance**'. It involves the laying down and compliance of risk policies, setting up of control and monitoring mechanisms, putting in place risk mitigants, enhancing risk compensation, setting aside capital to meet unexpected losses, etc. The process includes the usage of statistical and mathematical models, besides subjective analytical techniques.

APPROACH TO RISK MANAGEMENT

One could approach risk in an inactive, reactive, interactive or proactive manner. Briefly these could be summarized as:

- 1. Inactive risk management:** when the bank simply neglects the consideration of risk issues at all. The bank does not bother to address or even concern itself with the possibility that things may not turn out as was intended. This scenario is not as farfetched as it would seem. Even today, there are a number of banks which do not have a formal system to deal with such vital questions.
- 2. Reactive risk management:** when there is a post-mortem effort to ameliorate the effects of risk that have materialized. It then turns out to be a crisis management effort.
- 3. Interactive risk management:** This is when the bank is concerned with risk throughout each of its various life-cycles.
- 4. Proactive risk management:** This is when the bank plans and tries to forecast risk potential and then adopts various measures that would control, to the extent possible, risk potentials.

Banks mostly should adopt the proactive perspective because it is the only approach which fulfills the risk management criteria in the fullest sense.

COMPONENTS OF RISK MANAGEMENT

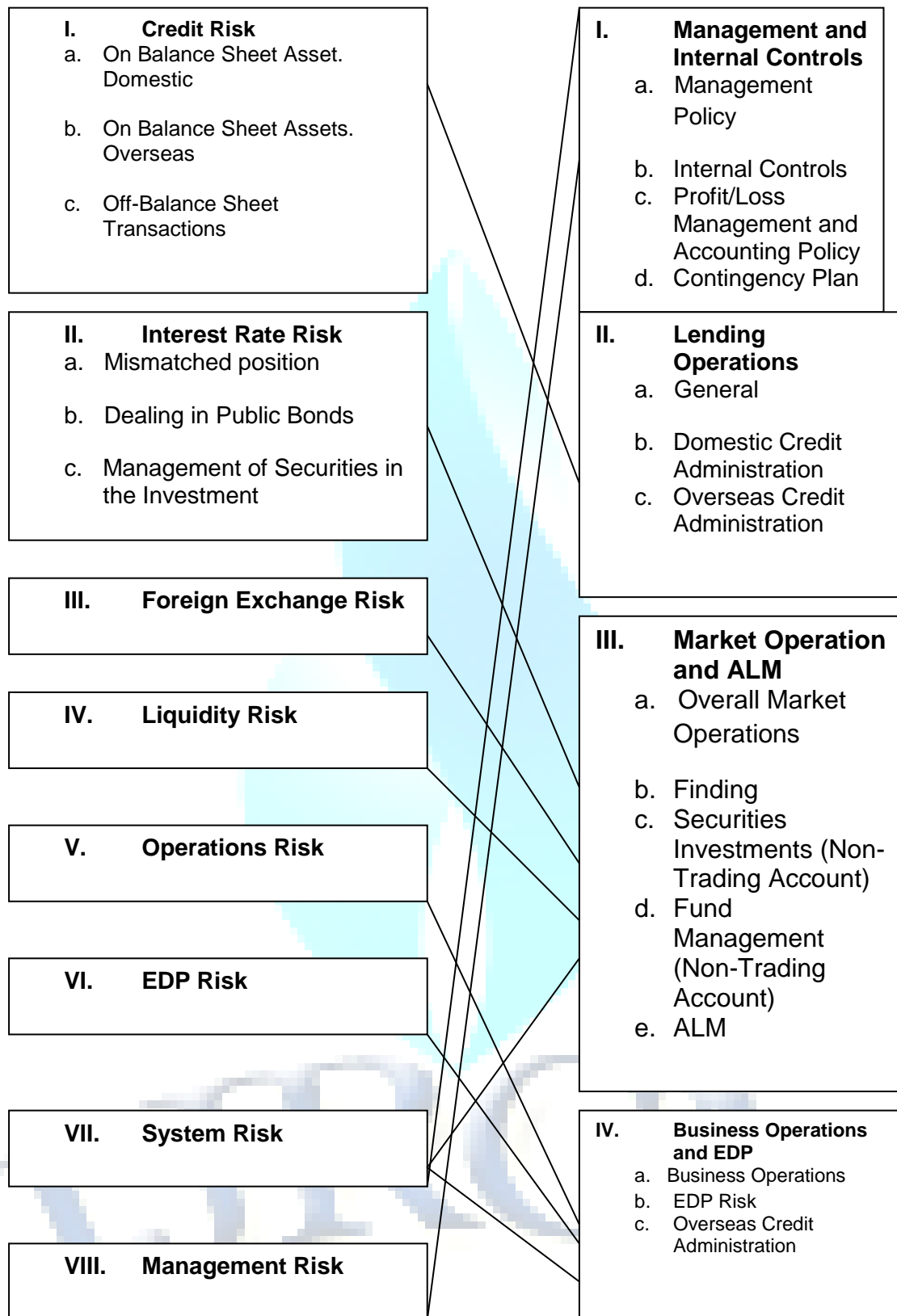
- Risk identification
- Risk quantification or measurement
- Risk control

Risk identification consists of naming and defining each of the risks associated with a transaction or a type of bank product or service. After completing the matrix for all products of services, one can read across a particular type of risk, say, 'credit risk' row and can get a picture of products that are sources of credit risk. The totality of credit risk may be termed as a 'pool of risk'. **Risk measurement** refers to estimation of the size, probability and timing of a potential loss under various scenarios. Asset liability management is a good example of risk measurement and asset liability analysis can provide an estimate of the potential effect of the changes in the interest rates on the bottom-line of the banks. **Risk control** is looked on as the entire process of policies, procedures, and systems and institution needs to manage prudently all the risks resulting from its financial transactions and to ensure that they are within the bank's risk appetite.

The RBI can evaluate the banks' working through a risk-centered evaluation. The issuance of two very elaborate circulars by the RBI is a positive step in this regard. The circulars deal with 'Asset/liability Management', and 'risk management', respectively.

The Bank Supervision Department of Bank of Japan in its quarterly Bulletin of May, 1997 had published a detailed checklist for risk management to assist regulators and internal auditors in assessing the adequacy of risk management at individual banks, which can serve as guidelines for building of a risk management system in banks/Financial Institutions.

RISK MANAGEMENT SYSTEM AS PRACTICED IN BANK OF JAPAN



Source: Bank of Japan, Quarterly Bulletin, 1997

TYPES OF RISKS

1. **Credit Risk** is the risk of loss due to the default by a borrower or counter-party in meeting his obligations. The default could be due to inability, incapacity or unwillingness to honour commitments in relation to lending, trading, hedging, settlement and other financial transactions.

Credit risk consists of primarily two components, viz., Quantity of risk, which is nothing but the outstanding loan balance as on the date of default and the Quality of risk viz., the severity of loss that is defined by the recoveries that could be made in the event of default. Thus, Credit risk is a combined outcome of Default Risk and Exposure Risk.

2. **Operational Risk** as defined by British Bankers' Association is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It is associated with the problems of accurately processing, settling, and taking or making delivery on trades in exchange for cash. It also arises in record keeping, processing system failures and compliance with various regulations.

The most important aspect of operational risk is breakdown or inadequacies in internal controls, procedures and processes.

The Bank for International Standards defines **Market Risk** as “the risk that the value of on-or off-balance-sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices”. Thus, Market Risk is the risk to the bank’s earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those prices. Various types of market risks can be categorized as Interest Rate Risk, Liquidity Risk, and Foreign Exchange (Forex) Risk.

3. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank’s financial condition. The assets and liabilities on account of mismatch in maturity or re-pricing are exposed to interest rate risk. Premature withdrawal of deposits and pre-payment of loans contribute to interest rate risk due to the existence of embedded options. The forex forward positions are also subject to interest rate risk due to adverse movements in implied or actual interest rates. Interest Rate Risk can take different forms such as Gap or Mismatch risk, Basis Risk, Yield Curve Risk, Embedded option risk, Price Risk, Reinvestment Risk, Net Interest position Risk.

4. Liquidity risk is the risk that the bank will be unable to meet its payment obligations. The liquidity risk arises mainly on account of specific products or markets and general funding of institution’s activities. Our bank focuses on Liability management approach for managing Liquidity risk wherein the funds are borrowed when needed.

5. Foreign Exchange Risk may be defined as the risk that a bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in an individual foreign currency.

RISK MANAGEMENT MEASURES

- a. Preventive measures, and
- b. Curative measures.

Preventive measures are primarily applicable for partial mitigation of credit risk and some forms of market risk. Proper selection of clients, strengthening of independent information collection systems for proposed borrowers, strengthening of appraisal system, close verification of end-use, etc., are preventive measures of mitigation of credit risk.

Curative measures include ‘risk hedging’ and ‘risk sharing’. Hedging is a technique by which risk is transferred to a counter party. Banks and financial institutions, the world over, use various forms of derivative instruments like options, futures, swaps, etc., for risk hedging. Risk sharing as an important concept is used primarily in case of financing infrastructure and large core sector projects by banks and financial institutions, wherein the risks involved in financing are shared by banks/FIs with other parties like construction contractors, O & M contractors, input (fuel) suppliers, buyers (SEBs), etc., at different stages of the project life cycle.

Banks in developed countries make use of **Standardized or Customized mathematical models and techniques for risk management**. The standardized techniques used are:

Nature of Risk	Techniques Used
Credit Risk	Sensitivity Analysis Decision Tree Analysis Simulation
Market Risk	GAP Analysis Duration Analysis Duration GAP Analysis Value Risk Analysis

For **Credit Risk Management**, **Sensitivity analysis** is usually conducted by most Indian Financial institutions. The **decision tree and simulation techniques** bring improvement over the sensitivity technique to the extent that while in the sensitivity technique, the risk associated variation of any one of the key determinants is computed, the other two techniques attempt to assess risk involved in the credit proposal, should more than one key determinants vary simultaneously.

Market risk is addressed by a process known as “**Asset Liability Management**”. A financial institution usually divides its portfolio into two portions: (1) the trading portion and (2) the non trading portion. The trading portion is usually monitored through the value at risk methodology, while the non-trading portion is managed through either gap or duration analysis.

The “**gap**” in gap analysis is the difference between interest sensitive assets and liabilities for a given time interval. In this analysis, each of the institution’s assets and liabilities is classified according to the date when the asset or liability is repriced and put in “time buckets”.

“**Duration**” in duration analysis is the average life cycle computed by using the process of discounted cash flow. Through it, the impact of changes in the value of asset and liabilities in an institution’s portfolio is computed for every 1% change in interest rate.

The “**duration gap analysis**” is a mixture of both the above techniques. By using this technique, an attempt is made to immunize the balance sheet of the financial institutions against unexpected fluctuations in interest rates.

The value at risk technique uses statistical modeling to compute the level of maximum loss(risk) the institution is expected to suffer at a given confidence level for an adverse movement in market rates or prices. This technique is used for extremely short time horizons, normally a day.

OBJECTIVES OF THE STUDY

In light of the above facts, it can be stated that Risk Management is an integral part of the financial system and hence requires due weightage in the policy formation for the future. However the present study basically is concentrated on two important issues:

- To study the concept of Risk Management as a part of Banking System and its components.
- To study the recent approaches theoretically to Risk Management as being in use internationally and which are in line with the Basel Committee recommendations. This would help us to build some standards in the banking sector division and would also bring us at par with the international level, hence giving us the strength of competitiveness.

DATA SOURCES AND METHODOLOGY

In order to study the above mentioned aspects, the data used, has been collected from secondary sources. Most of the information was collected from publications of various National and International Organizations. The information collected has been classified and analyzed for presentation. Most of the theoretical portion is in tune with the latest aspects of Risk Management developments from the Journals of National Institute of Bank Management, Pune; Credit Suisse First Boston (CSFB) and; RBI and Indian Bank Association (IBA) Bulletins.

DEVELOPMENTS IN CREDIT RISK MANAGEMENT

Risk management and technology

National Institute of Bank Management (NIBM), with its experience in Information Technology and finance solutions for the Banking industry has proposed a Business-technology model termed as **Enterprise Maturity Model** which provides a framework for a phased introduction of the Executive Information System (EIS). The Enterprise Maturity Model has five layers with defined business objectives at each level starting with increasing operational efficiency and leading upto much more strategic objectives like maximizing wealth and stakeholder value.

The IT Strategies of a bank can act as enablers in the following three areas like

- (a) Credit Information Systems
- (b) Analytical Tools

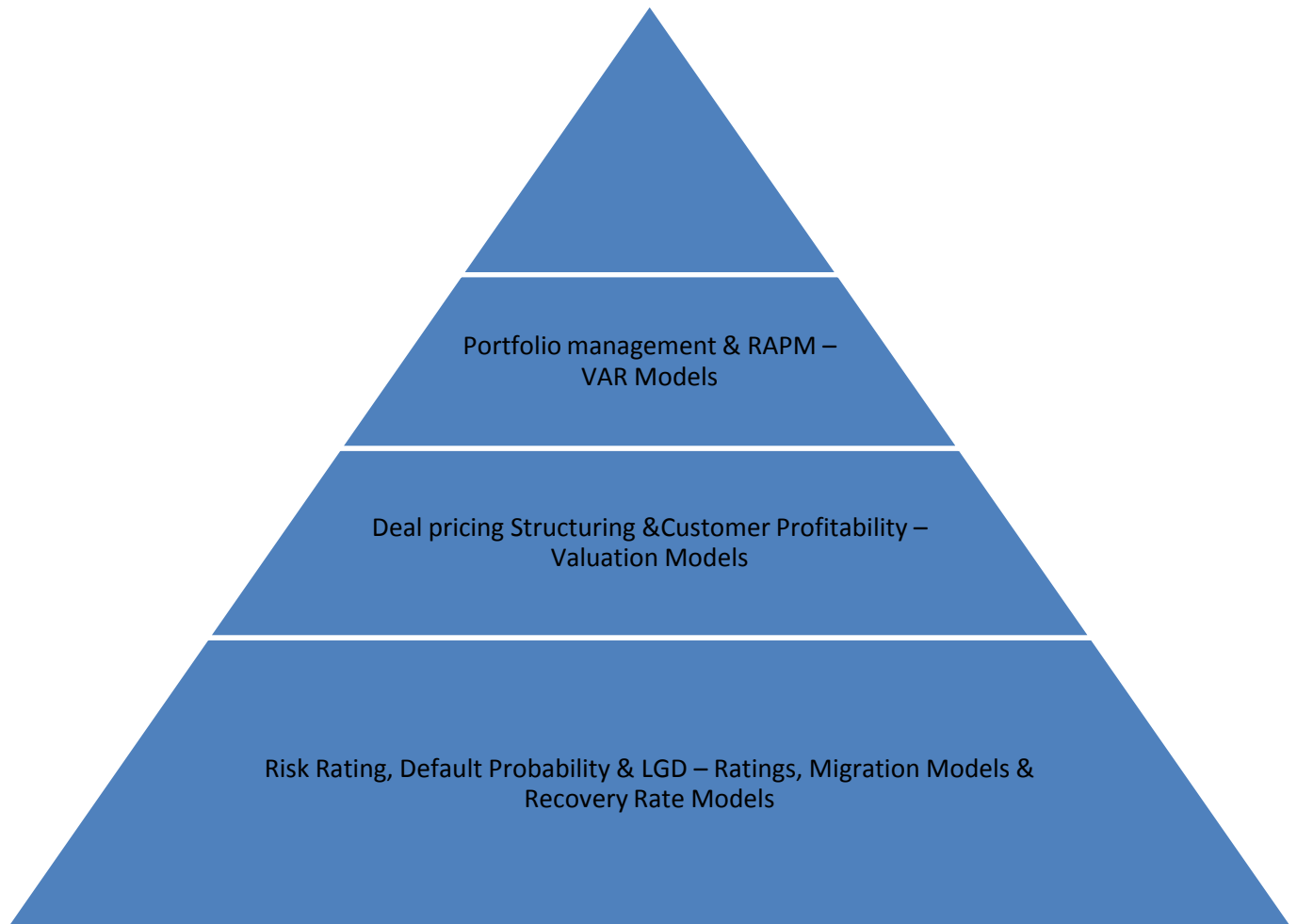
(c) Level of work flow automation

The objective of a Credit Information System is, to enhance the value of data by providing accurate and timely information, thereby significantly contributing to better planning and decision-making on the credit portfolio. **Credit Information Systems and Credit Risk Management Information Systems should be designed to overcome the problem of aggregating data across diverse sources and business units.**

ANALYTICAL TOOLS

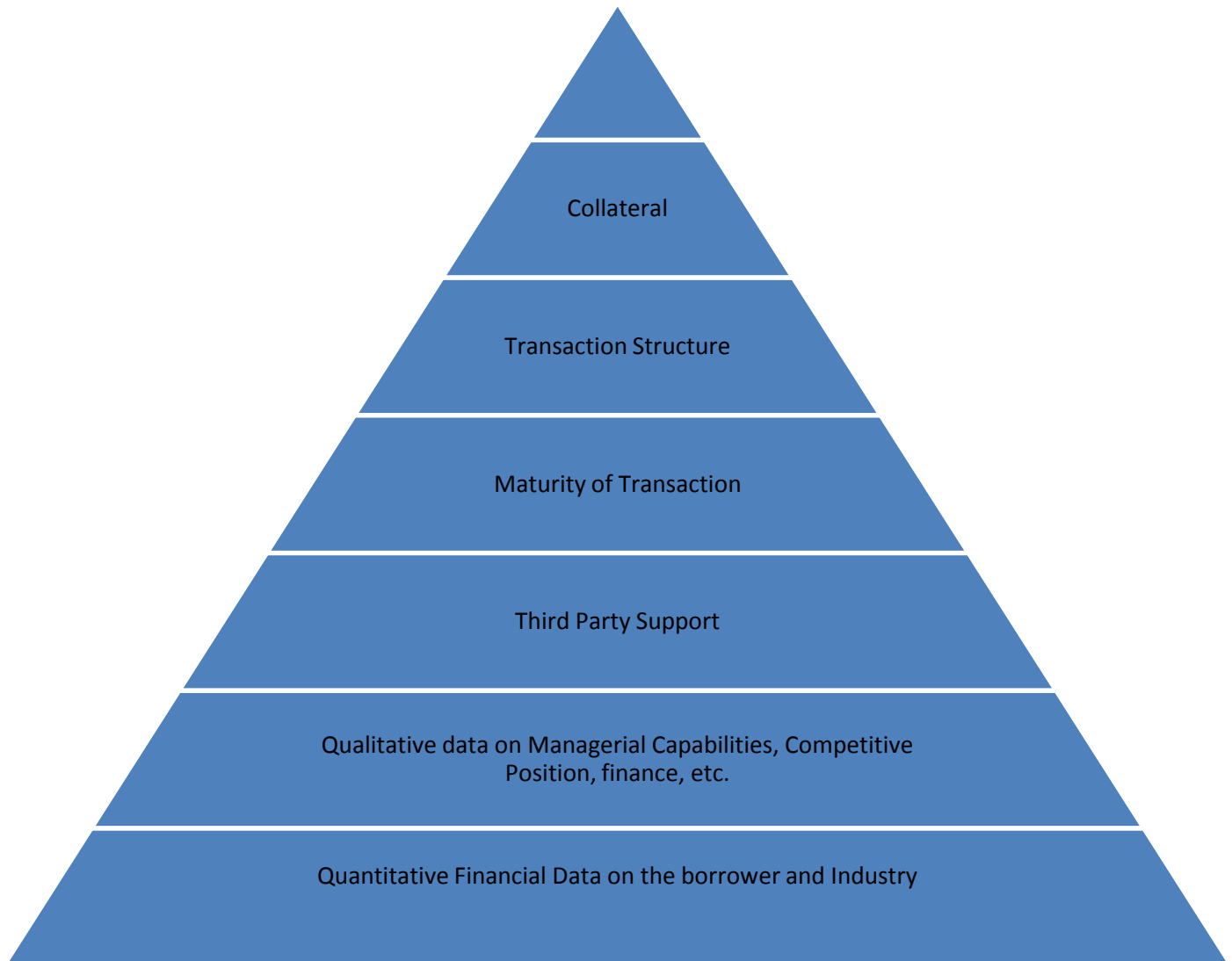
At every stage of managing risk in the credit portfolio, a number of analytical tools need to be used to enhance the process of decision-making. The diagram below depicts some of the Analytical Models used in Credit Risk Management.

STAGES IN CREDIT RISK MANAGEMENT: ANALYTICAL MODEL AND BENEFIT



Source: Introducing IT in Banks, NIBM Research Papers, 2002





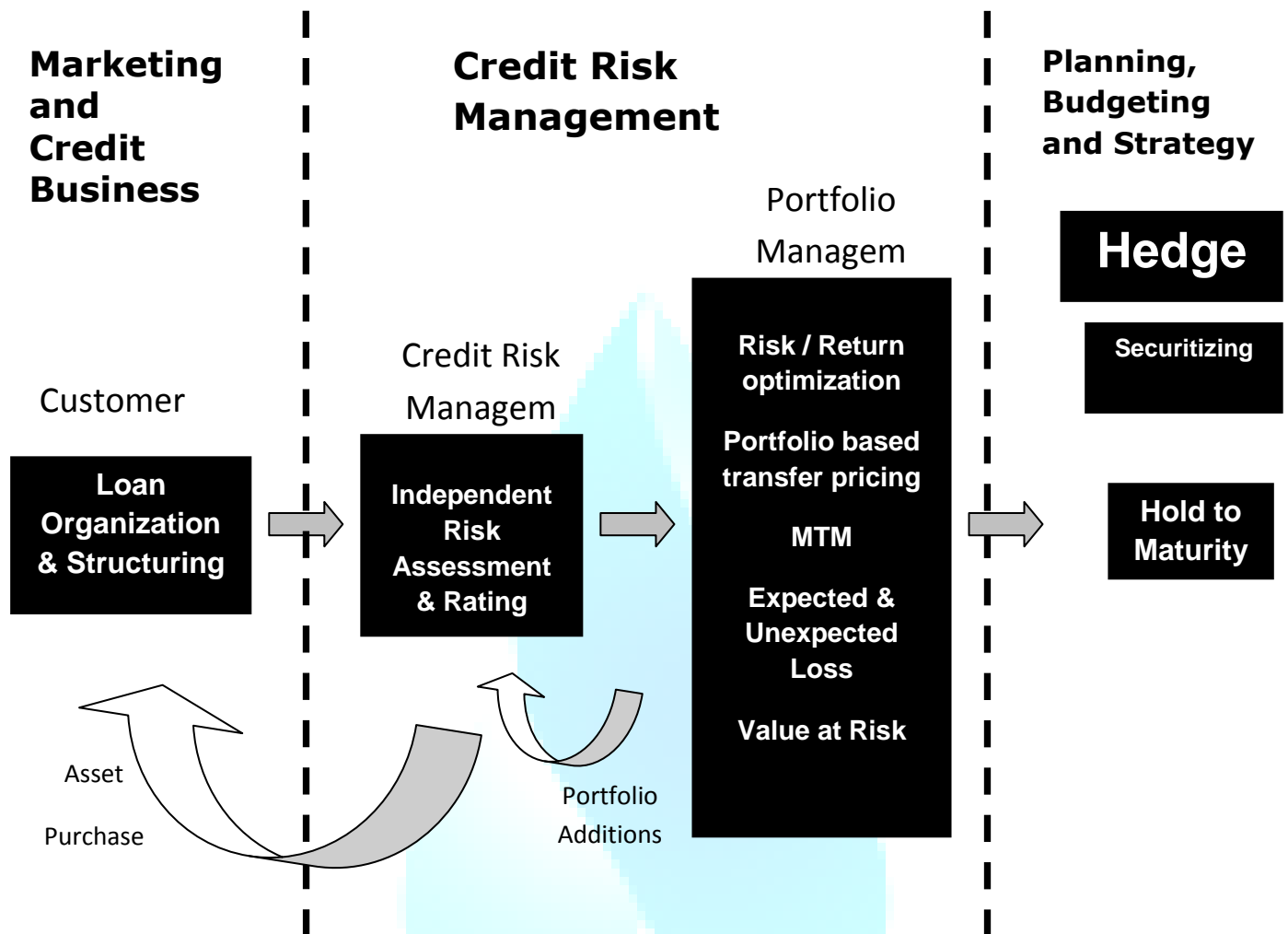
Source: Introducing IT in Banks, NIBM Research Papers, 2002

INTEGRATED CREDIT RISK MANAGEMENT PROCESS

As the banks develop their Credit Risk measurement Tools and the Credit Information Systems over the four phases, the same will have to be integrated with Credit Business process and Credit Risk Management process of the bank. A fully integrated Credit Risk Management process has been diagrammatically depicted below:



INTEGRATED CRM PROCESS



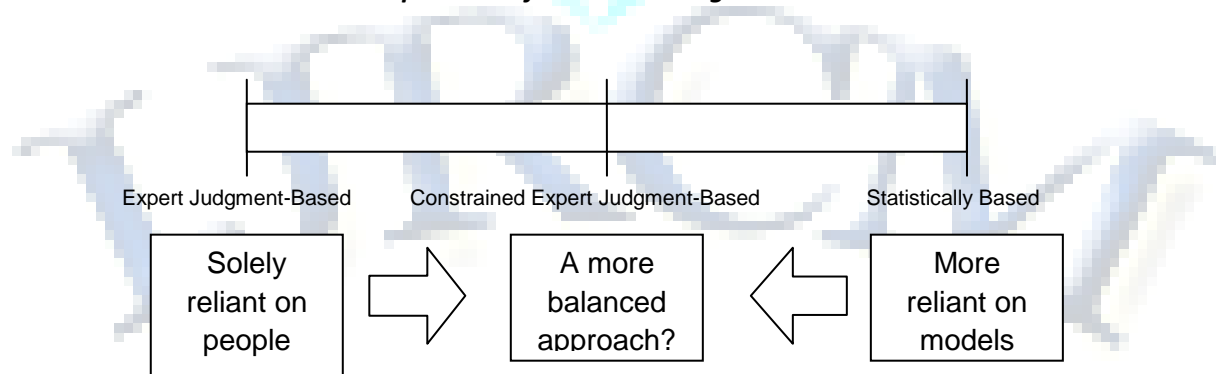
Source: Integrating IT Strategies with Business Strategies, NIBM Research Papers, 2002

INTERNAL RATINGS FOR CREDIT RISK MANAGEMENT: BASEL ACCORD

It is apparent that Basel has given much thought of the linkage between use for rating models and validation of internal ratings. The Basel Committee on Banking Supervision has brought unprecedented focus to issues relating to consistency and robustness of financial institutions' internal credit risk system management processes in its first consultative paper, A New Capital Adequacy Framework, in 1999.

Basel Committee listed a wide range of practices that were employed for the risk management of other product types. Basel classified these approaches into *judgmental, constrained expert systems, and statistical modeling*.

Spectrum of Internal Rating Procedure



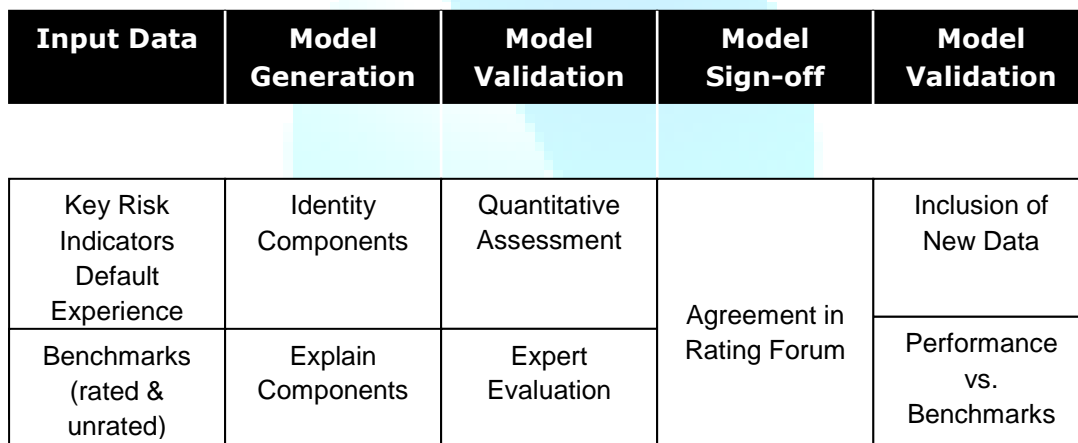
BUILDING CREDIT RATING MODELS

There is a wide range of approaches that can be applied to the process of modeling ratings. Some popular models seek to model many factors, while others (such as statistical models) provide an output derived from a relatively small number of inputs. In table below are listed briefly some of the advantages and disadvantages of popular approaches to modeling rating.

Approach	Advantages	Disadvantages
Multi-discriminant Analysis	<ul style="list-style-type: none"> Well known Z-score mode well understood Long established(Altman, 1968) Objective Transparent 	<ul style="list-style-type: none"> Focus on bankruptcy, not rating
Linear Regression	<ul style="list-style-type: none"> Models internal ratings Long established (Horrigan, 1965) Good predictive capabilities Objective Transparent 	<ul style="list-style-type: none"> Nonlinear effects not included
Expert Systems	<ul style="list-style-type: none"> Models complex relationships Includes qualitative factors Objective 	<ul style="list-style-type: none"> Non statistically robust Require wide team of experts Can be time consuming to implement
Neural Networks	<ul style="list-style-type: none"> Captures complex relationships No preconceived assumptions required 	<ul style="list-style-type: none"> Not transparent Can be time consuming to implement
Merton Approach	<ul style="list-style-type: none"> Market-based Based in financial theory Objective Timely Measures probability of default 	<ul style="list-style-type: none"> Does not replicate internal ratings
Bond Spread Analysis	<ul style="list-style-type: none"> Market-based Objective Timely Measures probability of default 	<ul style="list-style-type: none"> Does not replicate internal ratings Other factors, such as liquidity, affect credit spreads

The rating Model Development process can be explained with the help of following diagram.

Process Flow Diagram for Rating Model Development



Source: Banks and Risk Management, CSFB, December, 2003

MARKET RISK MANAGEMNT AND ASSET LIABILITY AND MANAGEMENT

ALM can be defined as ‘assessing the impact of changing profile of various risks especially market risk on the banks balance sheet and actively altering the structure of the asset and liability portfolio to optimize the profit position of banks.’ Liberalization of interest rates and business activities has increased the interest rate sensitivity of banks’ assets and liabilities thereby increasing the vulnerability of banks bottom-line on market rate fluctuations. Asset Liability Management is a strategic balance sheet management of risks caused by changes in the interest rates, exchange rates and the liquidity position of the bank. To manage these risks, banks will have to develop suitable models based on its product profile and operational style. The guidelines of RBI on ALM are primarily aimed to enable banks to tackle the liquidity risk and interest rate risk.

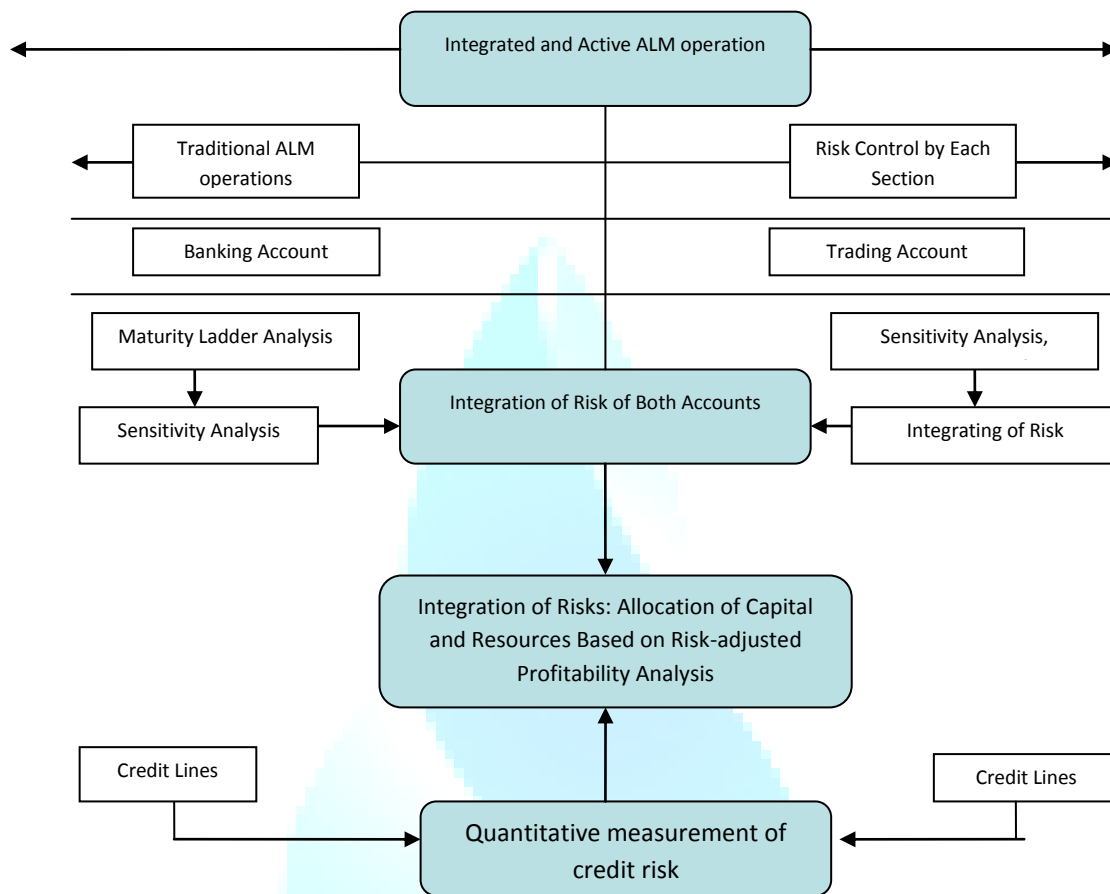
The three approaches to ALM practices followed by banks normally are:

- (a) *The Maturity Model,*
- (b) *The Duration Model, and*
- (c) *The Repricing or the Funding Gap Model.*
- (d) For **liquidity risk management**, the assets and liabilities of the bank are segregated into different groups based on their maturity profile. Based on the maturity profile, the Statement of Structural Liquidity will have to be prepared by the banks. And to monitor the short-term liquidity, the banks are required to prepare the Statement of Short-term Dynamic Liquidity.

For managing the **interest rate risk**, the RBI guidelines prescribe the Gap Analysis. Based on the sensitivity of the assets and liabilities to the interest rate fluctuations, they are classified into different maturity buckets. The Rate Sensitive Gap (RSG), which is the difference between the rate sensitive assets (RSAs) and the rate sensitive liabilities (RSLs) enables the banks to assess the impact of the rate fluctuations on their net interest margin (NIM). The model can also be extended to target a RSG so as to attain a positive impact on the NIM. An essential ingredient for this is however, an elaborate MIS at the micro-level.

In the case of **currency risk management**, banks in India have been given the discretion to maintain overnight open positions subject to maintenance of adequate capital. An integrated ALM process is shown in the following diagram:

INTEGRATED ALM PROCESS



Source: Integrating IT and Business Strategies, NIBM Research Papers, 2002

CONCLUDING REMARKS

Risk Management helps banks in preventing problems even before they occur. In managing risks, the Board of Directors and Senior Management will have to play an effective role by formulating clear and comprehensive policies. The Risk Management System, which integrates (i) prudent risk limits, (ii) sound risk measurement procedures and information systems, and (iii) continuous risk monitoring and frequent reporting is said to be efficient one. The keen interest taken by the Reserve Bank of India in this context needs to be appreciated and supported at all levels.

There are various new aspects to the risk management which are taking the forefront in the upcoming business and banking world. These deal with developing systems and procedures for handling properly and more prudently the various types of risks so as to avoid any kind of losses in the future. Few important aspects related mainly to **Credit Risk Management and Market Risk Management** which have developed and gained importance in the recent past have been analyzed in this study. The major issues covered are:

- **Aggregation of Risks:** Joshi and Joshi have stated it is highly necessary that aggregate risk exposures should receive increased scrutiny before any type of risk management technique is applied. To do so, however, banks would necessarily have to aggregate risks.
- **Risk management and technology:** National Institute of Bank Management (NIBM), with its experience in Information Technology and finance solutions for the Banking industry has proposed a Business-technology model termed as **Enterprise Maturity Model** which provides a framework for a phased introduction of the Executive Information System (EIS).
- **Internal ratings for Credit Risk Management-Basel Accord:** It is apparent that Basel has given much thought over the linkage between use for rating models and validation of internal ratings. The Basel Committee on Banking Supervision has brought unprecedented focus to issues relating to consistency and robustness of financial institutions' internal credit risk system management processes in its first consultative paper, A New Capital Adequacy Framework, in 1999.

In determining appropriate levels of capital, banks need to determine both the level of risk and creditworthiness through its internal rating process. Credit Suisse First Boston (CSFB) has discussed various issues faced in building its internal rating process.

- **Development of an integrated ALM for managing especially the market risk:** There has been a shift away from a simple ALM operation in the narrow sense to one which is based on interest rate predictions. It also examines the possibility of an Integrated Risk Management System covering both Banking and Trading accounts.

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PASSENGER EXPECTATIONS ON DOMESTIC AIRLINE SERVICES: AN ANALYSIS**DR. P. BABY****ASST. PROFESSOR****BHARATHIYAR ARTS & SCIENCE COLLEGE FOR WOMEN****DEVIYAKURICHI****ABSTRACT**

Air transportation industry in India is increasing rapidly in recent years. Similarly, the numbers of airline companies and passengers traffics are increasing radically. Thus, searching and understanding the expectations of passengers in airline services are getting importance for airline companies. This study measures and compares differences in passengers' expectations of the preferred domestic airlines. In this study, 400 questionnaires were applied for domestic airline passengers in Tamilnadu. The data were collected by using 5- point Likert type questionnaire filled by the respondents. The findings confirmed that significant differences exist between the domestic flights and passenger groups regarding their demographic factors such as age, gender, educational qualification, monthly income and occupation and also family size. Therefore, the author made an attempt to study passengers' expectations on domestic airline services with special reference to state of Tamilnadu..

KEYWORDS

Airline, Domestic, Expectations, Passengers, Pre-flight, in-flight, Post-flight and Services.

INTRODUCTION

Expectations of airline passengers are not only wrought by how well an airline performs versus its direct competitors, they are also increased by standards set by other industries. Innovative products and services in one industry can raise the bar for all industries, including commercial aviation. Airlines and airports have to tune into the customer from perception when scheming passenger services, so they activate more from the outside-in. Airline passengers have hoisted their prospects around seating packages, staff interactions, priority treatment, requiring airlines to think more like retailers and less like a mode of transportation amid rising operating costs. Faced with rising operating costs, evolving customer needs and global challenges, the airline industry offers a great learning place for other industries. On and off the runway, passengers are pushing airlines to think more like retailers and less like a mode of transportation. Expectations around pre-flight, in-flight and post flight services that experiences the subject to passengers. Differences across passengers' go ahead of the typical leisure and business divide. Behaviors, preferences and attitudes are shaping that passengers desire and with emerging markets fueling travel growth, so too are cultural differences.

DOMESTIC PASSENGER AIR TRAFFIC IN INDIA 2012-2014

According to the Airport Authority Report (AAI) 2014, the domestic passenger traffic in January 2014 has stagnated to 10.21 million from 10.21 million in January 2013 registering a flat growth. The total passenger traffic during the reporting month has shown an increase of 1.7 per cent during January 2014 as compared to January 2013. In February 2014, total passenger traffic demand rose by 4.2 per cent compared to the same period in 2013. International passenger traffic was increased by 5.0 per cent and domestic passenger traffic increased by 3.5 per cent during February 2014.

PASSENGERS EXPECTATIONS OF DOMESTIC AIRLINE SERVICES

An Expectation has been viewed as multiple ways in service marketing literature. According to Zeithaml et.al (1993) stated that "expectations are viewed as predictions made by customers about what is likely to happen during an impending transaction or exchange". Basically, expectations are classified into two categories i.e., predictive and normative. In predictive expectations, subjective probabilities are the occurrence of the future events (Bearden and Teal, 1983; Westbrook, 1987; Boulding et al., 1993). In normative expectations, what the customers expect from an excellent service provider or what the customer hopes for (Zeithaml et al., 1993) or desires (Prakash 1984). These two types of expectations are also sometimes referred to as "will" expectations and "should" expectations respectively (Boulding, et al. 1993).

To explore the service expectations of airline passengers, the respondents were asked to rate their expectations of airline service by using Likert five point scale ranging from very high to very low. From the consumer behavioral point of view the service expectations and its levels will vary from individual to individual. In the high profile service such as airline services need to be assessed carefully because the status, usage, purpose of airline passengers are highly volatile. To analyze the service quality, expectations of domestic airline passengers is yet another objective framed in this study in order to find the expectations of passengers' pre-flight, in-flight and post-flight services. To extract right information from the respondents, one sample t- test is employed to know their expectations in pre-flight, in-flight and post-flight services.

PASSENGERS EXPECTATIONS OF PRE-FLIGHT SERVICES

This study aims to understand what is expected of the airline companies by the passengers to provide the desired service quality and to identify service quality receptiveness. The expectations construct has been viewed as playing a key role in consumer evaluation of service quality (Parasuraman, Zeithaml and Berry, (1985) its meaning in the service quality literature is similar to the ideal standard in the consumer satisfaction/ dissatisfaction literature. In this study the airline services are classified into three categories i.e., Pre-flight, in-flight and post-flight services.

PRE-FLIGHT SERVICE IS EXAMINED BY RATING THE VARIABLES LISTED BELOW:

1. Ticket booking and flight scheduling
2. Convenient waiting lounge
3. Transferring of service in departure
4. Check – in and boarding
5. Announcement

TABLE NO. 1.1: ONE-SAMPLE STATISTICS FOR THE PASSENGERS' EXPECTATIONS ON PRE - FLIGHT SERVICES

Variables	N	Mean	Std. Deviation	Std. Error Mean
PREFS1	400	4.1775	.90446	.04522
PREFS2	400	3.8700	1.00779	.05039
PREFS3	400	3.8450	.90444	.04522
PREFS4	400	4.0200	.82844	.04142
PREFS5	400	3.9000	1.01122	.05056

From the above table, it is found that the mean values of five variables of pre – flight services ranges from 4.1775 to 3.8450 with varying standard deviations. The significant t – values for all these variables are presented in the following table.

TABLE NO. 1.2: ONE-SAMPLE t- TEST FOR THE PASSENGERS’ EXPECTATIONS ON PRE – FLIGHT SERVICES

Variables	Test Value = 3							
	T		Sig. (2-tailed)		Mean Difference		9five percent Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper		
PREFS1	26.038	400	.000	1.17750	1.0886	1.2664		
PREFS2	17.266	400	.000	.87000	.7709	.9691		
PREFS3	18.686	400	.000	.84500	.7561	.9339		
PREFS4	24.625	400	.000	1.02000	.9386	1.1014		
PREFS5	17.800	400	.000	.90000	.8006	.9994		

From the above table, it is shown that domestic airlines passengers have strong expectations like ticket booking and flight scheduling (t=26.038, p=0.000) and check –in and boarding (t=24.625, p=0.000) and they have moderate level of expectations with regard to convenient waiting lounge (t= 17.266, p=0.000) transfer of service in departure (t=18.686, p=0.00) and announcements (t=17.800, p=0.000). The t-values are statistically at five percent level. Therefore, it is concluded that the passengers’ expectations of pre – flight service are moderate.

PASSENGERS’ EXPECTATIONS OF IN – FLIGHT SERVICES

IN-FLIGHT SERVICE IS EXAMINED BY RATING THE VARIABLES LISTED BELOW:

1. Service of attendants
2. In – flight food and beverages
3. In – flight entertainment
4. Comfort and cleanliness of seat and leg room
5. Cleanliness of toilets

TABLE NO. 1.3: ONE-SAMPLE STATISTICS FOR THE PASSENGERS’ EXPECTATIONS ON IN-FLIGHT SERVICES

Variables	N	Mean	Std. Deviation	Std. Error Mean
INFS1	400	4.2550	1.90501	.09525
INFS2	400	3.8000	1.07372	.05369
INFS3	400	3.4650	1.14107	.05705
INFS4	400	4.0200	.98845	.04942
INFS5	400	4.0875	.99867	.04993

From the above table, it is identified that the mean values of five variables of in – flight services ranges from 4.2550 to 3.4650 with varying standard deviations. The significant t – values for all these variables are presented in the following table.

TABLE NO. 1.4: ONE-SAMPLE t- TEST FOR THE PASSENGERS’ EXPECTATIONS ON IN – FLIGHT SERVICES

Variables	Test Value = 3							
	t		Sig. (2-tailed)		Mean Difference		9five percent Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper		
INFS1	13.176	400	.000	1.25500	1.0677	1.4423		
INFS2	14.901	400	.000	.80000	.6945	.9055		
INFS3	8.150	400	.000	.46500	.3528	.5772		
INFS4	20.638	400	.000	1.02000	.9228	1.1172		
INFS5	21.779	400	.000	1.08750	.9893	1.1857		

The above table shows that domestic airlines respondents have strong expectations with regard to service of attendants (t=13.176, p=0.000), comfort and cleanliness of seat and leg room (t=20.638, p=0.000) and cleanliness of toilets (t=21.779, p=0.000). They have moderate level of expectations with regard to in-flight food and beverages (t= 14.901, p=0.000) and in-flight entertainment (t=8.150, p=0.000). The t-values are statistically at five percent level. Thus, it is proved that the passengers’ expectations of in-flight service are high.

PASSENGERS EXPECTATIONS OF POST FLIGHT SERVICES

Post-flight service is examined by the following variables:

1. Check – out and settling
2. Baggage reclaim
3. Remedial measures for missing/delayed baggages
4. Transfer of service after arrival
5. Offering travel partners for example, Car rental, hotels.

TABLE NO. 1.5: ONE-SAMPLE STATISTICS FOR THE PASSENGERS’ EXPECTATIONS ON POST FLIGHT SERVICES

Variables	N	Mean	Std. Deviation	Std. Error Mean
POSTFS1	400	4.0850	.92732	.04637
POSTFS2	400	4.0050	1.01615	.05081
POSTFS3	400	3.8400	1.02324	.05116
POSTFS4	400	3.8275	.86580	.04329
POSTFS5	400	3.4800	1.05469	.05273

The above table shows that the mean values of five variables of post – flight services ranges from 4.0850 to 3.4800 with varying standard deviations. The significant t-values for all these variables are clearly shown in the following table.

TABLE NO. 1.6: ONE-SAMPLE t – TEST FOR THE PASSENGERS’ EXPECTATIONS ON POST FLIGHT SERVICES

Variables	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	9five percent Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper
POSTFS1	23.401	400	.000	1.08500	.9938	1.1762
POSTFS2	19.781	400	.000	1.00500	.9051	1.1049
POSTFS3	16.418	400	.000	.84000	.7394	.9406
POSTFS4	19.115	400	.000	.82750	.7424	.9126
POSTFS5	9.102	400	.000	.48000	.3763	.5837

From the above table it is shown that domestic airlines passengers have strong expectations with regard to check out and settling (t=23.401, p=0.000) and baggage reclaim (t=19.781, p=0.000) along with that they have moderate level of expectations with regard to remedial measures for missing or delayed baggages (t=16.418, p=0.000) and transfer of service after arrival (t= 19.115, p=0.000) and offering travel partners such as car rental, hotel etc. (t=8.150, p=0.000). The t values are statistically significant at five percent level. Hence, it is proved that the passengers’ expectations of post –flight service are moderate.

INFLUENCE OF DEMOGRAPHIC VARIABLES ON PASSENGERS EXPECTATIONS OF SERVICE QUALITY

In this study it is essential to find the influence of independent demographic variables on the pre-flight, in-flight and post-flight factors. The total average scores of pre-flight, in-flight and post-flight variables are considered as dependent factors and the independent demographic variables as well as passengers details are considered as independent factors individually.

INFLUENCE OF PLACE OF RESIDENCE OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS OF SERVICE QUALITY

The three types of place of residence-urban, semi-urban and rural areas of passengers as well as their perceptual difference are identified through one-way analysis of variance. The mean value comparison is done by referring annexure tables.

TABLE NO. 1.7: INFLUENCE OF PLACE OF RESIDENCE OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS ON SERVICE QUALITY

Domestic Airlines Chain of Services		Sum of Squares	Df	Mean Square	F	Sig.
Pre-flight	Between Groups	7.333	2	3.667	7.122	.001
	Within Groups	204.384	397	.515		
	Total	211.717	399	-		
Post-flight	Between Groups	5.728	2	2.864	4.370	.013
	Within Groups	260.209	397	.655		
	Total	265.938	399	-		

From the above table, it is found that pre-flight (F=7.122, p=0.001) and post-flight experiences (F=4.370, P=0.013) are statistically significant at five percent level. This leads to the mean wise comparison of different place of residence. It is found that semi-urban passengers expect better pre –flight (mean = 4.1596) and post-flight services (mean=3.99). This means that the expectations of semi-urban passengers of pre-flight and post-flight service are high and in case of in-flight services the f and p values are not statistically significant at five percent level. Hence, the place of residence is not influencing the passengers’ expectations on domestic airlines chain of services.

INFLUENCE OF EDUCATION WISE CLASSIFICATION OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS OF SERVICE QUALITY

The five types of educational qualification such as up to higher secondary, graduate; post graduate, professional and other categories of passengers as well as their perceptual difference are identified through one-way analysis of variance. The mean value comparison is done by referring annexure tables.

TABLE NO. 1.8: INFLUENCE OF EDUCATION WISE CLASSIFICATION OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS ON SERVICE QUALITY

Domestic Airlines Chain of services		Sum of squares	df	Mean squares	F	Sig
Pre-flight	Between groups	6.736	7	1.123	2.152	.047
	Within Groups	204.982	393	.522		
	Total	211.717	400	-		
Post-flight	Between groups	9.559	7	1.593	2.442	.025
	Within groups	256.379	393	.652		
	Total	265.937	400	-		

From the above table, it is found that pre-flight (F=2.152, p=0.047) and post-flight experiences (F=2.442, P=0.025) are statistically significant at five percent level. This leads to the mean wise comparison of different education education qualification of the passengers. It is found that the passengers of higher secondary educational qualifications level expect more of pre –flight (mean = 4.2323) and post-flight services (mean=4.0452) and in case of in-flight services the f and p values are not statistically significant at five percent level. Hence, the educational qualification is not influencing the passengers’ expectations of domestic airlines chain of services. This states that passengers of up to higher education expects some better quality of pre-flight services as well as post-flight services.

INFLUENCE OF OCCUPATION OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS OF SERVICE QUALITY

The six types of occupation status such as Business, Profession, Private Employees, Government Employees, Student and Other categories of passengers as well as their perceptual difference are identified through one-way analysis of variance. The mean value comparison is done by referring annexure tables.

TABLE NO. 1.9: INFLUENCE OF OCCUPATION OF PASSENGERS AT THREE STAGES ON PASSENGERS EXPECTATIONS ON SERVICE QUALITY

Domestic Airlines Chain of Services		Sum of Squares	df	Mean Square	F	Sig.
Pre-flight	Between Groups	7.868	8	1.124	2.161	.037
	Within Groups	203.849	392	.520		
	Total	211.718	400	-		
In-flight	Between Groups	11.904	8	1.701	2.154	.037
	Within Groups	309.516	392	.790		
	Total	321.420	400	-		
Post-flight	Between Groups	9.347	8	1.335	2.040	.049
	Within Groups	256.591	392	.655		
	Total	265.938	400	-		

From the above table, it is found that pre-flight (F=2.161, p=0.037), in-flight (f=2.154, p=0.37) and post-flight experiences (F=2.040, P=0.049) are statistically significant at five percent level. This leads to the mean wise comparison of different occupational status of the passengers. It is found that professional passengers expect some better pre –flight services (mean = 4.1732), while in case of in-flight and post flight services student categories expect some more (mean=4.2519) better services. This entails that students have more expectations of in-flight as well as post-flight services.

INFLUENCE OF MONTHLY INCOME OF PASSENGERS AT THREE STAGES ON PASSENGERS’ EXPECTATIONS OF SERVICE QUALITY

The five types of monthly income such as up to INR.20, 000, INR.20, 001– 30,000, INR.30, 001– 40,000, INR. 40,001– 50,000 and INR.50, 001 and above of passengers as well as their perceptual difference are identified through one-way analysis of variance. The mean value comparison is done by referring annexure tables.

TABLE NO. 1.10: INFLUENCE OF MONTHLY INCOME OF PASSENGERS ON THREE STAGES ON PASSENGERS EXPECTATIONS ON SERVICE QUALITY

Domestic Airlines Chain of Services		Sum of Squares	df	Mean Square	F	Sig.
Pre-flight	Between Groups	14.621	6	2.437	4.859	.000
	Within Groups	197.097	393	.502		
	Total	211.718	399	-		
Post-flight	Between Groups	22.662	6	3.777	6.102	.000
	Within Groups	243.275	393	.619		
	Total	265.937	399	-		

From the above table it is found that pre-flight ($F=4.859$, $p=0.000$) and post-flight experiences ($F=6.102$, $P=0.000$) are statistically significant at five percent level. This leads to the mean wise comparison of different monthly income wise classification of the passengers. It is initiated that maximum passengers income level ranges from INR 40,001 – 50,000 and they have some more expectations of pre-flight services (mean = 4.2421) and in case of post-flight services maximum (mean = 4.1860) passengers ranges from INR 40,001 -50,000 and they have some more expectations of post flight services and in case of in-flight services, the f and p values are not statistically significant at five percent level. Hence, the monthly income is not influencing the passengers' expectations of domestic airlines chain of services. This identifies that maximum income of passengers ranges from INR 40,001 – 50,000 and they have more expectations of pre-flight as well as post-flight services.

INFLUENCE OF PASSENGERS FAMILY SIZE AT THREE STAGES OF PASSENGERS EXPECTATIONS OF SERVICE QUALITY

The three types of family size such as 1-3, 4-6 and above 6 of passengers as well as their perceptual difference are identified through one-way analysis of variance. The mean value comparison is done by referring annexure tables.

TABLE NO. 1.11: INFLUENCE OF PASSENGERS' FAMILY SIZE ON THREE STAGES OF PASSENGERS EXPECTATIONS ON SERVICE QUALITY

Domestic Airlines Chain of Services		Sum of Squares	df	Mean Square	F	Sig.
Pre-flight	Between Groups	3.973	2	1.987	3.796	.023
	Within Groups	207.744	397	.523		
	Total	211.718	399	-		
In-flight	Between Groups	9.004	2	4.502	5.721	.004
	Within Groups	312.416	397	.787		
	Total	321.420	399	-		
Post-flight	Between Groups	5.147	2	2.574	3.918	.021
	Within Groups	260.790	397	.657		
	Total	265.937	399	-		

From the above table, it is identified that pre-flight ($F=3.796$, $p=0.023$), in-flight ($f=5.721$, $p=0.004$) and post-flight experiences ($F=3.918$, $P=0.021$) are statistically significant at five percent level. This leads to the mean wise comparison of different family size of the passengers. It is shown that passengers from a family which consists of maximum 4-6 members passengers expect better pre-flight services (mean = 4.0450), (mean=4.0502) and (mean=3.9281) and they have more expectations of all the three stages of chain of services. This implies that passengers from a family of 4-6 members have more expectations of pre-flight, in-flight and post-flight services.

MAJOR FINDINGS OF THE STUDY

- ◆ The expectations of pre-flight and post-flight services are high among semi-urban passengers and also the passengers of up to higher secondary education level qualification. The professionally employed passengers expect some better pre-flight services, while in case of in-flight and post flight services, student categories expects some better services. In case of income groups, maximum income of passengers ranges from INR 40,001 – 50,000 and they have more expectations of pre-flight as well as post-flight services.
- ◆ The airline passengers give much importance to external aspects of airline service providers and they are very particular about their conveniences in ticket booking and facilities in aircrafts.
- ◆ The airline passengers of Tamilnadu are very much concerned about reliability of the service providers such as proper records, sympathetic and reassurance and remedial measures.
- ◆ Since the airline services are costlier, the respondents expect more responsiveness from the airline service providers regarding passenger's grievance redressal mechanism, transfer of services and cancellation or delay in flights etc.
- ◆ In case of assurance, the passengers are expecting a constructive mechanism to handle all the procedures and formalities as well as they expect more representativeness from airline service providers during their travel.
- ◆ Since the airline service comprises lot of formalities, the passengers expect the empathetical response and support from the airline service providers in case of cabin services, care and concern over passenger needs and proper information about cancellation and rescheduling of flights.
- ◆ The air travel is basically risk in nature hence, it is common for a passenger to feel fear and uncertain about their travel. Therefore, confidence building becomes very essential on the part of airline service providers.
- ◆ Safety and security becomes very crucial factor which is to be considered more in airlines. Consequently, the passengers expect more protective measures and trust formation from the side of airline service providers.
- ◆ The airline services involve a complex mechanism from ticket booking to check out. Hence the passengers expect methodical approach and efficiency mechanism in handling all those things.

CONCLUSION

Understanding and measuring the expectations of airline passengers is a difficult task and it is an important for service providers. Consecutively to have a successful business and to maintain their competitiveness in relation to other airlines, airline managers should employ proper strategies, gain insight into factors that influence travelers' decision making in their airline preferences, and also to focus on the factors that have the greatest impact on travelers' preferences. Adhering to the needs and expectations of passengers will result in offering high levels of service and consequently pleasures but will also contribute to shaping attitudes and expectations. Considering the research findings the airline companies are able to plan ahead to try to meet the expectations of airline passengers when boarding a domestic air carriers.

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INNOVATIVE LEARNING PEDAGOGY IN BUSINESS SCHOOLS

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ABSTRACT

To meet the demand supply gap of efficient managers, effective management education is need of the hour. Innovative learning pedagogies in Business Schools aim at equipping the budding/ prospective managers with the required skills. There is no prescribed scientific or theoretical framework for the purpose. However, the process of teaching and learning can be more effective, if it can ensure greater engagement of the students. Again, if the element of enjoyment is embedded in the process of learning, it may lead to greater student involvement. The paper attempts to highlight the importance of innovative learning pedagogical tools with special focus on i.e. Project Based Learning, Immersion Oriented Learning and Co-operative Learning in Business Schools. The conceptual framework have been developed taking the aid of the existing literature.

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KEYWORDS

Project Based Learning, Immersion Oriented Learning and Co-operative Learning.

1) INTRODUCTION

The changing times and dynamism of the present business world has reflected a need for a class of managers who are ready to embrace the challenges and deliver the best outcomes with limited resources utilizing their optimization skills. Innovative learning pedagogies in Business (B) - Schools aims at equipping the budding/ prospective managers with the required skills like time management, initiative, resource utilization, dependability, team work, communication skill, application of mind and handling uncertainty etc.

2) ISSUES AND CHALLENGES

Although there is no prescribed scientific or theoretical framework that embraces all the activities involved in Learning. Traditional academic learning emphasized on cramming ability whereas progressive approaches to learning asserts that one must be active and learn by doing. Learning must be reflective i.e. there should be cognitive or affective change in the behavior of the student (Brockbank and McGill I, 2007).

Henry Mintzberg (Mintzberg, 2009) opines management as a practice that has to blend a good deal of craft (experience) with a certain amount of art (insight) and some science (analysis). To overcome the drudgery of boring lectures or yet another case it is important to give a taste of the real world to the students.

Google has revolutionized the teaching as well as learning process. Web is packed full of powerful tools and technologies, many of which provide platforms for our students to share/exchange information about themselves (social networking), searching and bookmarking information, as well as providing numerous vents for self-expression; such as MySpace, Bebo, Flickr, Wikis, blogs, podcasts, Wikipedia, Delicious, YouTube and Facebook. Everything is to hand, easy to search and filter via internet borrowers such as Microsoft's Internet Explorer, Apple's Safari or Firefox (Ashraf, 2009). Students learn the trivial things on their own through their 'mobile Google'. 'Lecture & question' may be considered as the easiest mode to teach. This so called chalk and talk where the teacher presumes that student must understand what the teacher speaks can never be validated for effective learning.

Management as a branch of education originally developed and established in the USA was adopted in Europe in the 1960s and achieved global acceptability aftermath. Globally, huge numbers of management schools are operating and competing for students (Debnath & Shankar, 2009). Many of the mushrooming MBA institutes do not educate the prospective managers but only award them the fancy tag of 'MBA'. The purpose of education should be to provide a non-judgmental and unbiased environment that is conducive to disseminating knowledge and developing student's analytical and problem solving abilities. Students should be trained to free themselves from dogma, preconception and ideology. They should be enabled to be cautious of their opinions and judgments, reflective of their actions and they should be aware of their place in social and natural world. Each student should be encouraged to emerge as an independent thinker from the herd of MBA graduates. The purpose of management education should not be restricted to just making the students industry ready, it should endeavor to provide an environment that fosters the exploration of new ideas. The institutes should strive to help the students grow into individuals, and with broad horizons acquire the skills to think from different perspectives (Parikh, 2013).

The all India Council for Technical Education (AICTE) statistics reveals that there are 312 institutions conducting technical programmes without AICTE approval as on 17th April 2013 (www.aicte-india.org). Most of them are management institutes. So, in the era when management institutes are mushrooming, it has become a crucial matter to deliver quality education to students. As per Yashpal Committee report the higher education in India is too theoretical and is devoid of practical experiences. It advises that the curricular structure should treat knowledge in holistic manner. The architecture of learning should be designed in such a way that students acquire the skills they need to work in a real world environment and overcome the drawbacks such as lack of ability to analyze or solve problems, relate problems to different contexts, communicate clearly and have an understanding of different branches of knowledge (Yashpal, 2008). The education sector has undergone a sea change and literature recognizes that, in order to improve the quality of student learning, there is a need to develop a better understanding of student learning approaches (Jackling, 2005). However, all students might not like these innovative learning modes.

3) OBJECTIVE

The objective of the paper is to highlight the importance of innovative learning pedagogical tools with special focus on i.e. Project Based, Immersion oriented and Co-operative learning in B- Schools.

4) METHODOLOGY

The conceptual framework has been developed taking the aid of the existing literature.

5) DISCUSSION: INNOVATIVE LEARNING PEDAGOGIES IN B - SCHOOLS

In recent times Project/ Assignment based learning has been proved as an invaluable tool for achieving greater learning and teaching outcomes. It is advocated that level of effectiveness in teaching can be improved only with enhanced student engagement i.e. action learning. Modern innovative learning pedagogies demands involvement, participation, collaborative and co-creation and it provides platform to prospective managers to make mistakes without severely detrimental consequences. Under experimental method of learning data are generated during the exercise. Students learn under this method not by written introduction but by their experience in the exercise itself. The biggest advantage of this method is that students are completely immersed in the learning

situation. Hence, we may also call it as immersion based learning. A sort of cheerful environment is also created in experimental methods as these exercises are mostly done in groups and also provides a break in traditional routine of lecture and case method courses. The fun, mystery, innovative, flexibility, ability to teach leadership and management are the elements in action learning projects that help in keeping students engaged (Clawson and Haskins, 2011).

Some of the recent pedagogical practices adopted world-wide in management schools in addition to the traditional classroom learning and apart from case based learning includes:

1. Project based learning
2. Immersion Learning
3. Cooperative learning

The paper focuses on conceptual framework of all these practices in enhancing management education

i. PROJECT BASED LEARNING

Project based learning has several dimensions. It helps in expanding the knowledge base of the students which is critical for problem solving and situation handling. With some degree of student "voice and choice," rigorous projects are carefully planned, managed, and assessed to help students learn key academic content, practice 21st Century Skills (such as collaboration, communication & critical thinking), and create high-quality, authentic products & presentations. It helps them in recognizing their skills as well as of their peers. It instills an attitude of co-operation, respect, adaptability while working in groups. It also conditions them to work with limited resources and time. It is an exercise towards application of mind for filtering the theoretical knowledge to solve the practical problems. The learners go through an extended process of inquiry in response to a complex question, problem, or challenge in Project Based Learning (<http://www.bie.org>).

Mintzberg also supports project based learning if done carefully, deeply, experience by experience, team by team, with the help and great deal of time under the supervision of a skilled faculty (Mintzberg, 2009). It helps them to develop insights for understanding the problem and then augment recommendations. To have the best outcomes, the project should be manageable as well as challenging. In addition, the instructor should provide ongoing coaching and support and frequent feedback, but not overt direction (Clawson and Haskins, 2011). It has been suggested as an appropriate pedagogy to prepare students in information systems for the realities of the business world. It is a pedagogy that uses project work to drive learning. Students must self-direct and self-regulate their learning to successfully complete the project (Guthrie, 2010).

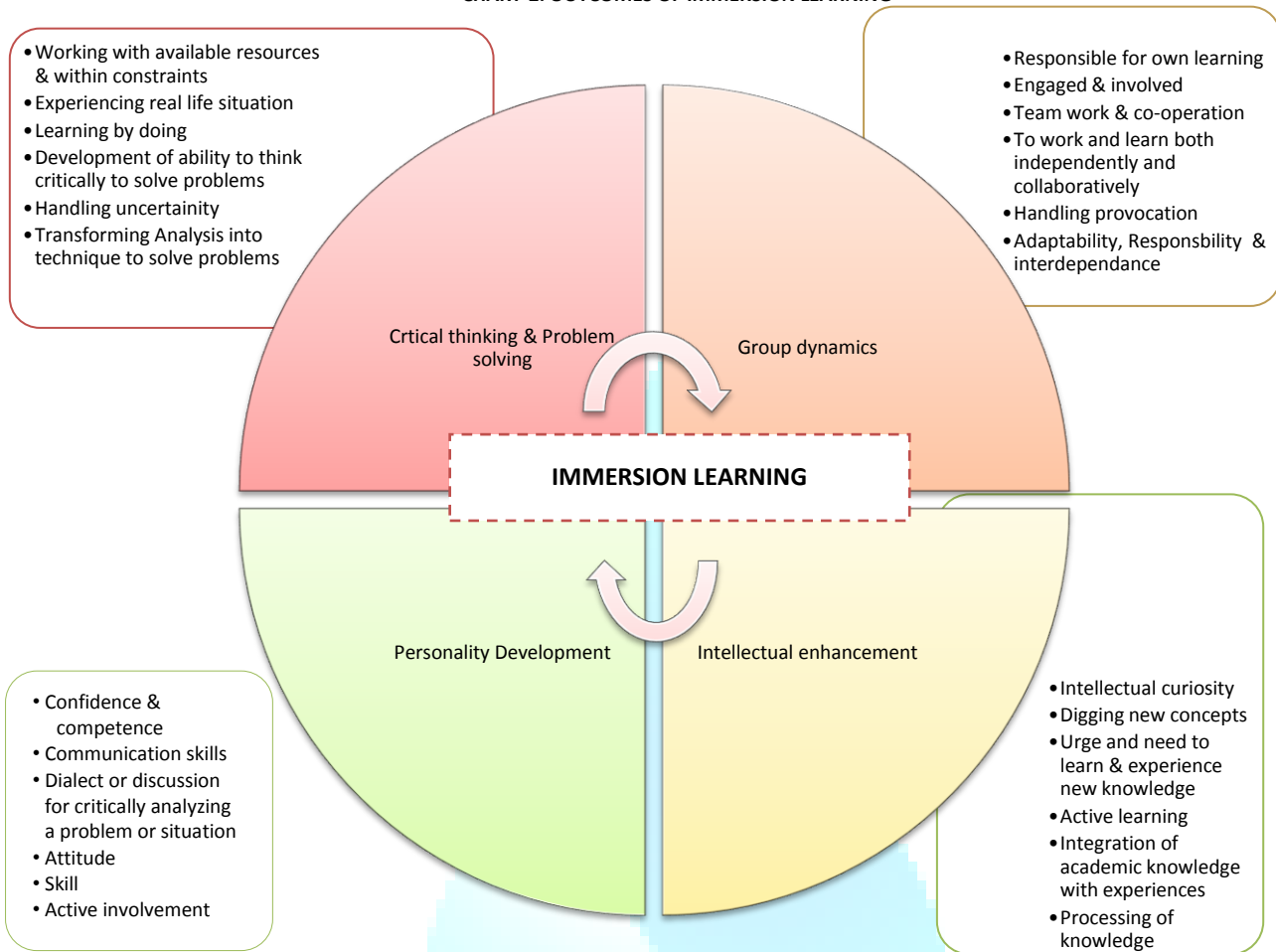
CHART-1: DIMENSIONS OF PROJECT BASED LEARNING



ii. IMMERSION LEARNING

Immersion learning is experiencing the real life situations by taking charge as a manager of the situation and working with the available resources and within the constraints. Immersion learning is practiced mostly for learning language (Linck et al, 2009 and Overall, 2012) through cultural immersion. Lerner College of Business and Economics, University of Delaware, offers projects as a 'course' in the department of Business Administration in 'Introduction to Business course' to the budding managers and business freshmen. Students are assigned to teams and asked to start their own businesses. Thus, students are completely immersed into the field of business immediately on entering college. The course and these kind of projects specifically contributes to general education goals some of which are - development of ability to think critically to solve problems; to work and learn both independently and collaboratively; developing intellectual curiosity, confidence, and engagement through active learning; assuming more responsibility for own education; and developing the ability to integrate academic knowledge with experiences that extend beyond the classroom (Antil and Kydd, 2008). The total immersion learning environment is one when the learners are completely immersed into a meeting or dialect or discussion and critically analyzing a problem or situation. Thus, immersion learning pertains to learning through experience by a high level of active involvement (Hoover, 1974). The diagram below summarizes the outcomes which are developed and nurtured in a student during the course of immersion based learning in four categories Critical thinking and problem solving, Group dynamics, Intellectual enhancement and Personality development.

CHART-2: OUTCOMES OF IMMERSION LEARNING



iii. **COOPERATIVE LEARNING**

Knowledge sharing is the base of cooperative learning. As it is impossible for a human being to possess all the knowledge required to solve a practical problem, cooperative learning acts as a tool for knowledge sharing through the personal ties and informal interaction between group of people working together to solve problems at work. It is a form of collaborative learning and joint problem solving. The exercise should lead to social learning i.e. learning from each other for knowledge updating or knowledge creating and reduction and/ or correction of errors. Informal interactions outside the classroom among the students provide immense opportunities for learning and development the way informal interactions between employees provide immense opportunities for learning and Development in real world (Ghaznavi et al, 2011). The other element of cooperative learning is faith and trust and constructive peer interactions. As classrooms are more teacher-oriented and students are passive learners, vessels to be filled with information. According to Gaikwad five basic elements of cooperative learning includes positive interdependence, individual accountability, group processing, social skills and face-to-face interaction (Gaikwad, 1996). Even though the managers work in competitive environment, they have to work in collaboration with their bosses, colleagues and sub-ordinates to achieve the desired organization goals. Hence, cooperative learning can be regarded as a tool to enhance knowledge and interpersonal skills where a person learns through interaction and knowledge sharing. A study on the influence of cooperative learning on academic performance recommended a diverse educational program that incorporates cooperative learning (Eslamian et al, 2012). Cooperative learning model demands cooperation and interdependence in the work assigned and the reward structures. The assignment should be designed in such a way that students are bound to cooperate in order to achieve the learning objectives (www.indiana.edu).

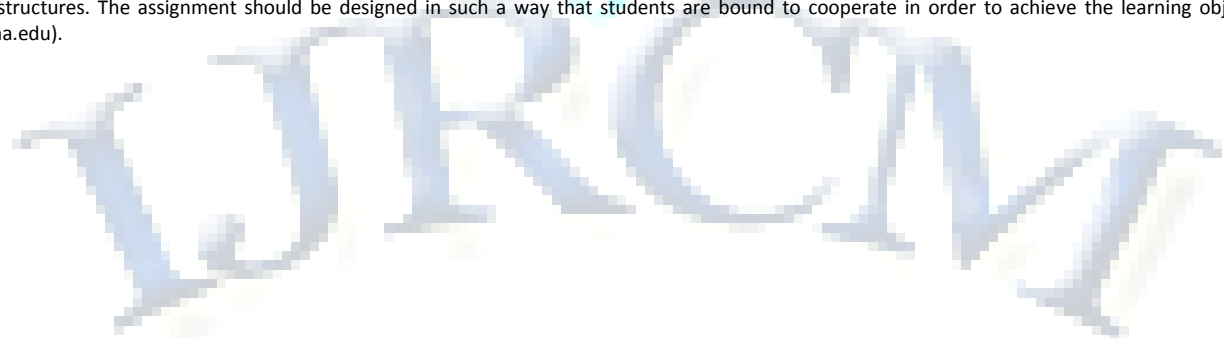


CHART-3: ESSENCE OF COOPERATIVE LEARNING



6. CONCLUSION

According to Henry W Simon, effective teaching lies in making the class interesting because that is the strongest incentive for a student to learn (Simon, 1964). Learning and teaching pedagogies increasingly involve a blend of traditional approaches to classroom activities and the use of modern approach to case based and project based, immersion oriented and cooperative (group work) by teams of students (Sullivan, 2003). In today's scenario making teaching and learning effective has become a challenge. The continuous endeavor to make the process of learning enjoyable enhances student engagement and finally contributes in making it more effective in terms learning and teaching outcomes.

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APPRAISAL OF INDIA'S LUXURY MARKET

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ABSTRACT

Luxury as a concept is not alien to India. It has a long tradition of luxury consumption dating back to the 1900s with the maharajas who had a penchant for Rolls Royce coaches, suitcases from Louis Vuitton and bespoke neckpieces from Cartier. Throughout history luxury has played a significant role in society by being a clear indicator of social class. The market for luxury products in India is a gold mine. With a booming economy and its growth as an economic power to reckon with, India is the newest and most challenging target for luxury goods manufacturers worldwide. India is being viewed by luxury giants as one of the key markets from where future growth can emerge. India is home to some of the richest people in the world, with the fastest growing high net worth individuals (HNIs) in the Asia-Pacific region living here. The Indian luxury market is the beacon of the future, with a number of international brands vying to design, develop and deliver the high-end goods and services that India consumers want. To do so, they are being forced to build their distribution and to spur consumer interest in products that aren't familiar to many Indian shoppers. The paper seeks to understand the concept of luxury and analyse the luxury market scenario in India.

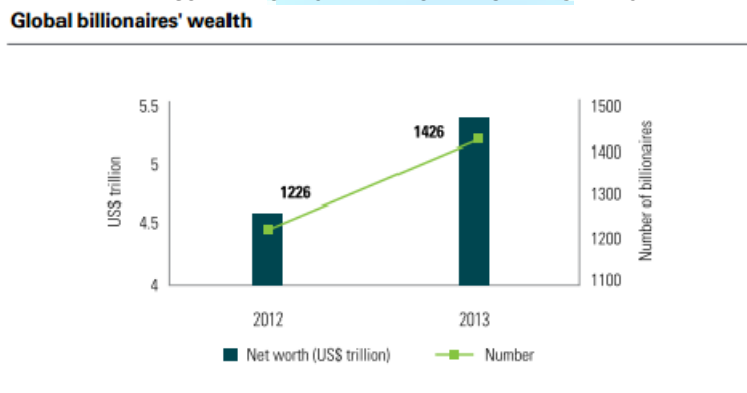
KEYWORDS

High net individuals, Indian luxury market, Luxury, Luxury market.

INTRODUCTION

The global luxury market was quiet optimistic through the year 2013, a time when the global economic recovery had started in developed countries like U.S and there were positive recovery signals from Europe. In tune with this trend, 210 new entrants joined the growing Forbes Billionaire list and the wealth of the worlds richest grew by 17% as can be seen in figure 1.

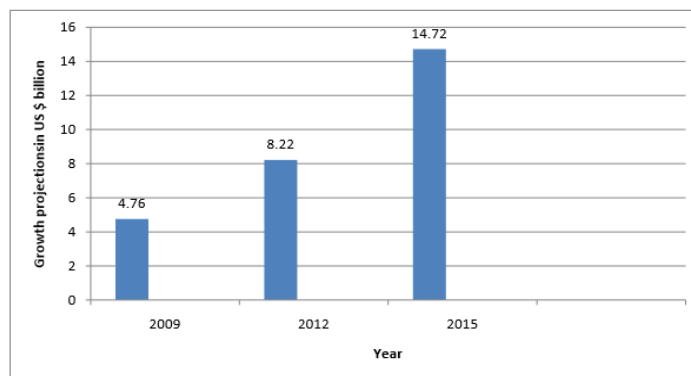
FIGURE 1: INCREASE IN THE NUMBER OF BILLIONAIRES



(KPMG –ASSOCHAM India Luxury Summit 2014)

India, with a contribution of 55 billionaires accounting for a total net worth of USD 194 billion, continues to hold its position in the global billionaire list. 2013 was marked by slowing of the Indian economy and diminishing consumer confidence but it has not had any impact on India's growing luxury market which grew at a healthy rate of 30% to reach USD 8.5 billion. According to a recent report by the Associated Chambers of Commerce and industry of India the luxury market is expected to grow at a healthy rate and reach USD 14.7 billion by 2015 (shown in figure 2) and includes products such as apparel, automobiles, yachts, fine dining, travel, hotels and spas, jewellery etc.

FIGURE 2: GROWTH PROJECTION OF THE LUXURY MARKET



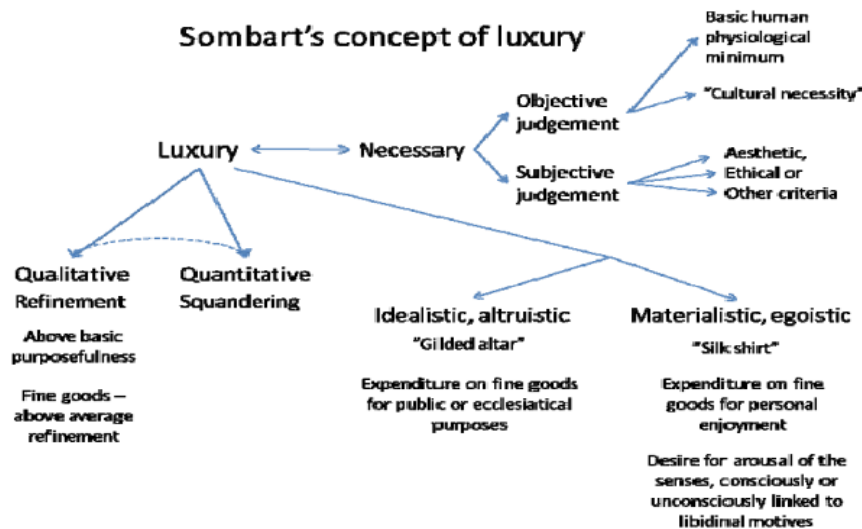
(KPMG ASSOCHAM India Luxury Summit 2014)

CONCEPT OF LUXURY

Since the beginning of civilisation the notion of luxury has been present. The role it has in the society was just as important in ancient eastern and western empires as it is in the current scenario. In the earlier civilisations, there was a clear difference between the social classes and the consumption of luxury was limited only to the elites. Moreover, it meant that the definition of luxury was fairly obvious. Luxury was identified as whatever the poor cannot have and elite can.

Many researchers have tried to define luxury, but still haven't arrived on a common definition of it. Luxury can be defined as anything that is desirable and more than necessary and ordinary. In the 'Fable of Bees', Mandeville proposed that luxury is everything that is not immediately necessary to make man subsist. Werner Sombart defines luxury as any expenditure that goes beyond the necessary. He further distinguishes between two senses of luxury-quantitative and qualitative as can be seen in figure 2. In the quantitative sense he associates luxury with squandering by illustrating that luxury is when you hire 100 waiters for a job when only one waiter can do that job or you use three matches to light a cigar when one can do the task. Luxury in the qualitative sense means the use of better or more refined goods. Refinement according to him exists when the manufacturing or preparation of any item exceeds basic purposefulness. Also refinement can move in two directions-material and shape. Since most consumer goods belong to the refined category, so we can think of luxury goods in a narrower sense as being above average refinement. Also quantitative and qualitative luxury can appear together.

FIGURE 3: SOMBART'S CONCEPT OF LUXURY



(Csaba, 2008)

Sombart has suggested another distinction of luxury- idealistic or altruistic luxury and materialistic or egoistic luxury. Idealistic luxury refers to expenditure that is made on finer goods for public or ecclesiastical purposes and provides gilded altar as an example. Materialistic luxury which increased greatly during the Renaissance period is more personal form of luxury that is meant for enjoyment of sensory pleasures such as a silk shirt.

Arjun Appadurai in his essay "The Social Life of Things" proposed that luxury goods should be understood as "incarnated signs", whose predominant functions are rhetorical and social. He proposed that any good can move into a luxury register and be consumed as luxury good if it has the following 5 characteristics as shown in figure 4

1. Restriction to elites by law or price
2. Complexity of acquisition - which may or may not reflect real -scarcity
3. Semiotic virtuosity
4. Codes for "appropriate" consumption demanding specialized knowledge
5. High degree of linkage of their consumption to body, person and personality

FIGURE 4: APPADURAI'S LUXURY REGISTER



(Csaba, 2008)

Appadurai argues that some or all of the attributes must be present for something to be understood as a luxury, but otherwise offers limited explication and qualification of his scheme.

INDIAN LUXURY MARKET- A MARKET OF CONTRASTS

The luxury market of India is different and unique as compared to that of other emerging markets. Traditionally luxury was associated with the royal dynasty of Maharajas. It was exclusive and only in the hands of the elite who along with acquiring wealth also acquired an inclination to obtain the finest products available. Today, luxury consumption has expanded and is no longer restricted to those belonging to the privileged class. It is now consumed by the masses, that is, the aspiring middle class which consists of entrepreneurs, professionals and corporate executives. The McKinsey Global Institute "The Bird of Gold: The Rise of India's Consumer's Market" states that the Indian middle class will increase to 41% of the population by 2025. The rise of the masses is a symbol of a vibrant luxury market that surpasses India's old money. The luxury market is a market from Maharajas to Masses.

Traditionally luxury was perceived to be something that was prized, precious, expensive, distinctive, and unique. Now a new category of luxury has emerged known which includes products and services that possess higher levels of quality, taste, and aspiration than other goods in the category but are not so expensive as to be out of reach. This category of luxury includes brands like Godiva and Starbucks that are accessible and affordable. Along with giving a unique experience to consumers they also act as stepping stones to higher- end luxury

Traditionally luxury was bought and flaunted in Metropolitan cities like Delhi and Mumbai. Today, however, the geographical reach of luxury goes beyond these cities. The luxury market has expanded from the "centres" of luxury into smaller cities like Chandigarh, Ludhiana, Ahmadabad and Coimbatore. It has become a universal phenomenon.

The young aspiring consumers of luxury brands in India yearn for western logos. The logos are representative of power. They signify that the owner has "made it" and has climbed the social ladder. But these consumers also want local relevance along with an international logo. They want the luxury brand to recognize the values of Indian heritage. The luxury consumers prefer a fusion of west and east such as saris by Hermès or the bandhgala by Canali

CHALLENGES FACED BY LUXURY BRANDS IN INDIA

LACK OF QUALITY LUXURY SPACE AND ENVIRONMENT

In India, luxury brands are primarily restricted to high streets, malls and countable luxurious hotels. At present, in India there are only three luxury malls, DLF Emporio in New Delhi, UB city in Bangalore and Palladium in Mumbai. High streets such as Churchgate in Mumbai are very crowded and cluttered and do not provide the exclusive ambience that luxury retail demands. Moreover, sky rocketing rental cost in these streets affects the profitability of retailers adversely. Modernised and dedicate retail areas in protected vicinities are required to help luxury retail flourish in India.

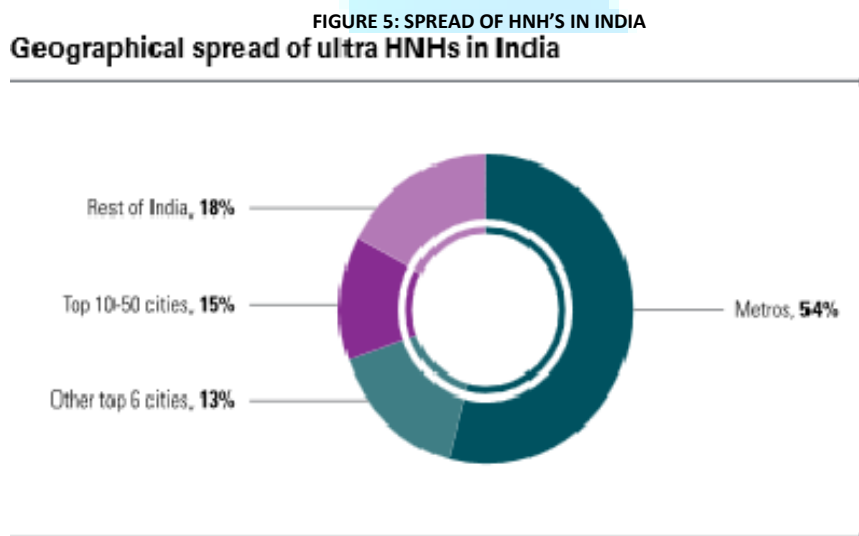
LACK OF POLICY SUPPORT

Despite an impressive growth of 23% in luxury market, the policies and regulations of the country are not friendly for luxury retailers. Import duties of 20 % -150 % are relatively higher when compared to other nations. This is the key apprehension factor among the international luxury brands thinking of entering the Indian subcontinent. Stefano Canali, the third generation heir of Italian luxury clothing and accessories brand Canali says "high import duty is one of the three major constraints slowing the growth of the \$5.8 billion luxury market in India."

Liberalised FDI policy in luxury retail in November 2013 was considered a positive move for the luxury industry but some of the clauses such as 100 per cent FDI in both single and multi-brand retail requires 30 per cent of local sourcing are clauses luxury players find difficult to comply with.

DIVERSIFIED AND FRAGMENTED CONSUMER BASE

The HNI consumers of India are scattered throughout the country and thus are not easy to reach. These consumers are not just limited to metropolitan cities but spread to tier II as well as tier III cities. As can be seen in figure 5, 46% of high net households (HNN's) are based in cities other than metropolitans.



(KPMG- ASSOCHAM India Luxury Summit 2014)

HNI class of consumers can be classified into three broad categories- the inheritors who are traditionally wealthy and are habitual spenders; the professional elite who are discerning spenders and a large segment of business giants consisting of entrepreneurs and owners of small and medium enterprises who have the money but lack appreciation for luxury goods as they have no prior exposure to such products. To succeed in India luxury brands need to design their growth plans in such a manner so as to tap demand across all the categories of HNI's. Luxury brands need to expand the type and nature of product offerings along with an innovative marketing plan so that they can effectively tap the rapidly evolving behavioural trends of consumers.

LACK OF TRAINED STAFF

Shortage of trained staff to sell luxury products is one of the major challenges that luxury brands face. Discretion and knowledge are two important things that staff needs to possess. The staff needs to understand that they should not stereotype customers on the basis of their appearances or the way they talk. Also they should not look unapproachable to potential shoppers.

A number of brands have started their in-house training systems to train their staff in aspects such as etiquettes, visual merchandising and knowledge. The elements of such training programmes often borrow heavily from those of their global parent company. But due to differences in the profile of Indian consumers many luxury brands have indianised their training programmes to suit Indian shoppers.

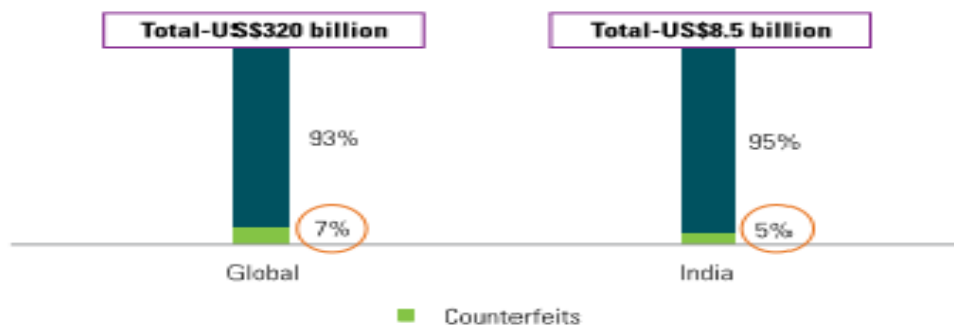
COUNTERFEITS

Counterfeits are fake replicas of real products that are produced with the intention of taking advantage of superior value of the imitated product. According to an ASSOCHAM-Yes bank study titled 'Indian Luxury CEO Survey' released in 2013 "the size of counterfeit luxury industry in India is currently about five per cent of the overall market size of India's luxury industry which currently is worth over \$8 billion." (Figure 6)

In India, the counterfeit luxury products market is growing at an alarming rate of 40-45 % and is likely to more than double from INR 25 billion to INR 56 billions. Most of these counterfeit products belong to the apparel, perfumes and accessories segment as they can be easily placed in the gray market as they are low ticket items. In India, luxury brands face a number of supply side issues like legal loopholes pertaining to intellectual property rights, inadequate means to monitor various emerging channels, and a growing number of online portals. For tackling this issue, a lot needs to be done at the consumer ends to create awareness about original products. A large number of consumers in India have limited knowledge about luxury products and are potential consumers of these fake products. Brands need to collectively engage in creating awareness amongst the consumers. French law has made purchasing fake brands punishable. A person may incur a fine of up to EUR300000 or three years imprisonment. Moreover, an innovative campaign has been launched by French campaign wherein the government has collaborated with luxury brands and come out with taglines such as 'Real ladies don't like fake' and 'Buy a fake Cartier, get a genuine criminal record'.

FIGURE 6: COUNTERFEITS PROPORTION IN THE LUXURY MARKET

Proportion of counterfeits in the luxury market



(KPMG- ASSOCHAM India Luxury Summit 2014)

GAINING SUSTAINABLE COMPETITIVE ADVANTAGE

To counter the challenges that luxury brands face and to gain a sustainable competitive advantage the brands should follow the following steps

GENERATE VISIBILITY

Making the Brand visible is important to create credibility in the eyes of consumers and to ensure social acceptance. However, it is important that the luxury brand should be available to the right people at the right time and right place.

Audi member of the "German Big 3" luxury automakers unparalleled success in India can be partly attributed to its broad aspiration appeal through its association with Bollywood. Audi is extensively recognized as the preferred choice of Bollywood via its ionic association with celebrities such as Amitabh Bachchan, Shah Rukh Khan and John Abraham.

Targeted visibility is of particular importance for high-end luxury brands to ensure that the brand is experienced in the desired environment. For example, Jaeger Le-Coultre sponsors prestigious polo tournaments while the Cartier 'Travel with Style' Concours d'Elegance is a heritage motoring event for those 'in the know'. Brand visibility is not just about brand awareness, but more about communicating the story of the brand.

INTEGRATE INDIANNESS

'Made for India' has already been recognized as a cornerstone of international luxury brand's strategy. Lladró, a Spanish porcelain home décor brand launched a limited edition range of sculptures of Indian gods that resonates with India's passion for celebration during its many religious festivals. The notion of Indianness, however, needs to go further than just putting an Indian print on a bag or collaborating with a local celebrity. A large number of cultures, languages, religions, festivals, colours and tastes make up this country. The brands need to understand the difference between the flamboyant nature of a Punjabi customer and the more reserved nature of a Gujarati, and speaking to each of them in the specific cultural register that they respond to. Indianness needs to be integrated across all touch points of a luxury brand experience. For example, when Bottega Veneta launched an India special edition Knot Clutch, a sterling plate was included inside it, specifying that the clutch was for India, but made in Italy.

CREATE ACCESS

Luxury brands cannot be successful until they build a bridge that connects the target market with the brand. This bridge can be created through *three Ps of access*: Physical, Price and Play.

Physical access is achieved by breaking down the physical barriers between the luxury brand and the consumer. For example, bypassing the usual hotel arcades and luxury malls, Hermès opened a stand-alone store on an Indian high street in 2011.

Price access enables consumers to access different levels of luxury that correspond to differing levels of sophistication and ultimately price points. For example the world's biggest champagne house, Moët Hennessy, has launched its first "made in India" sparkling wine, priced at Rs 1,200 and Rs 1,400, as it seeks to capture a young, urban and increasingly sophisticated market of drinkers on the subcontinent. The company has been selling imported brands such as Moët & Chandon and Dom Perignon priced around Rs 5,800 and Rs 20,000, respectively for years, but the new launch is aimed at a vast population of young Indians who aspire to luxury brands, but don't necessarily have the budget.

Play access gives consumers an opportunity to experiment with luxury. Miele a Germany based high end domestic and commercial appliances manufacturer has set up an experience centre in Delhi that provides information, demonstrations and a complete Miele experience to its prospective consumers.

CONCLUSION

India is on its way to becoming the world's major economic power and a force to reckon with. Globalisation is blurring boundaries and bringing people and cultures together. It has also fuelled the demand for luxury products in India. International luxury brands face a number of problems while conducting business in India but none of them are insurmountable. To fully adapt to the Indian market the international luxury brands need to modify their business model. Only those companies that keep their ears open to each and every word of their consumer will be able to succeed. In the luxury market, no business can afford the luxury of treating its consumers as a loosely bunched segment.

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ROLE OF MICRO FINANCE IN OVERALL DEVELOPMENT OF SHGs

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ABSTRACT

Micro-finance interventions are well recognized over world as an effective tool for poverty alleviation and improving socio-economic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Microfinance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely supply-driven and a recent approach. Microfinance institutions are, other than banks, engaged in the provision of financial services to the poor. More focus should be on micro-finance through SHGs, however, credit accessibility to poor through SHGs has enhanced tremendously and recovery is comparatively higher. Rural women play a significant role in the domestic and socio-economic life of the society and therefore, national development is not possible without developing this segment of the society. The review of studies related to credit accessibility to women simply demonstrates that the direct access to institutional credit to rural women is very limited and there is sex bias in extending the credit to them. However, women from the non-farm sector have better access to banks than the women working in the farm sector. Even, male members of women borrowers have greater influence on accessibility to credit utilization and its repayment. The SHGs became a regular component of the Indian financial system since 1996. The SHGs are small, informal and homogenous groups. These groups have proved as cyclic agents of development in both the rural and urban areas. This paper mainly focuses on the SHGs after being formed how they start collecting a fixed amount of thrift from each member regularly. After accumulating a reasonable amount of resource, how the group starts lending to its members for petty consumption needs. With what pre-requisites of the group thus the bank be satisfied, alike (i) genuineness of demand for credit (ii) credit handling capacity of the members (iii) repayment behaviour within the groups and (iv) the accounting system and maintenance of the records and what kind of benefits the SHGs are expecting just like (i) savings mobilized by the poor (ii) access to the required amount of appropriate credit by the poor (iii) meeting the demand and supply of credit structure and opening of new market for financing institutions (iv) reduction in transaction cost for both lenders and borrowers (v) tremendous improvement in recovery (vi) heralding a new realization of subsidy less and corruption-less credit and (vii) remarkable empowerment of poor women.

KEYWORDS

micro finance, SHGs.

INTRODUCTION

The initiative of 1992 to make the traditional and formal banks to extend financial services to deprived sections through informal Self Help Groups (SHGs), has now blossomed into a "monolith" microFinance initiative. It has been recognized as a decentralized, cost effective and fastest growing microFinance initiative in the world, enabling over 103 million poor households' access to a variety of sustainable financial services from the banking system by becoming members of nearly 8 million SHGs. The linkage with banks has provided the members of the Groups the facility of not only pooling their thrift / savings and access to credit from the banking system, but also created a platform through which they could launch a number of livelihood initiatives and also facilitate the empowerment process.

While the first decade of the programme was meant to demonstrate the potential of SHGs to organize themselves and be instrumental in managing their own savings and extending emergent micro credit needs, the second decade laid emphasis on establishing the replicability of the model across the regions, with focus on resource poor regions of the country. This decade also witnessed greater confidence among the financing banks to "own" up the programme as a potential business model thereby extending its outreach to the current level. The development planners including the Government of India and the State Governments also recognized the real potential of the SHG movement in development of the poor and it was made an essential ingredient of all poverty alleviation programmes of the Government. Even the private sector started realising the untapped potential of SHGs for deep penetration to the emerging rural markets. The turbulence witnessed in the micro Finance sector in the recent past due to the mushrooming growth of microFinance Institutions (mFIs) and their questionable ways in which they went ahead in extending their outreach and credit intensification, could not make any significant dent in the popularity of the SHG-Bank Linkage Programme.

The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. From almost 100% of the SHGs linked to Banks at the pilot stage from southern states, the share of southern States in the total number of SHGs linked shrank to 46% by March 2012, while the share of eastern States (especially, West Bengal, Odissa, Bihar) shot up to over 20%. The third decade of the programme promises to be one of maturing the linkage programme with livelihoods support, lot more innovations in the product range offered through SHGs and path breaking reforms in leveraging technology to improve efficiency, while extending its outreach to more geographical regions, especially the most resource poor regions of the country. It is widely believed that the SHGs of the poor will be the vehicles leading the march of India's emergence as a super economic power in the next decade. A number of countries, especially the developing countries and international agencies are turning to India to learn from its experiments with micro Finance and to explore possibilities of replication of the model in other parts of the globe.

Together the 8 million SHGs of the poor maintain a balance of over Rs.6550 crore in the Savings Bank accounts with the Banks, while they are estimated to have harnessed savings of over Rs.22000 crore of which nearly 70% (over Rs.15000 crore) goes for internal lending. Over 4.4 million SHGs are regularly availing credit facilities from the Banks. During 2011-12 alone, over 1.15 million Groups availed loans amounting to Rs.16535 crore from Banks and together 4.4 million Groups have loans to the extent of Rs.36340 crore outstanding against them with the financing banks as on 31.3.2012. As the credit availed by the Groups along with their internal savings are revolved many times within the group for shorter durations, the multiplier effect makes the process much larger than the basic figures indicate.

NABARD had been publishing data on microFinance in India every year along with an analysis of the data compiled through various stakeholders like partner NGOs, financial institutions, Government Departments, etc. and this publication and data contained therein are based on returns submitted by participant banks covering Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks. In addition to the analysis of data on the extent of savings harnessed by the SHGs, credit availed by SHGs across agencies and across the geographical spread, the publication also highlights the facilitating role played by NABARD in further

refining the SHG-Bank linkage programme by bringing in more stakeholders into this sector, helping it to extend its outreach to more unbanked areas and by extending the scope of financial services rendered through such groups. The publication also highlights a brief of the discussions at a National Colloquium organised during the year with participation from different stakeholders soliciting issues connected with the design of the SHGs, a few pilot innovations made by NABARD, product innovations to support livelihood groups like JLGs, etc.

PROGRESS UNDER MICROFINANCE DURING 2011-12

An update on microFinance as at the end of March 2012 is being presented in 3 different sections. The progress under the SHG-Bank linkage programme has been covered in the first part, while the activities of mFIs have been covered in the second part. Various innovative initiatives and support services like capacity building of all stakeholders of micro Finance programme etc. is covered in the third part. Maps detailing statistical information on the progress of these activities have been presented.

1. SHG-BANK LINKAGE PROGRAMME

Detailed analysis of the SHG-Bank Linkage Programme across the geographical spread of the country and across the financing agencies is being presented in this section. The analysis covers the broader components of the programme, namely inclusive growth, savings, loans and the recovery performance. Table-1 gives the growth of SHGs-saving as well as credit linked for the last 3 years, separately for all Groups, Groups formed under SGSY and exclusive Women Groups.

Under the SHG-Bank linkage programme, over 103 million rural households have now access to regular savings through 7.96 million SHGs linked to banks. About 27% of these SHGs are savings linked through the SGSY programme - the rural poverty alleviation programme of the Government of India where predominantly households below the poverty line are admitted as members. There has been a decline in the amount of savings balance with banks to the extent of 6.7% as compared to the previous year although the number of SHGs saving linked has shown a growth of 6.7% during the year. This decline is almost entirely attributable to the groups formed under SGSY where the decline was to the extent of 23.2%. Increasing awareness at the SHG level about the advantage of using the savings for internal loaning is also partly responsible for the decline in saving balance with banks.

The number of saving linked SHGs now stands at 7.96 million with a membership of over 103 million poor households. While bulk of these savings is used for internal lending within the Group (over 70%), the balance is maintained in the savings accounts with the financing banks. Over 79% of SHGs linked to banks are exclusive women groups, which is one of the most distinguishing features of microFinance sector in the country.

The balance in the savings accounts of the banks as at the end of March 2012 stood at Rs.6551.41 crore. Among the major States, Karnataka SHGs maintain the highest S.B. balance of over Rs.16000 per SHG followed by Punjab of nearly Rs.12500 per SHG. Among the regions, southern region is highest at Rs.10080 per SHG and northeastern region recorded the lowest balance of Rs.4159 per SHG. On an average, the SHGs maintain a balance of Rs.8230. Commercial Banks account for 58% of the savings account maintained by SHGs and RRBs 27% and Cooperative Banks the remaining 15%.

Further, over 4.36 million SHGs have now access to direct credit facilities from the banks and the total bank loans outstanding against these groups is over Rs.36340 crore as on 31 March 2012 i.e. an average of Rs.83500 per group. About 1.15 million SHGs were extended fresh loans to the extent of Rs.16535 crore during 2011-12 by all banks averaging Rs.1.44 lakh per group. Although fresh lending to SHGs during the year showed an increase of 13.7% over last year, the steady decline in the number of SHGs being extended fresh loans by banks for the last 3 years is a matter of concern.

TABLE-1: OVERALL PROGRESS UNDER SHG-BANK LINKAGE FOR LAST 3 YEARS (Amount Rs. in crore / Numbers in lakh)

Particulars	2009-10		2010-11		2011-12		
	No. of SHGs	No. of SHGs	No. of SHGs	Amount	No. of SHGs	Amount	
SHG Savings with Banks as on 31 st March	Total SHGs	69.53 (13.6%)	6198.71 (11.8%)	74.62 (7.3%)	7016.30 (13.2%)	79.60 (6.7%)	6551.41 (-6.7%)
	Of which SGSY Groups	16.94 (12.5%)	1292.62 (-17.3%)	20.23 (19.4%)	1817.12 (40.6%)	21.23 (5.0%)	1395.25 (-23.2%)
	% of SGSY Groups to Total	24.4	20.9	27.1	25.9	26.7	21.3
	All women SHGs	53.10 (9.18%)	4498.66 (1.46%)	60.98 (14.8%)	5298.65 (17.8%)	62.99 (3.3%)	5104.33 (-3.7%)
	% of Women Groups	76.4	72.6	81.7	75.5	79.1	77.9
Loans Disbursed to SHGs during the year	Total SHGs	15.87 (-1.4%)	14453.3 (17.9%)	11.96 (-24.6%)	14547.73 (0.01)	11.48 (-4%)	16534.77 (13.7%)
	Of which SGSY Groups	2.67 (1.0%)	2198 (9.1%)	2.41 (-9.9%)	2480.37 (12.8%)	2.10 (-12.9%)	2643.56 (6.6%)
	% of SGSY Groups to Total	16.9	15.2	20.1	17.0	18.3	16.0
	All women SHGs	12.94 (5.8%)	12429.37 (18.1%)	10.17 (-21.4%)	12622.33 (1.6%)	9.23 (-9.2%)	14132.02 (12.0%)
	% of Women Groups	81.6	86	85	86.8	80.4	85.5
Loans Outstanding against SHGs as on 31 st March	Total SHGs	48.51 (14.8%)	28038.28 (23.6%)	47.87 (-1.3%)	31221.17 (11.4%)	43.54 (-9.0%)	36340.00 (16.4%)
	Of which SGSY Groups	12.45 (27.5%)	6251.08 (6.6%)	12.86 (3.4%)	7829.39 (25.2%)	12.16 (-5.4%)	8054.83 (2.9%)
	% of SGSY Groups to Total	25.7	22.3	26.9	25.1	27.9	22.2
	All women SHGs	38.98 (18.9%)	23030.36 (23.9%)	39.84 (2.2%)	26123.75 (13.4%)	36.49 (-8.4%)	30465.28 (16.6%)
	% of Women Groups	80.3	82.1	83.2	83.7	83.8	83.8

Source: Status of microFinance in India 2011-12, NABARD, Mumbai.

Number of SHGs having outstanding loans with banks is also showing a decline partly due to the continued decline in the number of SHGs being extended fresh loans by banks for the last 3 years.

FIG. 1: SHOWS A GRAPHICAL PRESENTATION OF THE SAVINGS, FRESH LOANS AND THE LOAN OUTSTANDING OF SHGs WITH BANKS FOR THE LAST 4 YEARS (Amounts in rupees)

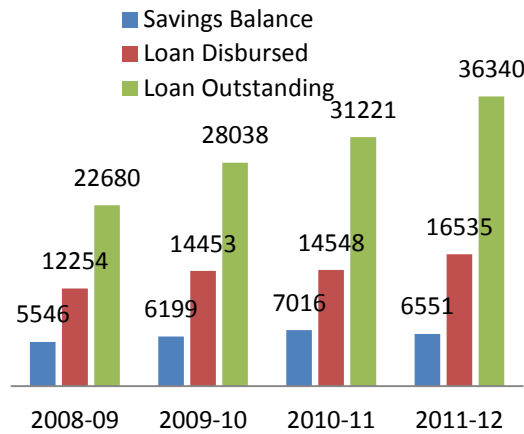


FIG. 2: AGENCY-WISE NUMBER OF SAVING LINKED SHGs

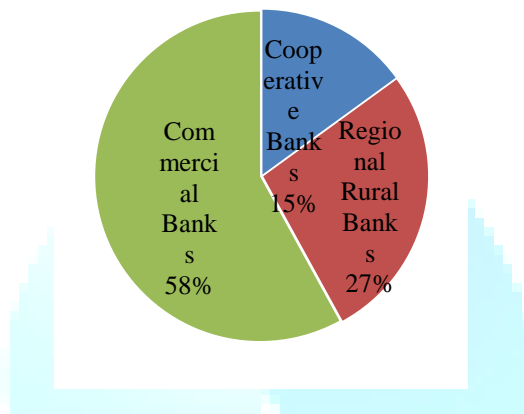
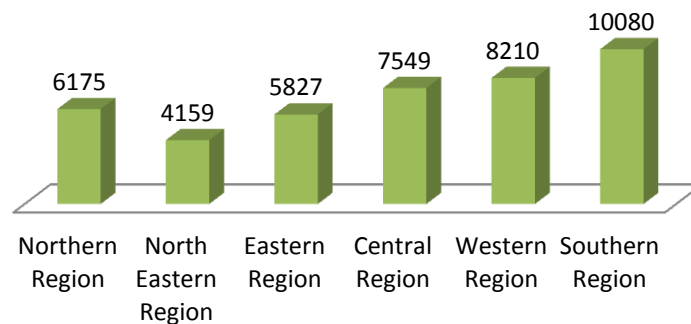
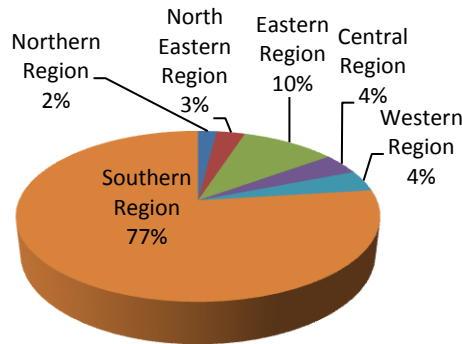
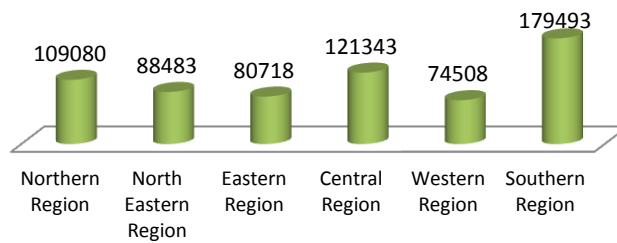


FIG. 3: REGION-WISE AVERAGE SAVINGS BALANCE OF SHGs WITH BANKS (Amounts in rupees)



While the quantum of fresh loans issued to SHGs by banks rose by 13.7% during the year to Rs.16535 crore (to 11.48 lakh SHGs) as against Rs.14548 crore disbursed last year (to 11.96 lakh SHGs), the number of SHGs obtaining fresh loans from banks during the year declined by 4%. What causes more concern is the fact that the number has been declining during the last 3 years, though the rate of decline has come down from nearly 24% last year to 4% this year. Kerala, West Bengal and Odisha reported maximum decline in the number of SHGs being extended fresh loans during the year. The average size of fresh loans extended ranged from Rs.1.80 lakh per SHG in the southern region (Rs.1.5 lakh last year) to Rs.0.75 lakh in the western region (the lowest average was Rs. 0.65 lakh for eastern region last year). The average loan size across the regions was Rs. 1.44 lakh per SHG. Considering that on an average 80% of the SHG members avail loan at a time, the average per member loan issued works out to Rs.14000. Among the financing banks, Commercial Banks and RRBs extended loan of Rs.1.65 lakh on an average per SHG while cooperative Banks lent Rs.0.65 lakh only per SHG. While Commercial Banks accounted for 63% of the savings balance of SHGs, their share in fresh lending to SHGs was only 60% whereas RRBs with a Savings share of only 20% accounted for 30% of the fresh loans issued during the year. This is suggestive of cautious attitude of the Commercial Banks in lending for SHGs as compared to RRBs.

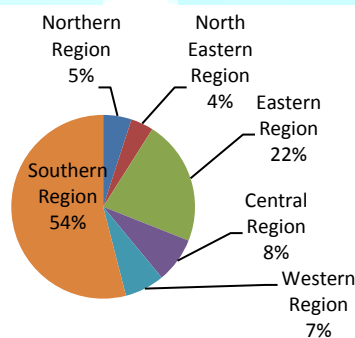
FIG. 4: REGION-WISE BANK LOANS ISSUED TO PER SHG DURING 2011-12



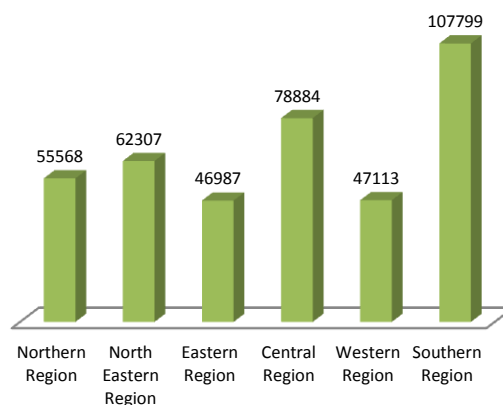
The number of SHGs having loans outstanding against them from banks declined by 9% during the year to 43.54 lakh as against 47.87 lakh last year although the quantum of loans outstanding increased to Rs.36340 crore (16.4% increase over last year). Partly the decline can be attributed to the continued decline in the number of SHGs being extended fresh loans by banks over the last 3 years. All states except Karnataka, Himachal Pradesh and Pudhucherry in the southern region recorded decline in the number of SHGs having outstanding loans. Average amount of loan outstanding ranged from Rs.47000 per SHG in eastern and western region to Rs.1.08 lakh in the southern region. The average loan outstanding across the regions works out to Rs.0.83 lakh per SHG. Among the States, all southern states averaged about Rs.1.07 lakh (Karnataka being the highest at Rs.1.30 lakh per SHG) or above per SHG while Gujarat recorded the lowest average of Rs. 24000 per SHG. Among the agencies, Commercial Banks had an average outstanding loan of Rs.1 lakh per SHG while RRBs had Rs.0.67 lakh and Cooperative Banks Rs.0.43 lakh. Considering that substantial portion (nearly 70%) of the savings from the members of SHGs also goes for internal lending besides the outstanding credit from the banks; the total pooled resources outstanding at the members' level can be pegged at over Rs.51000 crore.

FIG. 5: DETAILS OF CREDIT LINKED SHGs

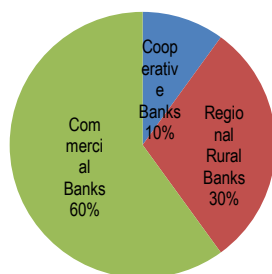
REGIONAL SPREAD CREDIT LINKED SHGs



REGIONAL VARIATION PER SHG LOANS OUTSTANDING WITH BANKS (Rupees)



AGENCY-WISE CREDIT LINKED SHGs



The increase in NPA against loans to SHGs continued to escalate during the current year as well. In absolute terms, the gross NPA against loans to SHGs increased from Rs.1474 crore at the end of March 2011 to Rs.2213 crore by March 2012. In percentage terms it increased from 4.72% last year to 6.09% during the current year. It was only 2.9% during 2009-10. This is a matter of concern for the microFinance sector and the causes for the declining performance of recovery are to be analysed and remedial action initiated urgently. The total gross NPA against loans to SHGs stood at Rs.2212.74 crore as on 31.3.2012 against the total outstanding loan of Rs.36340 crore. Among the regions, southern region with a NPA of 4.98% (3.79% last year) was the lowest while Central Region with an alarming 13.2% (10.7% last year) was the highest. What causes grave concern is the high NPAs in major states like Uttar Pradesh (12.5%), Odisha (11.9%), Tamil Nadu (9.6%) and Kerala (9%). Table 2 and 3 illustrate the comparative position of NPAs against loans to SHGs by banks during the last 3 years while Fig 6 and 7 gives the graphical presentation of the NPA position.

TABLE-2: AGENCY WISE NPAs OF BANK LOANS TO SHGs (Rs. in Crore)

Agency	Loans Outstanding against SHGs- Position as on			Amount of NPAs as on			Percentage of NPAs to Loan Outstanding as on		
	31.3.2010	31.3.2011	31.3.2012	31.3.2010	31.3.2011	31.3.2012	31.3.2010	31.3.2011	31.3.2012
CBs(Public Sector)	19724.42	21412.75	24406.57	513.53	1019.90	1581.05	2.60	4.76	6.48
CBs(Pvt. Sector)	440.29	470.51	1403.72	23.93	47.09	74.37	5.44	10.10	5.30
RRBs	6144.58	7430.05	8613.58	218.53	272.82	426.34	3.56	3.67	4.95
Coop. Banks	1728.99	1907.86	1916.14	67.04	134.30	130.97	3.88	7.04	6.84
Total	28038.28	31221.17	36340.00	823.04	1474.11	2212.73	2.94	4.72	6.09

Source: Status of micro Finance in India 2011-12, NABARD, Mumbai.

TABLE-3: REGION WISE NPAs OF BANK LOANS TO SHGs (Rs. in Crore)

Region	Loans Outstanding against SHGs- Position as on			Amount of NPAs as on			Percentage of NPAs to Loan Outstanding as on		
	31.3.2010	31.3.2011	31.3.2012	31.3.2010	31.3.2011	31.3.2012	31.3.2010	31.3.2011	31.3.2012
Northern	815.13	903.14	1178.28	53.91	63.66	81.55	6.61	7.05	6.92
North Eastern	673.48	695.25	993.27	37.13	58.56	51.33	5.51	8.42	5.17
Eastern	3694.91	4202.55	4629.80	118.74	181.07	337.08	3.21	4.31	7.28
Central	2462.40	2365.40	2780.29	198.65	254.04	367.03	8.07	10.74	13.20
Western	1369.49	1246.23	1363.78	61.06	90.42	112.14	4.46	7.26	8.22
Southern	19022.88	21808.59	25394.59	356.53	826.36	1263.59	1.87	3.79	4.98
All India Total	28038.28	31221.16	36340.00	823.04	1474.11	2212.73	2.94	4.72	6.09

Source: Status of microFinance in India 2011-12, NABARD, Mumbai.

FIG.6: NPA POSITION AGAINST LOANS TO SHGs
Region-wise Amount of NPAs (Rs. in Crore)

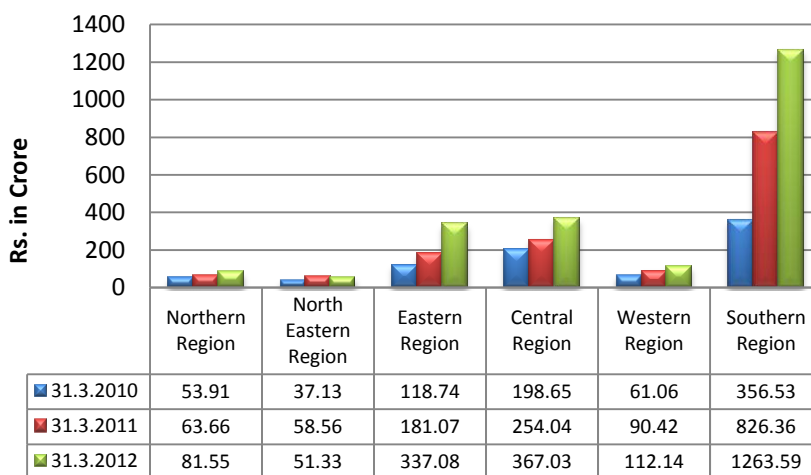
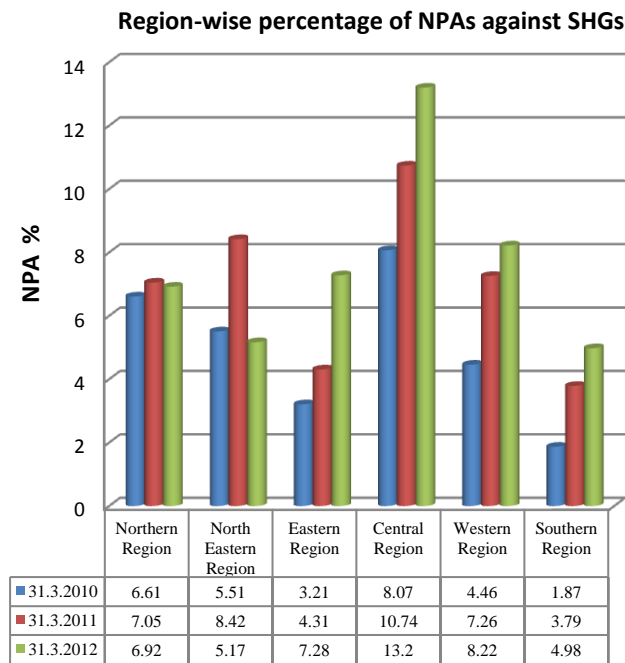
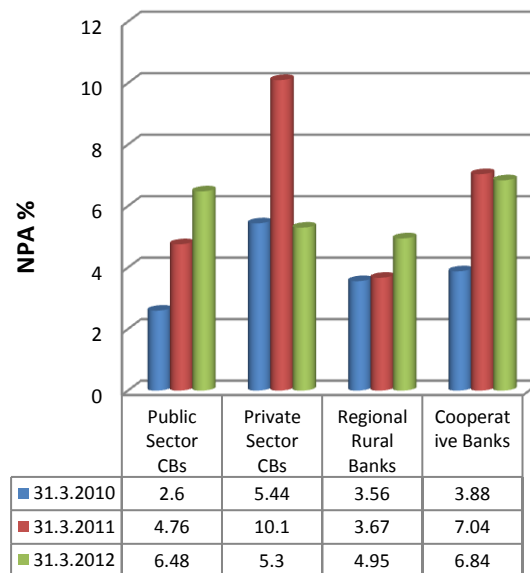


FIG.7: PERCENTAGE OF NPAs TO LOANS OUTSTANDING AGAINST SHGs



Agency-wise percentage of NPAs



2. mFI-BANK LINKAGE PROGRAMME

mFIs act as an important conduit for extending financial services to the micro finance sector in the country by raising resources from Banks and other institutions. mFIs could be (i) NGO mFIs - registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1880 (ii) Cooperative mFIs -registered under the State Cooperative Societies Act or Mutually Aided Cooperative societies Act or Multi State Cooperative Societies Act (iii) NBFC mFIs incorporated under Section 25 of Companies Act, 1956 (These NBFCs are working “not for profit”), (iv) NBFC mFIs incorporated under the Companies Act, 1956 and registered with RBI.

In addition to their internal resources, these mFIs seek and obtain bulk loans from Banks / other Financial Institutions for providing micro credit. Though most of these mFIs entered the micro finance sector only after the SHG-Bank linkage programme was well entrenched, the turnover of these institutions grew at a much larger scale than the former. They were more aggressive and innovative in reaching out to the rural poor than the formal banking system. Of late, however, the functioning of these institutions (mostly “for profit” NBFCs) were being subjected to closer public scrutiny on account of alleged unethical business practices and questionable recovery practices. These developments resulted in Andhra Pradesh Government promulgating an ordinance to severely restricting their lending operations and recovery mechanism. As a result, the lending operations of these institutions virtually came to a halt not only in AP where most of their lending operations were concentrated but in other areas as well while the recovery of loans nose-dived. The Reserve Bank of India has since notified guidelines for the lending operations of mFIs based on the Malegam Committee recommendations. A new class of financial organisations named as NBFC- mFIs has been created and subject to certain conditions regarding the capital to be employed, lendings to SHG members, cap on interest to be charged and margin to be retained, etc. the loans extended to these NBFC-mFIs by banks now qualifies for priority sector loan.

The Progress under mFI-Banks linkage programme during the last 4 years is shown in Table-4 reveals that Commercial Banks (and financial institutions like SIDBI) are losing their confidence in lending to mFIs is evident from the fact that the fresh lending to mFIs by banks during the year declined by over 38% as compared to last year.

TABLE-4: PROGRESS UNDER MFI-BANK LINKAGE PROGRAMME (Rs. in Crore)

Particulars	2008-09		2009-10		2010-11		2011-12	
	No. of mFIs	Amount	No. of mFIs	Amount	No. of mFIs	Amount	No. of mFIs	Amount
Loans disbursed by banks to mFIs	581 (12.2)	3732.33 (89.4)	779 (34.00)	10728.50 (187.4)	471 (-39.5)	8448.96 (-21.3)	465 (-1.3)	5205.29 (-38.39)
Loans outstanding against mFIs as on 31 March	1915 (72.7)	5009.09 (82.2)	1659 (-13.4)	13955.75 (178.6)	2315 (39.5)	13730.62 (-2.0)	1960 (-15.3)	11450.35 (-16.6)
Fresh loans as % of Loan outstanding		74.5		76.9		61.5		45.5

Note: Actual number of MFIs availing loans from Banks would be less than the figures shown as most of mFIs avail loans from more than one Bank.

Source: Status of microFinance in India 2011-12, NABARD, Mumbai.

There has also been a marginal decline in the number of mFIs availing fresh loans from Banks inspite of the fact that the loan outstanding against mFIs has come down by almost 17% during the year. If the trend continues, this sector is likely to face serious resource crunch and could affect its outreach plans in the near future. The Regional Rural Banks on the other hand have increased their lendings to mFIs during the year, while, reducing the outstanding loans although they still remain an insignificant player in this arena. The agency wise details of loans extended to mFIs are shown in Table-5.

TABLE-5: LOANS TO MFIS BY BANKS/FINANCIAL INSTITUTIONS

Financing	Agency Period	Loans disbursed to mFIs during the year		Loan outstanding against mFIs as on 31 March	
		No. of mFIs	Amount (crore)	No. of mFIs	Amount (crore)
All Commercial Banks	2008-09	522	3718.93	1762	4977.89
	2009-10	645	8038.61	1407	10095.32
	2010-11	460	7601.02	2153	10646.84
	2011-12	336	4950.98	1684	9810.98
Regional Rural Banks	2008-09	59	13.40	153	31.20
	2009-10	46	24.14	103	52.22
	2010-11	9	4.16	23	42.01
	2011-12	113	13.28	128	37.51
Cooperative Banks	2008-09	NA	NA	NA	NA
	2009-10	--	--	3	0.01
	2010-11	NA	NA	NA	NA
	2011-12	4	1.61	19	4.75
SIDBI	2008-09	NA	NA	NA	NA
	2009-10	88	2665.75	146	3808.20
	2010-11	2	843.78	139	3041.77
	2011-12	12	239.42	129	1597.11
Total by all agencies	2008-09	581	3732.33	1915	5009.09
	2009-10	779	10728.50	1659	13955.75
	2010-11	471	8448.96	2315	13730.62
	2011-12	465	5205.29	1960	11450.35

Source: Status of microFinance in India 2011-12, NABARD, Mumbai.

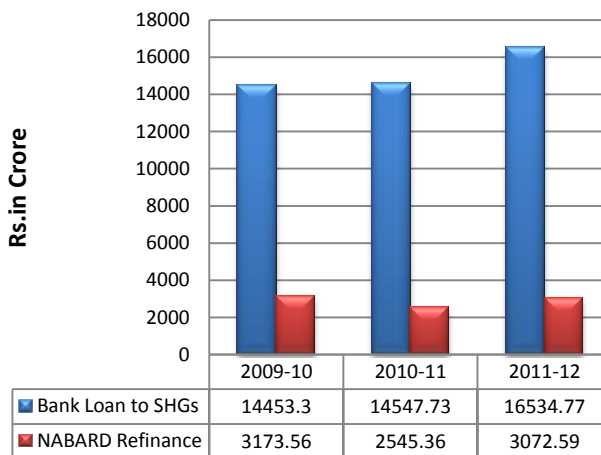
3. NABARD AS FACILITATOR OF MICROFINANCE

Besides, conceiving the SHG-Bank Linkage Programme two decades back, NABARD had assigned to itself the role of a facilitator and a mentor of the initiative. The focus was on bringing in various stakeholders on a common platform, building capacity among the stakeholders to take the movement forward while extending 100% refinance to all banks participating in the programme. A large number of seminars, workshops and training programmes were organised to create awareness about the microFinance programme among all the stakeholders – the bankers, the Government agencies, the NGO partners and more importantly the SHG members. The NGO sector who played the key role of organising and nurturing the SHGs as the Self Help Promoting Institutions – later joined by many others including the rural financial institutions, Farmers Clubs, etc. – were encouraged by way of promotional grant assistance by NABARD for taking up such work. The phenomenal growth of SHG-Bank linkage programme during the last 20 years owe a great deal to these promotional efforts actively supported by NABARD and participated by the stakeholders. The rapid growth of the SHG linkage programme and its success in taking financial services to the poor, led to its recognition as the most important tool for financial inclusion – the main focus of the XI Five Year Plan. Simultaneously, efforts were also on to experiment innovative initiatives in improving the efficacy and reach of the programme with the involvement of all microFinance practitioners facilitated by NABARD. A glimpse of the facilitator role played by NABARD, the ICT initiatives taken, policy changes etc in this sector during 2011-12.

REFINANCE TO BANKS

During the initial years of the movement NABARD was extending refinance to the extent of 100% to banks for lending to SHGs since the SHG-Bank Linkage Programme was launched. Initially, this was intended to encourage the banks to actively participate in the programme. As the banks gained confidence in lending to SHGs and realised the business potential in extending financial services through SHGs, they have been increasingly deploying their own resources in a mutually beneficial relationship with the SHGs. SHGs had been instrumental in bringing in more business for the financing banks by way of improving credible client base, also promoting rural and inclusive banking. Banks have also extended other financial services like remittance, housing, insurance, etc, though in a limited way, to this segment. As a result, the banks have started "owning up" the movement, as a sound business proposition and became less dependent on promotional support from NABARD. The gap between the total loans issued by banks to SHGs and the refinance extended by NABARD for such loans started widening as a result as would be seen from the graph shown (Fig.8). The refinance support from NABARD, however, continues to supplement resource mobilisation for the programme. During 2011-12, NABARD extended refinance to the extent of Rs.3072.59 crore as against Rs.2545.36 crore disbursed during the previous year. Cumulative disbursement of refinance by NABARD for SHG lending now stands at Rs.18479.60 crore.

FIG.8: LOANS ISSUED TO SHGS BY BANKS AND NABARD REFINANCE TO BANKS



MICROFINANCE DEVELOPMENT AND EQUITY FUND

The micro-finance Development and Equity Fund (mFDEF) is being utilised for promotion of various micro-finance activities such as formation and linkage of SHGs through SHPIs, training and capacity building of stake holders, livelihood propagation, studies, documentation, etc. During 2011-12, Rs.33.31 crore was released of which Rs.28.68 crore was grant support for promotional activities and Rs.4.63 crore for capital support and lending resources to mFIs. As against a total corpus of Rs.200 crore contributed by RBI, NABARD and commercial banks, the actual (cumulative) utilisation of the fund stood at Rs.278.31 crore as on 31 March 2012. NABARD has been augmenting this fund from its own resources and has also been crediting interest on the unutilised portion of this fund. There have been no further receipts forthcoming from other contributors of this fund.

SUPPORT FOR TRAINING AND CAPACITY BUILDING OF MICROFINANCE CLIENTS

NABARD has been continuously imparting training to various partners and stakeholders of SHG Bank Linkage Programme such as bankers, NGOs, government officials, SHG members and trainers. During 2011-12, about 1.87 lakh officials of various agencies participated in NABARD supported training programmes and exposure visits and cumulatively 28.48 lakh officials have been trained. NABARD in association with GIZ has initiated the process of revising the content, coverage of training modules. Training needs of all the stakeholders are being assessed for the purpose.

GRANT SUPPORT TO PARTNER AGENCIES FOR PROMOTION AND NURTURING OF SHGS

Ever since the SHG-Bank Linkage Programme was launched by NABARD, the Self Help Promoting institutions (SHPI) such as NGOs, Banks (RRBs, DCCBs), Farmers Clubs and Individual Rural Volunteers (IRV) are being extended grant support to organise and nurture SHGs of the poor. In fact, the phenomenal growth of SHG-Bank Linkage Programme in the country is the result of the painstaking efforts put in by these agencies in forming and nurturing SHGs especially in areas where the concept never existed. The financial support extended by NABARD to various SHPIs during the year is indicated in Table-6.

TABLE-6: GRANT SUPPORT TO PARTNER AGENCIES

Agency	Cumulative Sanction		Cumulative Achievement (31.3.2012)	
	Amount	SHG Nos.	Amount	SHG Nos.
NGOs	16200.59	499909	4882.31	283007
RRBs	542.19	53145	197.10	56070
Coop. Banks	857.81	71695	289.19	47515
IRVs	733.58	43223	86.02	13105
Farmers Clubs	83.16	7689	73.81	17356
Total	18417.33	675661	5528.43	417053

Source: Status of microFinance in India 2011-12, NABARD, Mumbai.

MICRO ENTERPRISE DEVELOPMENT PROGRAMME

The Micro Enterprise Development Programme launched by NABARD in 2006 is intended to nurture the entrepreneurial talents of members of mature SHGs to set up and run micro enterprises as a livelihood option in farm or non-farm sector, either on individual basis or on group basis. Support is extended under the programme to members of such SHGs to enrich their knowledge on enterprise management, business dynamics and rural markets. Nearly 5000 skill upgradation training programmes have been conducted under these initiatives covering nearly 2 lakh members of mature SHGs. Most of the trained SHG members have since started on their journey to become promising entrepreneurs by availing loans from their SHGs. West Bengal, Tamil Nadu and Chhattisgarh are major States where maximum number of SHG members were given skill training.

FINANCING OF JOINT LIABILITY GROUPS

Joint Liability Groups (JLG) are informal groups of 4-10 members who are engaged in similar or independent economic activities like crop production, dairy farming or other allied agriculture or

Nonfarm based activities and who are willing to jointly undertake (mutual guarantee) to repay the loans taken by the Group from the Banks. Unlike in the case of SHGs, JLGs are intended basically as credit groups of tenant farmers / small farmers who do not have proper title of their farmland and are unable to provide tangible collateral for their borrowing from banks. Regular savings by group members is purely voluntary and intended to bind the members. Credit needs of the group members are to be met through loans from financial institutions and such loans could be individual loans or group loans. Financing of JLGs was introduced as a pilot project in 2004-05 by NABARD in 8 States with the support of 13 RRBs. Apart from extending refinance support to Banks, NABARD also extends financial support for awareness creation and capacity building of all stakeholders of this Programme. NABARD also extends grant support for formation and nurturing of JLGs to banks and other JLG promoting agencies. An amount of Rs.36.68 crore was sanctioned as grant for promotion of 1.95 lakh JLG across the country till 31 March 2012. During the year, 191662 new JLGs were promoted (36% growth over the previous year) and fresh loans to the extent of Rs.1700.39 crore (48% increase over the previous year) was disbursed to JLGs by banks taking the cumulative number of JLGs to 3,32,707 and the cumulative loan disbursed to Rs.2845.69 crore. The growth of JLGs in the country is less skewed than the SHGs with Odissa leading the table with over 53000 JLGs followed closely by West Bengal with nearly 49000 groups though southern region States top among the quantum of loans disbursed with almost 69% loans disbursed to JLGs in the region.

KAMADHENU – JLGs OF WOMEN SHOW THE WAY

This is a unique success story of how groups of poor rural women can transform the economy of a whole region. In early 2011, the Mandal Mahila Samakhya (Block Level Federation of women SHGs)-MMS - in Chittoor District of Andhra Pradesh were deliberating on ways to improve their economic conditions. They realized that though there is heavy demand for milk, the production was lagging for want of supply as well as processing facilities. The State Government agreed to provide enough number of Bulk Milk Chilling Units to be operated by the MMS in the district provided they could arrange production and procurement of milk from the area. The next question was how to induct more number of milk animals into the area. At the instance of NABARD, they agreed to form Joint Liability

Groups of Women members of SHGs of Federation to seek and obtain bank loans for purchase of milk animals. NABARD also agreed to kick start the programme on pilot basis by providing a loan of Rs.5 crore for lending to these JLGs. Each member of the JLG was to be given loan for purchase of a dairy unit consisting of two milk animals each on the basis of the group guarantee. The MMS was given the responsibility of organizing the JLGs and selection of beneficiaries and extending the loans through the SHGs and also for recovery of the loan installments through purchase of milk by the BMCU managed by MMS. The State Animal Husbandry Department agreed to extend the necessary animal health and artificial insemination facilities to the dairy farmer members of MMS.

Once the project was launched in 2011, the response was beyond the expectations of the planners. By January 2012, as many as 12000 dairy units were financed under this initiative through over 2500 JLGs of women in the district involving an estimated bank loan of nearly Rs.75 crore. 65 BMCUs have already become operational and 111 bank branches are now involved in lending for the JLGs under the programme. The milk procurement in the area is estimated to reach 5 lakh litres per day per MMS by December 2012 from a little over 2 lakh litres per day at the start of the programme a year back. The poor rural women in Chittoor District have demonstrated what they can achieve if necessary support is extended to them. This is what the Chief Minister of the State had to say about this initiative.

"The story of this transformation has the potential to become another "Amul" and needs to be replicated in other districts of the State. I would like to congratulate and commend the efforts of NABARD, the District Administration, and the bankers in the district for making the 'Project Kamadhenu' happen in the district and call upon other districts to emulate the experiment in their Districts".

CONCLUSION

The microfinance has been playing a pivotal role in transforming the Self Help Groups from the state of pecuniar to the state of perk. Decentralized and cost-effective micro financial services being provided through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's to poor households from the banking system by the mFIs is enormous. The linkage with banks has provided the group members the facility of not only pooling their savings and access to credit from the banking system has enhanced tremendously and recovery is comparatively higher, but also creates a platform through which they are able to launch a number of livelihood initiatives and facilitates the employment process which was primarily found out during the period of the study and subsequent empirical analysis with fruitful interpretations been made.

The kind of role played by the mFIs in the overall development of Self Help Groups is magnanimous, by contributing a lot in the form of providing both financial and non-financial services to the poor households. The SHG-Bank linkage programme playing a catalytic role in mobilizing savings from them by paying satisfactory interest and in return disbursing the accepted deposits in the form of loans at justifiable interest rates, before evaluating the past credit repayment performance. Moreover, mFIs acting as an important conduit for extending financial services to the micro finance sector in the country by raising resources from Banks and other institutions.(NPA)

Secondarily what was found out during the period of the study that the banks do have to expect the following pre-requisites from the self help groups and poor rural households while providing the financial assistance, namely, genuineness of demand for credit, credit handling capacity of the members, repayment behaviour within the groups and the accounting system and maintenance of the records and what kind of benefits the SHGs are expecting just like ,savings mobilized by the poor ,access to the required amount of appropriate credit by the poor ,meeting the demand and supply of credit structure and opening of new market for financing institutions ,reduction in transaction cost for both lenders and borrowers, tremendous improvement in recovery, heralding a new realization of subsidy less and corruption-less credit and remarkable empowerment of poor women. Concurrently, the SHGs also facing barriers like the direct access to institutional credit to rural women is very limited and there is sex bias in extending the credit to them, women from the non-farm sector have better access to banks than the women working in the farm sector, male members of women borrowers have greater influence on accessibility to credit utilization and its repayment.

The SHGs became a regular component of the Indian financial system. Rural women play a significant role in the domestic and socio-economic life of the society and therefore, national development is not possible without developing this segment of the society. Hence, mFIs must have to act as effective tool for poverty alleviation and improving socio-economic status of rural poor.

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WORLDWIDE

CUSTOMERS PERCEPTION TOWARDS HOUSING LOAN: A STUDY WITH REFERENCE TO STATE BANK OF INDIA IN MAYILADUTHURAI TOWN

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ABSTRACT

Today home is important one for every human being. Since home life affected the very foundations of an individual's life, the house becomes an integral part of it. The first step in house construction is collecting money to own a house. These days one need not have ready cash to start house construction or buying of house. So many banks and financial institutions through which one can easily avail of housing loan at reasonable rate of interest. The government of India has been continuously trying to strengthen the housing sector by introducing various housing loan scheme for rural and urban populations. Therefore, the purpose of this paper is to analyse the customers perception regarding housing loan of SBI with reference to Mayiladuthurai town.

KEYWORDS

Customers Perception, Housing Loan, SBI.

INTRODUCTION

Home is the ultimate dream of every middle class family. Government gave encouragement for house finance subsidiaries by offering number of tax concessions to individuals with the overall encouragement given to this sector a number of players entered in housing finance. One of the important benefits of taking on the home loan is the interest rate that is allowed on the home loan. Fixed and variable interest rate options are also available for home loans. Many financiers also offer home improvement loans at the same interest rate as the offer the home loans. Once in a life time investment requires loan to accomplish it and that is how the home loan comes into scheme of things.

STATE BANK OF INDIA

The state Bank of India was established on 18th July 1955. Under the State Bank of India act to take over the business of the Imperial Bank of India. SBI is owned by the Government of India and is the largest bank in the India sub continent. SBI is the second largest bank in the world. SBI has been awarded "The Most Preferred Home Loan Provider" by AWAAZ consumer awards. SBI home loans give concessions on interest rates on "GREEN HOMES" under its environment protection programme. SBI offers SBI-optima additional home loan and SBI- Home line special personal loans for existing home loan Borrowers who have a repayment record of 3 years.

SBI HOME LOAN ADVANTAGES

- ❖ Package of exclusive benefits
- ❖ Low interest rate, further we charge interest on a daily reducing balance.
- ❖ Low processing charges
- ❖ No hidden cost of administrative charges
- ❖ No repayment penalties. Reduce your interest burden and optimally utilize your surplus funds by preparing the loan.
- ❖ Over 15,350 branches, nationwide you can get your home loan account parked at a branch nearest to your present or proposed residence.

DETAILS OF SBI HOME LOAN

State Bank of India housing finance offers loan for construction and renovation of house at the lower interest rate which range from 10.05% goes up to 10.30% to providing home loan borrowers. The following are the home loan details of state Bank of India.

Loan Amount Rs.	Interest Rate & Type	Tenure of loan	Time to process loan	Processing fees
Up to Rs.75 lakhs Above Rs.75laksh (Men Borrowers)	10.15% 10.30% (Floating rate of interest not fixed)	Minimum 5 years Maximum 30 years	7 Days	Up to Rs.25 lakhs (Rs.1,000) Above Rs.25lakhs Up to Rs.75lakh (Rs.6,500)
Up to Rs.75 lakhs Above Rs.75lakhs (Women Borrowers)	10.10% 10.25% (Floating rate of interest not fixed)	Minimum 5 years Maximum 30 years	7 Days	Above Rs.75 laksh (Rs.10,000)

REVIEW OF LITERATURE

To build the conceptual frame work for housing finance practices in India, literature survey has been conducted:

W.Boyd et (2011) the result of the study reveal that reputation, interest charged on loans interest on saving accounts are viewed as having more importance than other criteria such as friendliness of employees, modern facilities, and driven-in-services.

Machauer, A. and Morgner.S (2012) prefer segmentation by expected benefits and attitudes could enhance a bank's ability to address the conflict between individual's services and cost saving standardization. Using cluster analysis, segments were formed based on combinations of customer rating for different attitudinal dimensions and benefits of bank services.

Devlin (2013) investigates the relative importance of choice criteria according to consumers and also analyses difference in the importance of choice criteria with respect to number of demographic difference and relative factors. The study shows that choosing a home loan institution on the basis of professional advice is the most frequently cited choice criteria, closely followed by interest rates. Difference in the importance of choice criteria with respect to gender, class household income, educational attainment, ethnicity and financial maturity are apparent.

Jasmindeep Kaur Brar and J.S. Pasricha (2014) opined that from the immemorial shelter was considered as a basic need of a man. To a modern no other problem is as intriguing and mind boggling as the housing problem.

OBJECTIVES OF THE STUDY

The following are the main objectives of the study are here under:

- To know the customers response regarding the housing loan provided by the SBI.
- To assess the customers perception regarding the housing loan facility offered by the SBI.
- To offer suggestions and conclusion.

METHODOLOGY

The present study is based on both primary and secondary data. The primary data were collected from the respondents through questionnaire to know the customers perceptions regarding housing loan provided by the bank. The sample size is 50 by adopting simple random sampling method. If the primary data collected from only housing loan customers of SBI not general customers. The secondary data collected from the books, journals, magazines, and online sources etc.,

DATA ANALYSIS AND INTERPRETATIONS

he primary data were collected from the respondents through questionnaire is helpful to know the customers perception regarding of housing loan provided by the SBI. The following important factor is to analysis the customers' perception towards housing loan provided by the state Bank of India.

TABLE 1: CUSTOMER'S PERCEPTION REGARDING RATE OF INTEREST ON HOUSING LOAN CHARGED BY BANKS

Customers perceptions	No.of Respondents	Percentage
Highly appropriate	11	22
Appropriate	19	38
Cannot Comment	0	0
High	12	24
Extremely High	8	16
Total	50	100

Source: Primary Data

The above table indicate that majority 38% of the sample respondents opined that the rate of interest on housing loan charged by the bank is appropriate one, 24% of the respondents says that rate of interest charged by bank were highly appropriate, 22% of the sample respondents are felt that rate of interest charged by bank regarding housing loan is high remaining 16% of the respondents says that rate of interest is extremely high.

It is concluded that majority 38% of the respondents opined that the rate of interest charged by bank regarding housing loan is appropriate one.

TABLE 2: CUSTOMER'S PERCEPTION REGARDING TERMS AND CONDITIONS OF HOUSING LOAN

Customers perceptions	No.of Respondents	Percentage
Highly Satisfied	8	16
Satisfied	26	52
Neutral	0	0
Dissatisfied	10	20
Highly Dissatisfied	6	12
Total	50	100

Source: Primary Data

From the above table observed that majority 52% of the respondents were satisfied with the terms and conditions on housing loan provided by the sample bank, 20% of the respondents were felt that terms and conditions of housing loan were dissatisfied with the housing loan customer, 16% of the respondents are highly satisfied with the terms and conditions remaining 12% of the sample respondents were highly dissatisfied.

It is concluded that majority 52% of the respondents were satisfied with the terms and conditions provided by the sample bank about housing loan customers.

TABLE 3: CUSTOMER'S PERCEPTION –DOCUMENTATION AND PROCEDURAL FORMALITIES FOR HOUSING LOAN

Customers perceptions	No.of Respondents	Percentage
Very Reasonable	9	18
Reasonable	26	52
Cannot Comment	0	0
Very Lengthy	12	24
Highly cumbersome	4	8
Total	50	100

Source: Primary Data

The above table indicates that majority 52% of the respondents says that the documentation and procedural formalities for housing loan is reasonable, 24% of the sample respondents were felt that documentation and procedural formalities regarding housing loan is very lengthy, 18% of the respondents opined that very reasonable remaining 8% of the respondents were highly cumbersome.

It is concluded that majority 52% of the respondents says that documentation and procedural formalities about the housing loan is reasonable one.

TABLE 4: CUSTOMER'S PERCEPTION – BEHAVIOUR OF HOUSING FINANCIAL ADVISOR

Customers perceptions	No.of Respondents	Percentage
Very Good	5	10
Good	25	50
Cannot say	0	0
poor	13	26
Very Poor	7	14
Total	50	100

Source: Primary Data

The above table shows that majority 50% of the respondents felt that behaviour of housing financial advisor is good, 26% of the respondents opined that poor, 14% of the sample respondents says that behaviour of housing financial advisor are very poor remaining 10% of the respondents felt that behaviour of housing financial advisor is very good.

It is concluded that majority 50% of the respondents opined that behaviour of housing financial advisor to maintain the cordial relationship between loan customers of the bank.

TABLE 5: CUSTOMER'S PERCEPTION – REDRESS OF GRIEVANCES

Customers perceptions	No.of Respondents	Percentage
Highly Satisfied	20	40
Satisfied	10	20
Neutral	0	0
Dissatisfied	12	24
Highly Dissatisfied	8	16
Total	50	100

Source: Primary Data

The above table indicates that majority 40% of the respondents opined that redress of grievances of the bank is highly satisfied 24% of the respondents were dissatisfied with the redress of grievances, 20% of the respondents were satisfied remaining 16% of the respondents were highly dissatisfied with the redress of grievances of the bank.

It is concluded that majority 40% of the respondents were highly satisfied with the redress of grievances of the bank.

TABLE 6: CUSTOMER'S PERCEPTION – HOUSING LOAN PROCESSING FEES

Customers perceptions	No.of Respondents	Percentage
Low	12	24
Medium	19	38
High	10	20
Very High	9	18
Total	50	100

Source: Primary Data

From the above table observed that majority 38% of the respondents felt that the bank charging housing loan processing fees is medium, 24% of the respondents says that housing loan processing fees is low, 20% of the sample respondents opined that the processing fees were high remaining 18% of the respondents felt that the processing fees is very high.

It is concluded that majority 38% of the respondents opined that the housing loan processing fees charged by the sample bank is medium one.

FINDINGS

The following are the major findings of the study is focuses here under;

- ✓ In this study majority 38% of the respondents opined that the rate of interest charged by bank regarding housing loan is appropriate one.
- ✓ Majority 52% of the respondents are satisfied with the terms and conditions provided by the sample bank about housing loan customers.
- ✓ Majority 52% of the respondents says that documentation and procedural formalities about the housing loan is reasonable one.
- ✓ Majority 50% of the respondents felt that behaviour of housing financial advisor is good.
- ✓ Majority 40% of the respondents were highly satisfied with the redress of grievances of the bank.
- ✓ In this study majority 38% of the respondents opined that the housing loan processing fees charged by the sample bank is medium one.

SUGGESTIONS

On the basis of the feedback received from the respondents the following recommendations are made by the researcher.

- ❖ More personal attention should be given to the customers and working efficiency should be increased.
- ❖ The formalities and paperwork should be reduced while providing loan to the customers.
- ❖ The services provided by banks need to be automated.
- ❖ The bank should improve their customer service.
- ❖ The behaviour of the staff of the bank towards the customer should be more personalized.
- ❖ The banks need to improve on the customer satisfaction level due to stiff competition among the banks.

CONCLUSION

The present study we conclude that there are various satisfactory factor which affect the satisfaction level of customers of housing loan. On the basis of collected data, it is being concluded that customers of the bank are satisfied but not highly satisfied due to high rate of interest charged by banks and complicated terms and conditions. So there is need to reduce the rate of interest, terms and conditions, procedural formalities and processing fees. At the same time many booklet and attractive advertisement should be provided to the customer for awareness about different housing loan schemes offered by the banks.

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A COMPARATIVE STUDY OF RISK AND RETURN: A CASE STUDY WITH REFERENCE TO IT, TELECOM & AUTO SECTOR COMPANIES

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ABSTRACT

The objective of maximizing return can be obtained when one incurs higher risk before selecting a firm for investment, risk involves in the particular security and the return potential of the stock should be considered. Generally, the relationship of risk and return trade off prevails between the two companies selected from IT sector, Infosys Ltd. is highly recommended. Also, as far as the telecom sector companies under study are concerned Airtel Ltd. is better performing than Idea Cellular as Airtel is having better risk return trade off. Between the two companies of automobile industry, Bajaj is recommended in comparison with Hero Moto Corp. Based on the mean variance approach in the research it is concluded that the return of Infosys is more as compared to TCS Ltd. as well as Infosys is less risky as compared to TCS Ltd. The coefficient of variation of Infosys Ltd. is less as compared to TCS Ltd. Therefore, to invest in Infosys is highly recommended as far as IT sector is concerned. The return of AIRTEL is more as compared to IDEA CELLULAR. Also IDEA cellular is more risky than AIRTEL. The overall coefficient of variation of AIRTEL is lesser than IDEA CELLULAR. Therefore, the study reflects that as far as the telecom sector is concerned, it is better to invest in AIRTEL as compared to IDEA CELLULAR. In the given study the return of HERO MOTO CORP is less than BAJAJ Ltd. and BAJAJ Ltd. is less risky than HERO MOTO CORP also. Therefore, it is highly recommended to invest in BAJAJ Ltd as compared to HERO MOTO CORP.

KEYWORDS

Risk management, return.

INTRODUCTION

RISK

Risk is the main factor considered to determine return on the investment. Risk is the possibility that the actual return on the investment might be different from the expected return. Technically, we measure risk by using the statistical tool, standard deviation. Low risks are linked with low possible returns while high risks are linked with high possible returns. The risk return trade-off is an attempt to achieve an equilibrium between the lowest possible risk and the highest possible return.

The risk return trade-off theory is given graphically in the chart below. A higher standard deviation means a higher risk and therefore a higher possible return:

FIG. 1



There is a common misunderstanding that higher risk is always associated with higher return but it is not true. Higher risk may enhance the chances of higher return but it cannot work as a guarantee towards higher return. Just as risk means higher potential returns, it also means higher potential losses.

TYPES OF RISK

Unsystematic Risk: Company related risks due to higher costs, mismanagement, defective sales or inventory strategy, insolvency, fall in demand and company specific recession, labour problems etc.

Systematic Risk: Market related risk due to demand problems, interest rates, inflation, raw materials, import and export policy, and Tax policy etc., Business Risk, Market Risk, Financial Risk, Interest Rate Risk, and Inflation Risk etc.

THE MEASURES OF RISK FOR AN INVESTMENT ARE:

- Variance of rates of return
- Standard deviation of rates of return
- Coefficient of variation of rates of return (standard deviation/means)
- Covariance of returns with the market portfolio (beta)

The risk of an investment refers to the variability of its rate of return. How much do individual outcomes deviate from the expected value? A simple measure of dispersion is the range of values, which is simply the difference between the highest and the lowest values. Other measures commonly used in finance are as follows;

- ✓ **Variance:** This is the mean of the squares of deviations of individual returns around their average value.
- ✓ **Standard deviation:** This is the square root of variance.
- ✓ **Beta:** This reflects how volatile the return from an investment in response to market swings is.

RISK AND BETA

Risk is of two components - systematic market related risk and unsystematic risk or company specific risk. The former cannot be eliminated but managed with the help of Beta (β), which is explained as follows:

β = % age change of Scrip return / % age change of Market return

If $\beta = 1$, the risk, of the company is the same as that of the market and if $\beta > 1$, the company's risk is more than the market risk. If $\beta < 1$, the reverse is the position.

RISK MEASUREMENT

The statistical tool often used to measure and used as a proxy for risk is the standard deviation.

$$\sigma = \sqrt{\sum_{i=1}^N p (r_i - E(r))^2}$$

$$\text{Variance } (\sigma^2) = \sum_{i=1}^N p (r_i - E(r))^2$$

$$\text{Here } \sigma = \sqrt{\text{Variance } (\sigma^2)}$$

Where:-

P = is the probability of security

N = Number of securities in portfolio

r_i = Expected return on security i

Expected Return of a Portfolio: It is the weighted average of the expected returns of the individual securities held in the portfolio. These weights are the proportions of total investable funds in each security.

$$R_p = \sum_{i=1}^n x_i R_i$$

Where:-

R_p = Expected return of portfolio

N = No. of Securities in Portfolio

X_i = Proportion of Investment in Security i.

RETURN

A major purpose of investment is to get a return or income on the funds invested. On a bond an investor expects to receive interest. On a stock, dividends may be anticipated. The investor may expect capital gains from some investments and rental income from some investments and rental income from house property. Return may take several forms.

MEASUREMENT OF RETURNS

The purpose of investment is to get a return or income on the funds invested in different financial assets. The most important characteristics of financial assets are the size and variability of their future returns. Since the return on years many methods were adopted for quantifying returns. In this study I considered only prices but not dividend in the calculation return because the investor's main motive to invest in shares is makes the profit from changes in prices of shares. That's why I calculated return from the prices of the shares only.

Return = (P₁ - P₀)/P₀ **Where:** *** P₁ = Closing price of the share,
*** P₀ = Opening price of the share

RATE OF RETURN

The rate of return on an investment for a period (which is usually a period of one year) is defined as follows;

$$\text{Rate of return} = \frac{\text{Annual income} + (\text{Ending price} - \text{Beginning price})}{\text{Beginning price}}$$

Two companies of four different sectors have been selected for the purpose of this study. The entire four sectors have an important role as a driving force for Indian growth engine.

These sectors are Information technology, Telecom and Automobile. All four sectors have a different perspective in terms of risk and return.

The companies of the above mentioned four sectors, considered here are Infosys and TCS from IT sector, Airtel and Idea Cellular from telecom sector and Hero Moto Corp and Bajaj from automobile sector.

REVIEW OF LITERATURE

Every investment is characterized by risk and return associated with it. The investment decisions of investors have great impact of these two factors.

This review of literature evidences many studies that were conducted in the field of accessing the risk and return associated with different individual firms and sectors.

Risk measurement and analysis has been a critical issue for any investment decision because risk can be transferred but cannot be eliminated from the system. The nature and degree of risk varies from industry to industry (Srivastava A, 2012).

The essence of risk in an investment is the variation in its return. This variation in returns is caused by number of factors. These factors which produce variations in the returns from an investment constitute the element of risk (Kevin S., 2012).

The study of risk and return continues to be an area of vital importance for researchers; however, the theorizing and empirical findings in this area continue to present a series of problems (Mukherji A et al., 2008).

According to Mullen and Roth (1991), "risk is the existence of states beyond the decision maker's control that affect the outcome of his or her choices. The degree of risk is a function of the size of the potential loss and the probability of that loss".

According to March, J. (1994), "For decision makers, the notion of risk is closely associated with the concept of return, and variations around a return. When considering risk, a decision is seen as a joint function of the expected value (or mean) and the riskiness (the variance) of the probability distribution over outcomes conditional on choice of a particular alternative."

According to Prajapati K.P. and Patel M.K. (2012), "As risk is commensurate with return, therefore, providing maximum return on the investment made within the acceptable associated risk level helps in segregating the better performers from the laggards."

The mean gives the expected value and the variance or standard deviation gives the variability. This widely used procedure for assessing risk is known as the mean variance approach (Kevin S., 2012).

According to Srivastava A (2012), "Risk measurement and analysis has been a critical issue for any investment decision because risk can be transferred but cannot be eliminated from the system. The nature and degree of risk varies from industry to industry."

According To Vikkraman P and Vardharajan P (2009), "The objective of maximizing return can be pursued only at the cost of incurring risk. While selecting the firm for investment, the investor has to consider both the return potential and the risk involved."

According To Vikkraman P and Vardharajan P (2009) "The security with a beta value of more than 1 for the particular year or a period is considered to be more risky than the market, and the asset with a lower than 1 beta is less risky than the market."

It is important to know the risk-return characteristics of quoted firms in the stock market to enable investors take rational investment decisions (Bello A.I. and Adedokun L.W.)

The present study offers a systematic procedure that could form a cornerstone for providing further insights on the investment made in specific industries by using mean variance approach.

RESEARCH METHODOLOGY

PERIOD OF STUDY

This study is conducted for entire one month, i.e., from January 1 to January 31, 2014.

The stock price where taken from the NSE. Stock price has been used for calculating mean return, standard deviation and coefficient of variation.

The objectives for calculating mean return, standard deviation and coefficient of variation is to help the investors to arrive at a decision of invest in the shares which offer maximum return with minimum risk and also to gain knowledge of the stock market .the findings and suggestion certainly would be help the investors.

TOOLS FOR EVALUATION: STATISTICAL TOOLS FOR EVALUATIONS

- Standard deviation (δ)(Risk)
- Variance (SD) *(SD)
- Co-efficient of variation (CV)
- Average Return.

SAMPLE SELECTION: SAMPLES SELECTED ARE LISTED IN NIFTY INDEX

Randomly two companies are selected for this study each from three selected industries.

TYPE OF COMPANY	SELECTED
INFO. TECH.	2
TELECOM.	2
AUTOMOBILE.	2

The source of data for the Research Project is mainly secondary data which was collected from the websites, documents, which were in printed forms like annual reports, pamphlets, etc.

OBJECTIVES

- To evaluate the risk of selected Equity shares.
- To evaluate the return of selected Equity shares.
- To compare the risk involved in each company of the selected sector.
- To compare the return of each company of the selected sector.
- To find out which security is better to be invested by comparing the coefficient of variation.

DATA ANALYSIS

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for TCS Ltd.

TABLE 1: TCS LTD.

Date	Open	Close	Return	$X = (x-a)$	X^2
31/01/14	2225.1	2241.05	0.716822	0.641228	0.411173
30/01/14	2198.05	2217.6	0.889425	0.813831	0.66232
29/01/14	2240	2209.8	-1.34821	-1.42381	2.02723
28/01/14	2232	2212.35	-0.88038	-0.95597	0.913879
27/01/14	2226	2229.6	0.161725	0.086131	0.007419
24/01/14	2244	2248.7	0.209447	0.133853	0.017917
23/01/14	2268.1	2252.45	-0.69	-0.7656	0.586142
22/01/14	2287.1	2274.05	-0.57059	-0.64619	0.417556
21/01/14	2334	2280.3	-2.30077	-2.37637	5.647112
20/01/14	2218.95	2338.2	5.374163	5.298569	28.07484
17/01/14	2298	2213.05	-3.69669	-3.77229	14.23015
16/01/14	2380	2350.3	-1.2479	-1.32349	1.751634
15/01/14	2342.45	2353.6	0.475997	0.400403	0.160323
14/01/14	2372	2326.75	-1.90767	-1.98327	3.933347
13/01/14	2285	2368.75	3.665208	3.589614	12.88533
10/1/2014	2260	2280.9	0.924779	0.849185	0.721115
9/1/2014	2228.75	2241.95	0.59226	0.516666	0.266944
8/1/2014	2212	2232.65	0.933544	0.85795	0.736079
7/1/2014	2240	2206.15	-1.51116	-1.58675	2.517791
6/1/2014	2229	2239.6	0.47555	0.399956	0.159964
3/1/2014	2164.7	2222.2	2.656257	2.580663	6.659823
2/1/2014	2166	2167	0.046168	-0.02943	0.000866
1/1/2014	2180.1	2153.3	-1.2293	-1.3049	1.702752
			1.738661		84.4917
			0.075594		3.673552
				S.D.=	1.916651
				Coefficient of Variation	25.35456

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for Infosys Ltd.

TABLE 2: INFOSYS LTD.

Date	Open	Close	Return	X= (x-a)	X ²
31/01/14	3700	3701.1	0.02973	-0.30326	0.091969
30/01/14	3703.7	3704.25	0.01485	-0.31814	0.101216
29/01/14	3666	3717.8	1.412984	1.07999	1.166379
28/01/14	3707	3675.1	-0.86053	-1.19353	1.424509
27/01/14	3720	3732.2	0.327957	-0.00504	2.54E-05
24/01/14	3765	3758.15	-0.18194	-0.51493	0.265156
23/01/14	3784.1	3792.5	0.221981	-0.11101	0.012324
22/01/14	3741.2	3765.9	0.660216	0.327222	0.107074
21/01/14	3750	3758.35	0.222667	-0.11033	0.012172
20/01/14	3712	3749.3	1.004849	0.671855	0.451389
17/01/14	3729	3729.75	0.020113	-0.31288	0.097895
16/01/14	3699	3725.05	0.704244	0.37125	0.137827
15/01/14	3695.3	3712.05	0.453278	0.120284	0.014468
14/01/14	3645	3686.75	1.145405	0.812411	0.660011
13/01/14	3582	3665	2.317141	1.984147	3.93684
10/01/14	3490	3551.25	1.755014	1.42202	2.022142
9/1/2014	3440	3450.8	0.313953	-0.01904	0.000363
8/1/2014	3461	3428.1	-0.95059	-1.28359	1.647594
7/1/2014	3519.05	3457.15	-1.759	-2.09199	4.376428
6/1/2014	3575.1	3517.9	-1.59996	-1.93295	3.736293
3/1/2014	3475	3565.15	2.594245	2.261251	5.113254
2/1/2014	3463.25	3480.55	0.499531	0.166537	0.027735
1/1/2014	3492	3468	-0.68729	-1.02028	1.04097
			7.658856		26.44403
			0.332994		1.149741
				S.D.	1.07226
				Coefficient of Variation	3.22006

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for Hero Moto Corp.

TABLE 3: HERO MOTO CORP

Date	Open	Close	Return	X= (x-a)	X ²
31/01/14	1956	1969.2	0.674847	0.886906626	0.786603
30/01/14	2094	1998.1	-4.57975	-4.367691671	19.07673
29/01/14	2015.1	2071.5	2.798869	3.010928543	9.065691
28/01/14	2014.7	2013.15	-0.07693	0.135125469	0.018259
27/01/14	2029.7	2016.75	-0.63803	-0.425965324	0.181446
24/01/14	2049	2036.65	-0.60273	-0.390673041	0.152625
23/01/14	2065	2053.6	-0.55206	-0.339998111	0.115599
22/01/14	2071	2059.9	-0.53597	-0.32391296	0.10492
21/01/14	2091.1	2068.05	-1.10229	-0.89023066	0.792511
20/01/14	2080	2086	0.288462	0.500521538	0.250522
17/01/14	2078.85	2075.75	-0.14912	0.062939092	0.003961
16/01/14	2076.25	2076.65	0.019266	0.231325503	0.053511
15/01/14	2040.1	2073.5	1.637175	1.849234648	3.419669
14/01/14	2036	2037.2	0.058939	0.270999096	0.073441
13/01/14	2032.05	2037	0.243596	0.455656368	0.207623
10/1/2014	2063.05	2039.1	-1.1609	-0.948842547	0.900302
9/1/2014	2069.45	2068.3	-0.05557	0.156489679	0.024489
8/1/2014	2075	2064.65	-0.4988	-0.286735181	0.082217
7/1/2014	2071.1	2069	-0.1014	0.110664606	0.012247
6/1/2014	2101.05	2068.9	-1.53019	-1.318127287	1.73746
3/1/2014	2075.05	2101.05	1.252982	1.465041856	2.146348
2/1/2014	2089	2080.55	-0.4045	-0.192439761	0.037033
1/1/2014	2083	2085.85	0.136822	0.348881892	0.121719
			-4.87728		39.36492
			-0.21206		1.711518
				S.D.	1.30825
				Coefficient of Variation	-6.16937

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for Bajaj Auto Ltd.

TABLE 4: BAJAJ AUTO LTD.

Date	Open	Close	Return	X= (x-a)	X ²
31/01/14	1915	1901.5	-0.704960836	-0.76568554	0.58627435
30/01/14	1909	1920.85	0.620743845	0.560019138	0.313621435
29/01/14	1950	1912.95	-1.9	-1.96072471	3.844441377
28/01/14	1906.8	1944.7	1.987623243	1.926898536	3.712937969
27/01/14	1920	1912.8	-0.375	-0.43572471	0.18985602
24/01/14	1934.7	1931.7	-0.1550628	-0.21578751	0.046564248
23/01/14	1949	1939.05	-0.510518214	-0.57124292	0.326318475
22/01/14	1944	1949.7	0.293209877	0.23248517	0.054049354
21/01/14	1935	1942.4	0.382428941	0.321704234	0.103493614
20/01/14	1938.2	1931.5	-0.34568156	-0.40640627	0.165166054
17/01/14	1907.75	1933.45	1.347136679	1.286411972	1.654855763
16/01/14	1900	1907.75	0.407894737	0.34717003	0.12052703
15/01/14	1874	1894	1.067235859	1.006511152	1.013064699
14/01/14	1888	1870.55	-0.924258475	-0.98498318	0.970191868
13/01/14	1895.25	1895.8	0.029019918	-0.03170479	0.001005194
10/1/2014	1905.2	1900.3	-0.257190846	-0.31791555	0.101070299
9/1/2014	1914.2	1909.45	-0.248145439	-0.30887015	0.095400767
8/1/2014	1894.9	1918.3	1.234893662	1.174168955	1.378672735
7/1/2014	1880	1889.95	0.529255319	0.468530612	0.219520935
6/1/2014	1896	1888.3	-0.406118143	-0.46684285	0.217942247
3/1/2014	1893	1895.55	0.134706815	0.073982108	0.005473352
2/1/2014	1918	1900.05	-0.935870699	-0.99659541	0.993202403
1/1/2014	1915	1917.4	0.125326371	0.064601664	0.004173375
			1.396668252		16.11782356
			0.060724707		0.700774937
				S.D.	0.837123
				Coefficient of Variation	13.78554211

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for Idea Cellular Ltd.

TABLE 5: IDEA CELLULAR LTD.

Date	Open	Close	Return	X= (x-a)	X ²
31/01/14	141.2	143.5	1.628895184	2.31267758	5.34847761
30/01/14	137.9	140.45	1.849166062	2.53294846	6.41582791
29/01/14	139.25	139.9	0.466786355	1.15056876	1.32380846
28/01/14	148	139.2	-5.94594595	-5.26216355	27.6903652
27/01/14	151.4	144.8	-4.35931308	-3.67553068	13.5095258
24/01/14	153.75	152.45	-0.84552846	-0.16174606	0.02616179
23/01/14	153.6	154.2	0.390625	1.0744074	1.15435126
22/01/14	154	153.8	-0.12987013	0.55391227	0.3068188
21/01/14	154.85	152.9	-1.25928318	-0.57550078	0.33120114
20/01/14	151.4	153.95	1.684280053	2.36806245	5.60771978
17/01/14	155.35	151	-2.80012874	-2.11634634	4.47892184
16/01/14	167.5	156.05	-6.8358209	-6.1520385	37.8475777
15/01/14	167.55	168.1	0.328260221	1.01204262	1.02423027
14/01/14	161.5	167.25	3.560371517	4.24415392	18.0128425
13/01/14	161	161.9	0.559006211	1.24278861	1.54452353
10/1/2014	161	161.2	0.124223602	0.808006	0.6528737
9/1/2014	160.55	160.45	-0.06228589	0.62149651	0.38625791
8/1/2014	163	161.5	-0.9202454	-0.236463	0.05591475
7/1/2014	159	162.1	1.949685535	2.63346793	6.93515336
6/1/2014	162.05	159.25	-1.72786177	-1.04407937	1.09010173
3/1/2014	160.1	162.5	1.499063086	2.18284549	4.76481441
2/1/2014	169	160.6	-4.9704142	-4.2866318	18.3752122
1/1/2014	167.9	168.05	0.089338892	0.77312129	0.59771653
			-15.726996		157.480398
			-0.68378243		6.84697383
				S.D.	2.6166722
				Coefficient of Variation	-3.82676137

The table given below is showing the calculations of mean return, standard deviation and coefficient of variation for Airtel Ltd.

TABLE 6: AIRTEL LTD.

Date	Open	Close	Return	X= (x-a)	X ²
31/01/14	310	315	1.612903226	1.84864906	3.41750333
30/01/14	302	308.65	2.201986755	2.43773258	5.94254016
29/01/14	310	301.9	-2.61290323	-2.3771574	5.65087728
28/01/14	306.9	306	-0.29325513	-0.0575093	0.00330732
27/01/14	307.9	306.9	-0.32478077	-0.08903494	0.00792722
24/01/14	313	313.14	0.044728435	0.28047426	0.07866581
23/01/14	309	314.65	1.828478964	2.06422479	4.261024
22/01/14	305.2	309.75	1.490825688	1.72657152	2.98104921
21/01/14	311	304.9	-1.96141479	-1.72566896	2.97793336
20/01/14	311.1	308.55	-0.81967213	-0.5839263	0.34096993
17/01/14	316	310.9	-1.61392405	-1.37817822	1.89937521
16/01/14	332.95	315.55	-5.22600991	-4.99026408	24.9027356
15/01/14	329.9	331.5	0.484995453	0.72074128	0.519468
14/01/14	331	327.95	-0.92145015	-0.68570432	0.47019042
13/01/14	330	331	0.303030303	0.53877613	0.29027972
10/1/2014	327	330.55	1.085626911	1.32137274	1.74602592
9/1/2014	332.4	329.6	-0.8423586	-0.60661277	0.36797906
8/1/2014	333	332.4	-0.18018018	0.05556565	0.00308754
7/1/2014	330.5	331.7	0.363086233	0.59883206	0.35859984
6/1/2014	328.5	329.35	0.258751903	0.49449773	0.24452801
3/1/2014	328	329.35	0.411585366	0.6473312	0.41903768
2/1/2014	338	328.7	-2.75147929	-2.51573346	6.32891484
1/1/2014	331	337.75	2.039274924	2.27502075	5.17571943
			-5.42215408		68.3877389
			-0.23574583		2.97337995
				S.D.	1.72434913
				Coefficient of Variation	-7.31444172

COMBINED TABLE

COMPANY	MEAN RETURN	STANDARD DEVIATION	COEFFICIENT OF VARIATION
IT Sector			
INFOSYS LTD	0.332994	1.07226	3.220058019
TCS LTD	0.075594	1.916651	25.35453872
COMPANY	MEAN RETURN	STANDARD DEVIATION	COEFFICIENT OF VARIATION
Telecommunications Sector			
IDEA CELLULAR	-0.6837824	2.6166722	-3.826761555
AIRTEL	-0.23574583	1.72434913	-7.314441702
COMPANY	MEAN RETURN	STANDARD DEVIATION	COEFFICIENT OF VARIATION
Automobile Sector			
BAJAJ LTD	0.060724707	0.837123	13.78554202
HERO MOTO CORP	-0.21206	1.30825	-6.169244553

CONCLUSION

The objective of maximizing return can be obtained when one incurs higher risk before selecting a firm for investment, risk involves in the particular security and the return potential of the stock should be considered.

Generally, the relationship of risk and return trade off prevails between the two companies selected from IT sector, Infosys Ltd. is highly recommended. Also, as far as the telecom sector companies under study are concerned Airtel Ltd. is better performing than Idea Cellular as Airtel is having better risk return trade off.

Between the two companies of automobile industry, Bajaj is recommended in comparison with Hero Moto Corp.

Based on the mean variance approach in the research, following is the detailed conclusion:

1. The return of Infosys is more as compared to TCS Ltd. as well as Infosys is less risky as compared to TCS Ltd. The coefficient of variation of Infosys Ltd. is less as compared to TCS Ltd. Therefore, to invest in Infosys is highly recommended as far as IT sector is concerned.
2. The return of AIRTEL is more as compared to IDEA CELLULAR. Also IDEA cellular is more risky than AIRTEL. The overall coefficient of variation of AIRTEL is lesser than IDEA CELLULAR. Therefore, the study reflects that as far as the telecom sector is concerned, it is better to invest in AIRTEL as compared to IDEA CELLULAR.
3. In the given study the return of HERO MOTO CORP is less than BAJAJ Ltd. and BAJAJ Ltd. is less risky than HERO MOTO CORP also. Therefore, it is highly recommended to invest in BAJAJ Ltd as compared to HERO MOTO CORP.

ASSUMPTIONS OF THE STUDY

- This study assumes that an investor purchases the share at the beginning of the month and he sells the share at the end of the month.
- Investors make the decision on the basis of previous returns and risks that are unsystematic risks.
- The investors give preference to the securities that have given positive returns previously.
- The research is based on secondary data.

LIMITATIONS OF THE STUDY

- This study is limited to some selected industries (Telecommunication, Information technologies & Automobile)
- Dividend is not considered in the calculation of Return. Price change is only taken into consideration.
- Situations in stock market are always subject to change.
- Detailed study of the topic was not possible due to the limited size of the project

- There was a constraint with regard to time allocated for the research study.
- The availability of information in the form of annual reports & price fluctuations of the companies was a big constraint to the study.

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16. http://www.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=BHARTIARTL&illiquid=0#
17. http://www.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=IDEA&illiquid=0#

PERFORMANCE OF LAND PURCHASE PROGRAMME IN KARNATAKA: WITH SPECIAL REFERENCE TO SC'S AND ST'S

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ABSTRACT

Scheduled Caste (SCs) and Scheduled Tribes (STs) are the most disadvantaged groups of the Indian society. Land purchase scheme the landless agricultural labourer is provided with a scheme to purchase land. Land purchase programme is carried mainly to help the landless agricultural labourer SC/ST person to improve their economic condition by taking up gainful economic activities. In this context, the present study to find the most benefited community under the LPP for SC/ST Corporation in Karnataka. The study shows that The Land Purchase Programme helped the beneficiaries to acquire assets. There income creating assets so it implies that the asset creating and capability building empowerment programme for SC /ST are both productive and welfare augmenting. Hence, the SC/ST development programmes constitute a beginning and not a complete attempt to tackle the problems of underdevelopment and human poverty of the SC/ST population of India and Karnataka.

KEYWORDS

Land purchase programme, SC's, ST's.

INTRODUCTION

 Scheduled Castes (SCs) Scheduled Tribes (STs) are the most disadvantaged groups of the Indian society. Due to socio-historical and geographical isolation since a long time, socio-economic development has bypassed them. As most of the SCs were practicing low and menial occupation, they were treated as untouchables and were low in caste hierarchy. There are many constitutional safeguards for the welfare, development and protection of SCs and STs in the country. The two statutory commission's viz. National commission for SCs and National commission for STs have an important role in safeguarding the rights, interests and welfare of 5th and 6th schedule for the protection and administrative dispensation of tribal's in the Central Indian States and north-Eastern Region States.

The state government executed self employment, land purchase and irrigation plans for the economic development of SC/STs. The Schedule castes and Schedule Tribes Development Corporation plays catalytic role in developing programmes for income, employment generation and financing pilot programmes which can be taken up by the state government. The present study to find out the most benefited community under the LPP for SC/ST Development Corporation Scheduled in Karnataka during the period from 2001-02 to 2010-11. The present study is based on secondary information, which was gathered from publication of reputed journals, books, websites and state level SC/ST Corporation and Karnataka Economics Survey.

ANALYSIS AND DISCUSSION

LAND PURCHASE PROGRAMME (LPP)

The incidence of open unemployment, underemployment and poverty is really very high among SC's and ST's in India. This is particularly so after the abolition of Bonded Labour System. The phenomenon of bonded labour implies the life-long subordination and servitude nature of the low caste landless labourers. Thus, the bonded labour system is a highly exploitative labour system which negates certain socio economic rights like right to minimum wages, labour protection/welfare, and pension and descent work standards as defined by the International Labour Organization (ILO) in its recent pronouncements. The National Sample Survey Organization (NSSO) of India has tried to measure unemployment of labour on annual, weekly and daily status. Data is currently available showing the incidence of unemployment annual, weekly and daily basis for Dalits. This evidence shows the unemployment problem of SC's and ST's and thereby the wastage of Dalit work force in India. The labour workforce in Indian rural economy include the role of untouchability, the caste status inter social group relation also in hiring and firing the SCs/STs labour. Thus the SCs/STs manual labour in rural areas is enormously exploited and discriminated. These labour groups deserve state protection and support. Land purchase programme is carried mainly to help the landless agricultural labourer SC/ST person to improve their economic condition by taking up gainful economic activities.

Under this scheme the landless agricultural labourer is provided with a scheme to purchase land of one acre wet land or two acres of dry land and with financial assistance in the form of loan and subsidy of 50:50 matching grant. The subsidy will be provided by the corporation and the loan amount will be provided by National SC/ST Finance Development Corporation, New Delhi. This scheme came into effect from the year 1999-91.

UNIT COST

The total unit cost is Rs. 60,000 out of which 50 percent is subsidy and 50 percent is term loan. The term loan carried 6 percent interest per annum. The failure to repay loan within the due date attract penal interest. The term loan is availed from National SC/ST Finance and Development Corporation Ltd., New Delhi (NSFDC).

ELIGIBILITY

1. The beneficiary should be landless agricultural labourer belonging to SC/ST community and a house wife.
2. The applicant should not be a defaulter
3. The land seller should not belong to SC/STs.
4. The land should be free from all disputes. The land to be purchased should not violate KPTCL Act, Land Reforms Act and Land Grant Rules. Forest land and encroached land should not be purchased. It should be fit for agriculture. The District Manager after verification of the land has to place the proposal in the District committee along with original documents like RTC, sale deed, mutation, no objection certificate (NOC) along with other details like fertility of the soil and availability of underground water. The district committee is headed by the deputy commissioner; the District Social Welfare Officer, principal Agricultural officer, and assistant commissioner of the subdivision are other members. The district manager of the corporation is the member secretary.
5. Photographs of both the applicant and land owner has to be obtained.
6. The land is to be shown to the beneficiary. The fertility of the land water feasibility, S.R. rate, three years average rate, the rates of nearby village should be taken into consideration before finalizing the rate of the land by the district committee.
7. The mortgage deed should also be registered simultaneously along with the sale deed. Then a copy of RTC has to be obtained and filed after getting the necessary entries.
8. After the land is purchased, efforts are to be made to get the benefits of other departments like Agriculture, horticulture, animal husbandry, sericulture, etc. to these lands so that the beneficiaries can get enhanced income.

SELECTION OF THE BENEFICIARIES

The beneficiaries will be selected keeping in mind the recovery. The land should be within a radius of 5 km from the beneficiary's residence. The land should be fit for agriculture and feasible for irrigation. As per the target of the taluk the lands are to be identified. Taluks where more lands are purchased so far should be given less target.

DOCUMENTATION

The beneficiary has to give an application, caste certificate, landless agricultural laborer certificate, photos, promote, consideration receipt loan agreement, etc. The land is to be registered in the name of the house wife and mortgaged to the corporation. Thus the program is gender oriented also. The beneficiary should not sell the lands. While sending proposal to Head Office of the following documents are to be furnished for sanction.

1. District committee proceedings.
2. Covering letter to the proposal mentioning the number of SC and ST beneficiaries.
3. Inspection report of district manager in the prescribed perform
4. Tahasildars report about non-violation of PTCL Act, Land Grant Act, Land Reforms Act, etc., and a report to the effect that the land is free from all disputes.

The District Manager has to personally inspect all the lands and report on each land has to be placed before the committee.

EMPIRICAL ANALYSIS

In the study is evaluation the programmed of the basis of secondary data collected from SC/ST Development Corporation by employing statistical tools like AGR, CGR and Average, the results are given the table.

TABLE 1: THE PERFORMANCE OF LAND PURCHASE PROGRAMMED FOR SC/STS IN KARNATAKA DURING 2001-2010 (IN LAKHS)

Years	No. Beneficiaries				Financial Achievement				Each benefit for	
	SC	AGR	ST	AGR	SC	AGR	ST	AGR	SC	ST
2000-01	1786	0	644	0	460		190		0.25	0.29
2001-02	1826	2.239642	688	6.8322981	548	19.13043478	206	8.4210526	0.3	0.29
2002-03	1027	-43.7568	349	-49.273256	532.82	-2.770072993	174.42	-15.330097	0.51	0.49
2003-04	1000	-2.62902	200	-42.69341	600	12.60838557	120	-31.20055	0.6	0.6
2004-05	2053	105.3	353	76.5	1124.6	87.43333333	201.42	67.85	0.54	0.57
2005-06	3247	58.15879	1085	207.36544	2000	77.84101014	600	197.88502	0.61	0.55
2006-07	1965	-39.4826	258	-76.221198	1360	-32	158	-73.666667	0.69	0.6
2007-08	869	-55.7761	165	-36.046512	715	-47.42647059	116	-26.582278	0.82	0.7
2008-09	936	7.710012	199	20.606061	842	17.76223776	198	70.689655	0.89	0.99
2009-10	985	5.235043	189	-5.0251256	1203	42.87410926	280	41.414141	1.22	1.48
Total	15694		4130		9385.42		2243.84		6.43	6.56
CGR	-4.9543159		-12.257375		10.289463		1.8904303			
Average	1569.4		413		938.5		224.3			

Source: Action plan SC/ST Development Corporation in Karnataka various issues.

Note: AGR-Annual growth rate; CGR-Compound growth rate.

The Table 1 gives detailed information about the performance of land purchase programmed in Mysore. This Table consist the data for years 2001 to 2010. The table reveals that the physical performance as well as the financial performance has shown positive sign over the period. The number of beneficiaries has been decreased from 1786 to 985 during the period 2001 and 2010. The compound growth rate of number of SC beneficiaries is quite high compared to ST beneficiaries which were -4.95 and -12.25 respectively.

The average SC beneficiaries of the LPP during the reference period were 1385 and their average benefit was Rs 238.5 lakhs respectively. The average ST beneficiaries of the LPP during the reference period were, 416.5 and their average benefit was Rs 235 lakhs. Comparatively, ST people have benefited more from the LPP than SCs in terms of absolute values.

The annual growth rate (AGR) of number of beneficiaries in both cases that is SC and ST has not shown consistent performance. For SCs it was quite high in the year 2005 with 105.3 percent and it was with -43.7568 in the year 2002. The annual growth rate (AGR) of number beneficiaries in both case that is SC and ST has not shown consistent performance. For STs it was quite high in the year 2005 with 207.36 percent and it was with -76.22 in the year 2006.

In the reference period 15694 SC beneficiaries have obtained benefit and the amount of loan received under the programme was 9385.42 lakh rupees. During the period 2001, 1786, SC beneficiaries have received the loan amount of rupees 460 lakhs. In other words, each beneficiary has received the loan amount of rupees 0.25 lakh. During the period 2010, 985 SC beneficiaries have received the loan amount of rupees 1203 lakhs. In other words, each beneficiary has received the loan amount of rupees 1.22 lakh. It is clear from the analysis that each beneficiary's loan amount has been increase from 0.25 rupees to 1.22 rupees. Therefore, the number of beneficiaries and the total amount has been increased for unit benefit of loan has also increased indeed, it has been increased. In the reference period 4130 ST beneficiaries have obtained benefit and the amount of loan received under the programme was 2243.84 lakh rupees. During the period 2001, 644, ST beneficiaries have received the loan amount of rupees 190 lakhs. In other words, each beneficiary has received the loan amount of rupees 0.29 lakh. During the period 2010, 189, SC beneficiaries have received the loan amount of rupees 280 lakhs. In other words, each beneficiary has received the loan amount of rupees 1.48 lakh. It is clear from the analysis that each beneficiary's loan amount has been increase from 0.29 rupees to 1.48 rupees. Therefore, the number of beneficiaries and the total amount has been increased for unit benefit of loan has also increased indeed, it has been increased.

It is evident from the above analysis that the number of SC beneficiaries is more compared to ST beneficiaries. But each unit benefit of the programme was more in the case of ST beneficiaries. STs are getting more benefits from LPP compared to that of SC beneficiaries.

SUMMARY

The study shows that Land Purchase Programme is positive, which could be observed in both cases of SC/ST beneficiaries. The numbers of beneficiaries and the total amount have been increased for unit benefit of loan has also increased, instead it has been increased. Land Purchase Programme is implemented by SC/ST Development Corporation in Karnataka State. Overall the analysis revealed that there is difference in the development of SCs and STs in SC/ST Development Corporation in Karnataka. The Government efforts to empower SC/ST population are very comprehensive and well planned. It includes economic empowerment programme for self employment. In words, the development programme for SCs/STs intends to fulfil the goals of economic growth and social justice. This aspect of impact may be termed as economic empowerment of SCs/STs population groups. The financial resource allocation for different SC/ST economic empowerment programmes is not need-based. It is based on availability of funds with the Government. Thus, the SC/ST development programmes constitute a beginning and not a complete attempt to tackle the problems of underdevelopment and human poverty of the SC/ST population of India and Karnataka.

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GLOBALISATION AND RURAL WOMEN IN INDIA: A CRITICAL EVALUATION

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ABSTRACT

In developing countries like India, agriculture is considered to be the backbone of economy and women play a pivotal role in agriculture. There is a greater involvement of women under agricultural operations along with household responsibilities. It is an estimation that about 70% of the farm activities are carried out by women. Unfortunately their role is never appreciated, though women play a significant and crucial role in agricultural development and allied fields including in the main crop production, livestock production, horticulture, post harvest operations, agro/ social forestry, fisheries, etc. With India changing nature of its economy and opening it to the world, the condition of rural agrarian women worsened. The study of impact of globalisation on women is important because they represent almost half the population. The policy of globalisation loses its significance if women are not benefited as they are the integral part in the process of economic development. This paper analyses the changing patterns of gender inequality and problems faced by rural agrarian women in the post-reform era. The paper is divided into four parts. The first part of the paper gives a brief introduction about the role played by the women in Indian agriculture. Second part throws light on the status of rural agrarian women in India. The third part critically evaluates the impact of globalisation on status of rural women in India. And the last part comes up with conclusion and recommendations based on the evaluation.

KEYWORDS

globalisation, rural women, agriculture, economic development, gender inequality.

INTRODUCTION

What actually comes to our mind when we think of a farmer? The image blinks is that of a man; this is the first sign of discrimination that we show towards those hardworking women in fields who actually contribute in higher proportions in farm activities than man. The prosperity of a developing country like India depends on the status and development of women who not only constitute the half of the population but also affect the other half. It has been a matter of research and investigation about the role of women in social production. Indian rural women not only have the responsibility of managing the household but also to manage the fields and cattle. The notion of work and employment for women is a complex issue. If we talk about the role of rural women in agriculture their role range from producers of staple foods such as rice, wheat and corn to keepers of seeds as well as indigenous farming knowledge and practices. In addition to this they not only take care of household but also breed livestock and poultry. In developed countries the agriculture is managed by small numbers of men because it is mechanised; except Japan where mechanised operations are carried out by women.⁴ In India about 71.79 percent of entire female workforce lives in rural areas,⁵ but the involvement of women in agricultural operation vary from region to region. The nature and extent of their work depends on multiple factors like social, cultural, economic and personal, but with the opening up of the Indian economy to the world another important factor which affects the working and employment pattern along with social status of rural women in India.

STATUS OF RURAL AGRARIAN WOMEN IN INDIA

In the Himalayas a pair of bulls works for 1064 hours, a man 1212 hours and a woman 3485 hours in a year on a 1 hectare farm.⁶ In India the typical work of a female in agricultural field is limited to unskilled jobs such as sowing, transplanting, weeding etc. the status of women in any civilization shows stage of evolution at which the civilization has arrived. The term status includes not only personal or proprietary rights but also duties, liabilities and disabilities. A typical day for a woman in an agricultural position lasts from 4 am to 8 pm with only one hour break in middle. Most women are overworked with no maternity leave or special breaks.

As per FAO estimates, women produce 60 to 80 percent of foods in most of the developing countries and are responsible for world's half food production. The nature of work done by men and women on fields are different, in general, men undertake the heavy physical labour of land preparation and jobs which are specific to distant locations, such as livestock herding, while women carry out the time-consuming tasks like weeding and those which are located close to home, such as care of the kitchen garden. Swaminathan, the famous agricultural scientist describes that it was woman who first domesticated crop plants and thereby initiated the art and science of farming. While men went out hunting in search of food, women started gathering seeds from the native flora and began cultivating those of interest from the point of view of food, feed, fodder, fibre and fuel. Women have played and continue to play a key role in the conservation of basic life support systems such as land, water, flora and fauna. In India the labour force is largely masculine, with only one out of every four workers being a female. Women today play a pivotal role in agriculture - as female agricultural labour, as farmers, co-farmers, female family labour and (with male out-migration, widowhood, etc.) as managers of farms and farm entrepreneurs. The nature of work done by agricultural female workers varies from season to season.

Nisha N (2008) in her study conducted on "Woman labour in agriculture- An economic analysis" finds that the woman labour got maximum employment in agriculture during *khariif* season. The labourers got maximum number of days of employment in weeding followed by harvesting and postharvest operations. The woman labour had maximum unemployed days in summer as this is the off season for agriculture in the study area which compelled the woman labourers to seek employment opportunities like NREGS activities, construction work, tile making etc. The study also comes to the conclusion that woman unemployment in agriculture has caused a severe impact on the income of labourers, family expenditures, and their saving and debt position. It also caused migration of labourers to other activities and places. Increase workforce participation rates do not always indicates increase in the level of welfare. So it must be accompanied by higher educational capabilities and asset and income. A number of studies conducted earlier accepted the failure on the side of Indian society to acknowledge

⁴ Satyavathi Tara C., et al, Role of Farm Women in Agriculture, Gender Technology and Development, 2010

⁵ Census of India 2011

⁶ Sustainable Development Department, Food and Agriculture Organization, World Trade organization, 2010.

the multiple contributions of women to rural survivals. Women do not enter the labour market in equal terms with men. Their occupational choices are also limited due to social and cultural constraints, gender bias in labour market and lack of supportive facilities such as child care, transport and accommodation in the formal sector of the formal labour market. Chattopadhyay Manabendu (1982) finds in his analysis that while the male labourers are paid in cash or kind or both or even in the form of share of a crop, payment to the female labour where there is exclusively female employment are made in the form of kind or in terms of "cash and kind."

IMPACT OF GLOBALIZATION ON RURAL WOMEN IN INDIA

The term globalization was used for the first time in the journal Economist. Globalization is a word whose meaning is different to different people. For some it is a synonym to global business, for some it is the integration to global market. Ratner (1997) defined globalization as "a world system in which powerful, interconnected, stateless corporations nullify national boundaries and incorporate whole societies as cost-effective sites of production." Globalization or free trade and privatization have brought about many positive and negative impacts on rural development. Rural Indian women have faced several problems in her life with a little respite. But the situation created by globalization is more diverse and affect all aspects of rural women's life. It has not only affected the quantity of work done by Indian rural women but also the quality. The traditional rural economy is the hardest hit by globalization and women who are the integral part of that are the major sufferer. The traditional role of women in agriculture and allied activities including small scale industries, handicrafts and handlooms have been undermined because of mechanisation and automation and prevalent market based economy. Another major impact of globalization is increased industrialization and urban conglomeration which has increased the migration of male labourers from rural to urban centres. This male migration has tripled the burden on rural women i.e. that of home maker, farmer and bread-winner. The migration is not only limited to the male labourers but there are instances where there is female migration. This migration of female has raised concerns about women security as there is an increase in cases of trafficking and exploitation of women.

Globalization has allowed the MNCs to enter into areas like food processing and other small scale sectors which were a main source of employment to semi-skilled and unskilled women labourers. It is evident that open market policies has led to price-rise in food and other basic necessities, ultimately it is the women who has to deal with the changing level of expenditure.

The aim of this study is not to highlight the negative impact of globalisation on rural agrarian women but to highlight the issues that are the side effects of a major change in policy that is intended to bring equality and welfare. There are welcome changes brought by the policies of globalization and privatization. With the world companies coming to India there are wider working opportunities not only for the working force but also to the women who are becoming a large part of the workforce. This in turn will be providing equality between men and women, something that Indian women had been struggling for their entire lives. Globalisation has the power to uproot the traditional status of women in India specially the rural India.

CONCLUSION AND RECOMMENDATIONS

In summing up the discussion so far it is very clear that the negative impacts of globalization on rural women in India are much more deep rooted than the positive one. Another important thing is that India has to continue on the path of globalisation so there is need to address the women issues especially of rural women. Due to illiteracy and unawareness the rural women is subjected to exploitation. Although in the view of globalisation and New Economic Policies there are ample opportunities in the upcoming time for both men and women and this will reduce the gender discrimination. Hence we can say that globalisation definitely plays an important role in the life of women but it only addresses the issues of wage and employment but plays a negative role in upgrading the status of women in rural areas. In addition it may have a multiplying effect of recession on life of a common house-wife. Combating such issues is the utmost responsibility of government as Indian constitution states that India is a welfare state. Some steps that could be taken in order to improve the status of rural women and also to minimise the ill effect of globalization are:

1. To strengthen the rural women by providing them proper training for better survival in adverse conditions of life.
2. Encourage savings among rural women and making them a priority in the process of financial inclusion.
3. Providing proper training and making them skilled not only in agricultural and allied activities but also in non-agricultural activities.
4. Providing rural women proper credit facilities so that they can start their own enterprise.
5. Increasing awareness and literacy among rural women regarding women safety and women rights.
6. Encouraging rural women to educate their children especially girl child.

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WEBSITE USAGE FOR IMPROVED GREEN MARKETING COMMUNICATION

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ABSTRACT

This study aims at understanding websites usage for improving green marketing communication in Indian context. Methodologically, secondary data was collected by accessing corporate websites of companies operating in India drawn from a purposeful sampling of 14 companies ranked among 1000 companies in India by Business Today in 2011 according to their market values. The data was used to develop 22 caselets to understand how websites are used for an improved green marketing communication. Analysis of these caselets revealed several approaches of website usage for green marketing communication and the communication practices identified as (i) engaging consumers' emotions with green product offerings, (ii) Engaging with innovative mobile applications, (iii) Communicating environmental attributes of green products, (iv) Communicating pricing, (v) Enabling two-way communication, (vi) Facilitating retailing, and (vii) Creating future consumers. The study limited for its sample size and secondary data though contributes towards developing an understanding on website usage for improved green marketing communication.

KEYWORDS

website usage, green marketing.

INTRODUCTION

With the increased level of public awareness and regulatory pressure on environmental issues, the number of companies disclosing information related to their environmental actions has increased significantly. For this, internet has emerged as a prominent medium of communication as it offers a number of advantages over other modes of communication. It enables companies to offer greater accessibility and all-time availability of information to their users, communicate with them, converse and thus, build a relationship with them. Also, internet and website are preferred over printed annual reports and printed sustainability reports for communicating for this because of their cheaper cost and greater scope for disclosing a wide range of information (Chatterjee and Mir, 2008). Hence, environmental reporting on the internet has gained greater significance over recent years (Biloslavo and Trnavcevic, 2009; Isenmann et al., 2007).

Website is found to be a major application of internet technology. Almost all the companies have developed their corporate websites which are being used as a major source of disseminating information, for online selling, and interactivity with the internet users (Adams and Frost, 2003). The use of websites in green marketing communication has been witnessed by a number of authors over the last few years for the purpose of reporting information, simulating customer interaction, and managing impression of environmental performance (Adam and Frost, 2006; Haddock, 2005). Consistent efforts have been made by the researchers in the domain of green marketing communication to understand the applications and implications of internet and websites in green marketing, and their usage for marketing purposes. Most of the studies have made attempt to understand advantages/ disadvantage of web-based reporting, the nature of information produced on the websites, gradual development of amount of information disclosed, the use of websites for communicating to stakeholders, and how website is greening corporate identity (using messages, facts etc.) (Herzig and Godemann, 2010; Biloslavo and Trnavcevic, 2009; Rolland and Bazzoni, 2009; Chatterjee and Mir, 2008; Adams and Frost, 2006). From these studies, a major direction for future research has emerged to understand how websites usage can improve green marketing communication by engaging users and developing two-way communication with them. This study intends to address this gap for the green products in selected sectors, to understand how companies are engaging website users with their green products and thus, to identify prevailing green marketing communication practices.

The paper has been divided in six parts. First part discusses about the literature available and the gaps identified. Second part describes the methodology adopted for the study. Third part illustrates various caselets developed for the study. Fourth part highlights upon the green marketing communication practices emerging from the study. Fifth part presents discussion, and further conclusion, limitations and direction for future research are mentioned in the last part.

LITERATURE REVIEW

Before internet era, the marketing communication followed either (i) 'push' approach, through media of communication such as television, radio, newspapers, magazines, newsletters, brochures and leaflets, or (ii) direct marketing and it followed a scripted flow in a one-to-many communication model without the scope of feedback in any form (Rowley, 2004). Internet has opened a new chapter in marketing communication as it is a very low cost communication medium and it has ample ways to exchange information between companies and consumers on a one-to-one or many-to-many basis (Bauer et al., 2002). Internet offers several advantages over other tools of communication. It offers countless possibilities to serve up data in digital format, and opportunity for almost unlimited dissemination of information – either in the form of ongoing, additional or updated information (Herzig and Godemann, 2010). It is also beneficial in terms of an efficient transfer and transmission of unlimited electronic information across the countries in very less time duration, all time availability of information, multimedia capabilities of internet for information presentation, information search facility (using Search functions etc.), accessibility to all internet-using consumers, transaction facility and its ability to foster dialogues (Simmons, 2007). These capabilities of internet enables companies to respond to the greater demands for sustainability information, and offers communication regardless of time and place to convey a more complete vision of their sustainability performance (Herzig and Godemann, 2010). Hence, the internet is broadly used for (Samiee, 1998):

- (1) Communication (including contract negotiations), information access (including product specification and technical data), and advertising;
- (2) Direct sales of existing products and services;
- (3) Sales of internet-based products and/or services in which the internet is integrated in the offerings itself; and
- (4) On-line distribution of digital information/ data (e.g., software, music, process-related information, and market[ing] research).

Internet offers the features for mass as well as individual communication that can trigger short term as well as long-term responses (Herzig and Godemann, 2010). Through email, online survey, discussion forums and chat-enabled services etc., internet presents an opportunity to develop dialogue-based communication with its users. Hence, the companies are developing interactive platforms on their websites so that they can develop innovative promotional strategies and products offerings in accordance with the customers' conditions and preferences of consumption (Bauer et al., 2002). Thus, it results in an optimum product quality, a better offer and a quality service.

Websites usage for green marketing communication

For sustainability communication, website is found to be the most accepted form of internet applications. Companies are using websites to respond to emerging demands for sustainability information and to convey a more complete vision of their sustainability performance (Adams and Frost, 2006; Isenmann et al., 2007). There are many reasons for this. Company websites act as an ideal medium for swift and cost effective environmental disclosures (Malarvizhi and Yadav, 2009). Another reason for the website to be the most popular among internet applications is its usability which is related to user friendliness i.e. appearance of the web site, visual design, readability/comprehension/clarity, search facilities and ease of navigation (Chatterjee and Mir, 2008). So, most of the companies own a website which is equipped with sustainability related links on homepage, search function, sustainability indexes as navigation alternatives, an archive

function and offers download services for sustainability reports (Herzig and Godemann, 2010). Companies have been designing their websites so as to offer environmental information with easy access, better navigation alternatives, and improved comprehensibility (Herzig and Godemann, 2010). Websites provide links to relevant sources, tailored or customised information through search engines, the move toward "live" data streams, increased content, improved verification, and a mechanism for feedback (Adams and Frost, 2006). An effective use of graphics, image and multimedia messages improves information presentation and quality of communication (Rolland and Bazzoni, 2009).

TGI report on 12 international markets witnessed that internet has fast become an essential medium for communicating and gathering information for the current generation of online consumers. So, most of the organizations are successfully using websites to reach environmentally conscious consumers, to report environmental aspects (issues related to product development and supply chains) of their business and to assist them for making their purchase decisions (Herzig and Godemann, 2010; Adams and Frost, 2006). Companies use websites to convey organizational message that lead to shaping, enhancing or maintaining a company's corporate environmental identity, and to provide a mechanism for communicating with stakeholders (Rolland and Bazzoni, 2009; Adams and Frost, 2006). Utilizing the potential of websites to offer an interactive communication, companies are also enabling effective communication mechanism so that customers can learn more about goods or services, share and discuss about them (Biloslavo and Trnavecic, 2009). So, companies now publish online reports and information on sustainability and request specific feedback. Key areas for communication include are related to product itself, packaging, manufacturing process, environmental impact of corporate operations, and effects of company's products on consumer health and safety and environmental related promotion (Chakrabarti, 2010; Boesso and Kumar, 2009; D'Souza, 2005). For effective two-way communication, companies are also developing a dialogue-based 'online-relationship' with the stakeholders which includes response to feedback (e.g. mail-to-functions, guest books and online surveys) and long-term and continuous dialogue (e.g. discussion forums and bulletin boards) and using the tools such as e-mail contact possibility, dialogue provision (chats, forums) and feedback possibility (surveys) (Elijido-Ten, 2010; Herzig and Godemann, 2010). This helps companies to develop a greater insight into the needs and wants of their customers, their attitudes and information requirements, to contribute to target-group oriented communication methods and lead to better communication of sustainability issues (Herzig and Godemann, 2010; Biloslavo and Trnavecic, 2009).

METHODOLOGY

The objective of the study is to understand website usage by the companies for green marketing communication in Indian context. So, this study focuses on the companies operating in India which are ranked among 1000 companies in India by Business Today in 2011 according to their market values. The study draws a purposeful sample of 14 companies from the ranking list. Purposive sampling is found appropriate for such kinds of studies (Suri, 2011; Biloslavo and Trnavecic, 2009). The companies selected belong to the following sectors:

Fast moving consumer goods (FMCG) – 4 companies

Oil & Gas – 2 companies

Automobile – 2 companies

Consumer electronics – 6 companies

And, the green products identified on these corporate websites are washing powder, shampoo, paint, lubricant, electric car, scooter, lighting products (CFL and LED lights), home appliances, mobile phone, refrigerator, air-conditioner, television, projector and camera.

To conduct the study, corporate websites of the sample companies are accessed to identify how these websites being are used for innovative products offerings for green products. A short description for each caselet was developed to illustrate the development of interactive platform on the websites which consumers can use to learn about products, share and discuss about them, and to recognize how companies are building an online-relationship with the consumers for short term responses as well as long-term and continuous dialogue.

CASELETS OF WEBSITE USAGE FOR 'INNOVATIVE GREEN PRODUCT OFFERINGS'

Caselet 1: Panasonic 'Viera' television

Panasonic connects consumers with its environmentally friendly 'Viera' television using recently launched bollywood movie 'Barfi'. It launches a 'Viera Barfi Contest' to engage the consumers with the product. Hyperlinked with Facebook (a social networking website), the contest enables consumers to send their wishes to the lead actor of the movie, Ranbir. The wishes can be sent in the discussion board facilitated by Facebook. The contest requires consumers to make their 'Viera Barfi' collage and to post them on their timelines on Facebook. For making the collage, galleries for the stills from the movie and for the latest Viera are available on the website. And, the contest offers two of the lucky participants of the contest to meet the actor and to win Panasonic Smart Viera.

The product is eco-friendly as its panel is free from Mercury and Lead, and has longer life (Up to 100,000 Hours).

Caselet 2: Panasonic Projector

On the homepage of the corporate website of Panasonic, a hyperlink connects the consumers with Panasonic projector through a Facebook page.

Panasonic Projector: Our latest info on Facebook.

Using the Facebook page, company enables them to share their experiences about the product in form of pictures of product, text, comments and videos on their interviews. Also, the company posts experts' interviews, and information related to product usage in grand events such as 2012 London Olympic Games etc, and the eco-conscious design of the product. Eco-design of product includes the details about recyclability of materials used, low power consumption, and not using banned materials under RoHS such as lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (CrVI), polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE). Also the details include on minimizing environmental impact in production and delivery processes.

Caselet 3: 'Club Panasonic'

The website has a link that connects visitors with 'Club Panasonic' where they can register with the club to receive updates about the latest range of products, to earn points on the product purchased, to enjoy special promotions on selected products, to participate in fun quizzes with gifts and points, and to send feedbacks.

'Join CLUB Panasonic today to earn points, get exclusive access to product updates, and receive special promotions on the latest Panasonic products that are changing people's lifestyles around the globe.'

The link provides all the details on member benefits and the reasons to join 'Club Panasonic', and also the instructions in forms of 'How to use' and 'Frequently asked questions'. Company also sends members invitations to attend product launches and special events.

This is a way to engage consumers with LUMIX G Series cameras. The 'Fun Stuff' section describes about product usage for different purposes, and product description. The product description includes the details related to material saving, lesser weight, and low power consumption while improving the product as a whole by using leading technologies.

Caselet 4: Nokia Asha 311

Nokia website engages consumers who are passionate for gaming features in mobile phones. Using the website, the company introduces smartphone, Nokia Asha 311, for superfast gaming with specific set of popular games installed without any additional price to be paid by the buyer. There are links on the website that connect users to pages of the product on social networking websites (such as Facebook, Twitter etc.). This is an innovative way to engage consumers for this environmentally friendly product. The link leads the consumers to the details about the product that also include environmental features such as up to 60% recycled materials in packaging, 100 % recyclable packaging, materials free from BFR, rFR, PVC and Nickel, use of bio plastics, 100% recoverable material, and user guide (green tips page). The website also connects the consumers to its online shopping portal (www.nokia.indiatimes.com) to let them know the price of the product and offers 7% discount on the maximum retail price. The website also facilitates customers to write reviews and feedbacks on the website as well as online shopping portal.

Caselet 5: Nokia Lumia 900

Nokia website engages consumers who are passionate for speed of connectivity in mobile phones. Using the website, the company introduces them to WindowsPhone, Nokia Lumia 900, for its connectivity related features such as high performance (voice quality, slick design, visibility etc.), and connectivity (speedy updates, creating groups, quick photo sharing) etc. There are links that connect users to pages of the product on social networking websites (such as Facebook, Twitter etc.) to effectively engage consumers with this environmentally friendly product. The link leads the consumers to the details about the product that also include environmental features such as up to 60% recycled materials in packaging, 100 % recyclable packaging, materials free from BFR, rFR, PVC and Nickel, use of bio plastics, 100% recoverable material, and user guide (green tips page). The website also connects the consumers to its online shopping portal (www.nokia.indiatimes.com) for the pricing of the product and offers 4% discount on the minimum retail price. The website also facilitates customers to write reviews and feedbacks on the website as well as online shopping portal.

Caselet 6: Philips lighting systems

'Philips Pon Onam Offer' promotes its wide range of CFL and LED light products with chances to get free gifts and to win exciting gifts. These light products save power consumption in their usage. So, consumers are engaged for these green products with the tag line, '*On the auspicious occasion of Onam, enjoy with energy saving and affordable range of Philips lighting products*'. The website also provides links to find a local store, to subscribe to its newsletter, and to register for the products.

Caselet 7: Samsung air-conditioners

Samsung's promotional deal for its eco-friendly air-conditioners offers easy payment options in forms of EMIs (down payments and instalments); with 0% interest, no processing fees and no verification charges.

The corporate website of Samsung also encourages users to submit their reviews about the products, to view reviews written by other users and ratings marked by others, and to email the webpage to friends. It also offers the facility to locate the dealers, to view commercial advertisements in form of videos and to connect the webpage with social networking websites (such as Facebook, Twitter etc.) to receive regular updates. The website also informs about price of each model and their comparison with other models in terms of features, technical specifications, pictures and reviews.

The environmentally friendly features of the product include Bio sleep mode (ensures that the most comfortable temperature is maintained for a good sleep by automatically changing room temperature as per the body's requirement), and longer lifespan and durable material of compressor. Bio sleep mode offers effective sleep efficiency (eases you into sleep by dropping the temperature), pleasant skin temperature (pleasant skin temperature is maintained to make body more relaxed and comfortable), and energy saving (reduces up to 36% of electricity consumption compared with a normal cooling mode).

Caselet 8: Samsung home appliance products

Another promotion by Samsung for its home appliance products is connected with the feelings of enjoying freedom in true sense on Independence Day in India with its long-term durable products. The promotion engages 'freedom' emotions of the consumers with its products (refrigerator and washing machine) and highlights their environmental features. Samsung Refrigerator is 94% more energy efficient than its conventional models, has reduced wall width, and uses LED lighting. And, washing machine uses Eco Bubble technology that reduces wash temperatures without compromising on cleaning results and thus, uses only 40% of the energy of a normal wash 40° wash cycle.

Caselet 9: Samsung televisions

Another promotion by Samsung for its televisions is connected with the celebration of freedom on Independence Day in India by choosing from five exciting offers on its diverse range of televisions (Plasma and LED TVs). The promotion engages 'celebration of freedom' emotions of the consumers with its televisions by offering various pricing offers for the products such as special price offers, special finance offers, discounts on price, free gifts, and extended warranty.

Caselet 10: Samsung players

Another promotion of Samsung connects consumers with a new dimension in its 3D Blu-ray player. It has tag line – '*Add a new dimension to your entertainment*' that connects the product with consumers who are passionate about entertainment.

Caselet 11: Godrej home appliances

Godrej offers consumers a 'Green Bonus' offer to upgrade from their energy guzzling appliances (refrigerators, washing machines, air-conditioners etc.) to energy efficient and green Godrej products. By availing this offer, consumers can receive up to INR 10000 and Godrej product owners can receive up to INR 1000 more. This way Godrej motivates consumers to upgrade their lifestyles while contributing towards a greener planet.

Caselet 12: Godrej MuziPlay refrigerator

Those who wish to listen to music while cooking, Godrej offers them MuziPlay refrigerator that has FM radio, MP3 player, speaker, mobile charger and equalizer. This is claimed by the company to be 100% Green (Environment Friendly- 100% CFC, HCFC and HFC Free, Protects Ozone Layer). Thus, the company engages consumers in a green lifestyle.

Caselet 13: Sony BRAVIA Television

Using an attractive bundle offer on the purchase of BRAVIA television, the company makes the green product affordable for the consumer. In other words, consumer gets more value than its price. This product offers eco-friendliness in terms of energy saving.

Caselet 14: HUL SurfExcel

Ganesh Chaturthi is one of the popular festivals in India which is celebrated with idols of Lord Ganesh. HUL motivates consumers to go green this season by creating their own eco-idols. The company encourages them to post the pictures of their idols on SurfExcel page of facebook and the best decorated entries would be awarded with exciting prizes. This way, the company connects consumers with the tag line of the product, '*daag achche hein*' and promotes its environmentally friendly detergent powder that reduces water consumption by 50%.

Caselet 15: P&G Ariel

Involving teens and kids at home in laundry can be fun and related tips are provided on the website of P&G Ariel. These tips help mothers save their time, and also to involve teens and kids. This is how the company promotes its eco-friendly detergent that enables washing at lower temperature (to lower our CO₂ emissions), has reduced packaging, and use safe and biodegradable ingredients.

Our cold-water washing campaigns such as 'Ariel Turn To 30°C' have helped reduce 58,000 tonnes of CO₂ emissions by educating consumers to save energy. The launch of Ariel Excel Gel has also helped reduce the overall environmental impact through less energy, water, packaging and waste.

Caselet 16: P&G Pantene

Buying of P&G Pantene products helps cancer patients and the buyers get discounts on saloon services in Pantene saloons. This green product is made up of naturally derived ingredients and has green packaging (up to 59% plant-based plastic (renewable sugarcane vs. petroleum), excluding cap).

Caselet 17: Asian Decorative Paints

To promote its eco-friendly range of decorative paints, Asian Paints has launched 'Colour SCHEME PRO' for Android mobile phone owners. It enables users to choose the colour by browsing through the Asian Paints Colour Spectra fandeck, or by clicking a new picture and choosing favorite colour. It also offers users to build a combination with the colour picked from the image. These colours are matched to Asian Paint Colour Spectra range which offers three combination routes (Monochromatic, Complimentary, and Analogous) to build a unique colour combination. It also encourages saving the palette by giving it a unique name and tagging keywords related to the combination. Also, it is encouraged to share it on Facebook and get views on it, or email it to friends and peer groups.

The decorative range of products does not contain any added Lead, Mercury, Arsenic and Chromium.

Caselet 18: Nerolac Healthy Home Paints

Event 'Kuch change karein, Chalo tune badlein!' encourages consumer to create a Jingle for Nerolac and to win exciting prizes (Rs.1,00,000, for winning entry, Rs.25,000 each for up to four Runners-up and Rs.25,000 for most Voted Entry). This event is facilitated by Facebook where entries can be uploaded, users can vote, and can tweet their thoughts on Twitter about their ideas, thoughts and opinions.

The Healthy Home Paints are Lead-free and have low Volatile Organic Compounds (VOC). VOC in paints pollutes the indoor as well as outdoor air, water and soil and in turn has adverse effects on human health. The low VOC range of paints conforms to the strictest of International Standards and has the National Test House certification (NTH certification).

Caselet 19: Castrol products

Castrol engages consumers by sponsoring international sports events (Cricket and Footballs), sports awards (such as Castrol Awards for Cricketing Excellence), and rankings of players and sports teams. These sports and events have been passion in the country. So, users can bond with the endorsers or spokespeople and the product image.

Castrol has addressed environmental issues in all the range of its products which do not contain harmful ingredients (i.e. free from Chlorine, Secondary amine, Formaldehyde, Boron, Barium, and Zinc etc.), have low VOC, use biodegradable base oils, and produce low odour.

Caselet 20: Shell INSIDE ENERGY innovation app

Shell's technological innovations have proved its success in terms of enhancing performance of standard motorcycles, underbones and mopeds. The environmental benefits of the usage of its products include lesser wastage, high efficiency and reliable performance.

The company engages consumers through 'INSIDE ENERGY innovation app' for iPad to explore interactive stories on innovation to explore the role innovation plays in producing energy to power and sustain our lives, to discover new ways of finding energy, to learn about advances in technology, to meet the people involved in making it happen and to receive new stories and interactive features added regularly.

Caselet 21: Mahindra REVA

The environmental benefits of electric cars include the use of electric source of energy that has lesser impact on the environment. The company engages students of schools with its electric car brand REVA. The company partnered with the event – The Times NIE 'My Green Earth' – for school children in 2012 and the winners of the event were given 'Reva r' for a week so that they, with their families, could spend a some time in petrol free world.

Caselet 22: TVS Electric Scooters

TVS connects singing talent of girls with its electric scooty range of products under the event 'Super Singer 2012' in which the best singer receives a cash prize of INR 1,00,000 and a TVS WEGO/ SCOOTY.

The environmental attributes of the product include 85% recyclability and operation on electric source of power which is perceived to be a cleaner source of energy.

DISCUSSION

Emerging green marketing communication practices

(i) ENGAGING CONSUMERS' EMOTIONS WITH GREEN PRODUCT OFFERINGS

The companies are engaging consumers with their emotions related to entertainment, religious festivals and events. By participating in contests and public events, and winning exciting prizes, consumers are able to associate themselves with the company, its product, and its attributes, and to create a unique identity of the product in their minds. Engaging in celebrating festivals and national days (such as Independence Day etc.) is a prevailing practice for this. Also, emotions related to passion such as passion for games on mobile phones, international sports events etc. also enable companies to engage consumers with their products. Companies such as Nokia (offering popular gaming for free) and Castrol (sponsoring international sports events) are the examples.

(ii) ENGAGING WITH INNOVATIVE MOBILE APPLICATIONS

A number of innovations are witnessed in the study to increase and improve interaction with consumers. Developing innovative applications for mobile phones is an example. For Android mobile phone users, Asian Paints has launched 'Colour SCHEME PRO' which enables them to customize their products. Similarly, Shell's 'INSIDE ENERGY innovation app' for iPad enables the users to interact with Shell for its innovation and development.

(iii) COMMUNICATING GREEN PRODUCTS ATTRIBUTES

While communicating about the green products, the main focus has been to integrate functional and emotional benefits of products with their environmental benefits. Thus, it is contrary to the perception that green marketing is about marketing 'green' about the product. For example, companies elaborate about the product as longer life, low power consumption, and lesser weight in consumer electronics products. Also, green product benefits are explained as improving the performance of engine (for lubricants), and living in a petrol-free world and improved lifestyle (for electric vehicles). On the contrary, banning use of harmful substances, low VOC, reusability, and recyclability are not highlighted in the product offerings. Thus, the need of emphasizing on functional and emotional benefits of green products is supported (Hartmann *et al.*, 2005).

(iv) COMMUNICATING PRICING

Pricing is identified in the literature as one of the most important variable to influence consumer behavior towards green products. The study has witnessed a number of pricing practices for green products. These practices aim at offering (i) More value for a given price, (ii) Discount pricing, and (iii) Easy payment options. Out of these, more value for a given price is adopted by a number of product offerings. For example, it includes more benefits without additional price, free gifts, attractive bundle offer, exchange offer and extended warranty. Thus, it increases affordability and develops a feeling of getting more value at the same price. Discount pricing include a percentage reduction in price, and special prize offer. Easy payment option means payments in forms of EMIs (down payments and instalments); with 0% interest, no processing fees and no verification charges, and special finance offers.

(v) FACILITATING RETAILING

The use of online shopping portals has emerged as a unique practice in green marketing communication. The portals communicate about attractive pricing offers for the green products, their availability and facilitate their purchase. Also, it is facilitated to read and write reviews about green products on the online shopping portals. This enables consumers to learn from experience and opinion of other users about the green products for their usage, and performance etc. Thus, it helps in better decision making for those who intend to buy them.

(vi) ENABLING TWO-WAY COMMUNICATION

Facilitating consumers to write reviews, comments, feedback, to email the web page, to use discussion board and to use platforms of social networking websites cater to developing two-way and interactive communication. Use of social networking websites has been identified as a leading practice in green marketing communication. A number of companies are found to have their availability on social networking websites such Facebook and Twitter, which enable companies to disseminate information about the products as well as to interact with a large number of users available on these websites. It also enables group chats, moderated group chats (moderated by company representatives) and discussion groups between users and company representatives, as well as among users. These initiatives supported by multi-media i.e. pictures, videos, graphics, and image maps make presentation of information attractive and discussion interactive.

(vii) CREATING FUTURE CONSUMERS

Along with catering to the present consumers, there are efforts to create future consumers as well. Offering tips to positively engage kids and teens in laundry and offering to use electric vehicle to the school children (winners of an event) with their families are some examples of such initiatives that are aimed at creating future consumers.

CONCLUSION

The study has been able to describe the website usage for green marketing communication and has highlighted the emerging green marketing communication practices in Indian context. It can be witnessed from the study that the companies are moving beyond just communicating about the green products, and are now using product offerings to engage consumers with the product for its benefits and social value. Thus, when consumers are engaged with the green products and their offerings, it intends to influence their attitude towards the product and it may result in purchase and usage behavior in future. Thus, consumers intend to enter in a greener lifestyle.

Using websites for green marketing communication can result in a number of outcomes. It not only communicates about the green products, their pricing and retailing, but also enables the companies to build up a platform for long-term and continuous dialogue with the consumers about the product and its related aspects. Thus, it generates involvement, interaction and discussion of several consumer clusters among themselves as well as with the marketing personnel, and develops an online relationship with each other. Marketing personnel can use these interactions and discussions to raise awareness about the product, improve understanding of consumers about its features and performance, and to clarify misconceptions about the product. By actively participating in the discussions, marketing personnel can listen to the voice of consumers, can learn about the nature of consumer segments, and accordingly can shape their marketing decisions. Some of the companies such as Godrej and Asian Paints etc. are encouraging consumers to participate in product design and customization of their products as per their choices and preferences. Such initiatives can lead to developing a 'partnership' and a trust-based collaboration between consumers and companies. These initiatives can guide companies to realize their environmental goals and to develop a sustainable marketplace.

The study is limited in terms of its sample size and developing an understanding of green marketing communication for websites from organizational perspective only. Other media of communication were not considered in the study, thus it was not an integrated marketing communication approach. Future research can look into the development and outcome of dialogue-based communication and discussions, and their impact on shaping marketing decisions. Future work can also develop insights on green consumer segmentation emerging from the dialogue-based platforms.

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